

STATE EMPLOYEES' RETIREMENT SYSTEM

ITEM 28 of the Budget Bill

Budget page 21

FOR SUPPORT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM
FROM THE STATE EMPLOYEES' RETIREMENT FUND

Amount requested	\$1,257,888
Contribution to State Employees' Retirement System	90,768
Total	\$1,348,656
Estimated to be expended in 1960-61 fiscal year	1,185,379
Increase (13.8 percent)	\$163,277
TOTAL RECOMMENDED REDUCTION	None

GENERAL SUMMARY

The State Employees' Retirement System is administered by a Board of Administration composed of a president, vice president and six members. The positions of executive officer and actuary are directly responsible to the board. Assistance is given to the executive officer by an assistant, an actuary, an administrative advisor and the Administrative Services Section, with a staff of 24.

The principal functions of the system are: (1) the accounting for contributions and benefits paid, (2) making actuarial studies to determine policy and the rate determination, (3) reviewing the qualification of applicants for membership, (4) assisting local contracting governments in applying the Retirement Law and the rules of the system, and (5) administering the federal program for Old Age and Survivors Insurance in its application to retirement members.

ANALYSIS

The request for fiscal year 1961-62 is an increase of \$163,277 and was brought about principally from the following:

	<i>Increase</i>
Proposed new positions (24)	\$127,258
Printing	13,605
Election postage	4,000
Tabulating machine operation	11,857
Actuarial valuation	26,000
Total	\$182,720

The above increases are somewhat offset by minor decreases.

Eleven of the 24 proposed new positions are to be used for a study of the programming of the functions of the system and conversion of the records from punched cards to magnetic tape. The feasibility study of converting to electronic data processing was conducted in fiscal year 1960-61. For economy reasons, consideration is being given to contracting some of the computing functions to the Controller's Office. Two positions are requested to handle increased workload in the Old Age, Survivors' and Disability Insurance program. Eleven positions, three of which were established in the current year, are requested for anticipated increase in general workload. Estimated increases in workload measures are as follows:

Item 28**Retirement System****State Employees' Retirement System—Continued**

	<i>Increase</i>
State members	6,000
Contracting agency members	9,000
Retired members	2,300
Memberships terminated	4,200
Deaths	50

There has also been an increase in the number of members obtaining Social Security and survivor benefit coverage.

Four positions from the Investment Section of the Department of Finance were added in fiscal year 1960-61 to provide advisory service to the board on investment of funds.

An information booklet reflecting legislation enacted in the 1961 Session will be distributed to all members of the system, which accounts for the increase of \$13,605 in printing.

The amount of \$4,000 is for postage for the election of a member to the Board of Administration.

Tabulating machine operation shows an increase of \$11,857 which is due to the increase in membership and requires an increased expenditure of \$8,000 for forms and cards. The amount of \$3,800 is estimated to be necessary for alterations for the new electronic equipment.

We recommend approval of this item as submitted.

CALIFORNIA COMMISSION ON INTERSTATE CO-OPERATION

ITEM 29 of the Budget Bill

Budget page 25

**FOR SUPPORT OF THE CALIFORNIA COMMISSION ON
INTERSTATE CO-OPERATION FROM THE GENERAL FUND**

Amount requested	\$51,905
Estimated to be expended in 1960-61 fiscal year	51,905

Increase	None
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

This commission is composed of 19 members and two ex officio non-voting members. They are: seven members of the Senate Committee on Interstate Co-operation; seven members of the Assembly Committee on Interstate Co-operation; and five members who are officers of the State and appointed by the Governor. The Governor himself is an ex officio honorary nonvoting member. In addition, the Governor may appoint as an ex officio nonvoting member one of the members of the California Commission on Uniform State Laws.

The functions of the commission expressed in the statutes are:

1. To carry forward the participation of this State as a member of the Council of State Governments, both regionally and nationally.
2. To confer with officers of other states and of the federal government.

California Commission on Interstate Co-operation—Continued

3. To formulate proposals for co-operation between this State and the other states and the federal government.
4. To organize and maintain governmental machinery for such purposes.

The commission is required to render a report to the Governor and the Legislature within 15 days after the convening of each regular legislative session and at such other times as it may deem appropriate.

Lastly, the commission is authorized to participate by contributions to the Council of State Governments and other similar governmental organizations affiliated with it, with other states in maintaining the council's regional and central secretaries.

The Lieutenant Governor and the regional headquarters in San Francisco provide staff services to the committee.

ANALYSIS

Proposed expenditures for 1961-62 are the same in total and the same in each category of expenditures as for 1960-61. The principal item of expenditure is the contribution of \$49,000 to support the Council of State Governments and the regional office in San Francisco. This contribution is determined as a pro rata state share based on population, although not all states make a contribution to the Council of State Governments, nor are the services of the council necessarily related to population. The contribution of California was increased from \$25,000 to \$31,250 in 1955-56 and to \$49,000 in 1959-60.

We recommend approval of the item as budgeted.

THE PERSONNEL BOARD

ITEM 30 of the Budget Bill

Budget page 25

**FOR SUPPORT OF THE PERSONNEL BOARD
FROM THE GENERAL FUND**

Amount requested	\$2,900,016
Contribution to State Employees' Retirement System	180,000
Total	\$3,080,016
Estimated to be expended in 1960-61 fiscal year	3,040,502
Increase (1.3 percent)	\$39,514

TOTAL RECOMMENDED REDUCTION None

GENERAL SUMMARY

The State Personnel Board has the responsibility under Article XXIV of the State Constitution, Sections 18000-19765 of the Government Code and Title 2 of the Administrative Code, for serving the personnel needs of state agencies. For the 1960-61 fiscal year there are approximately 120,000 authorized positions within state service as shown in the following table:

Item 30

Personnel Board

The Personnel Board—Continued

Category	1960-61
Civil service-----	88,878
Statutory -----	270
Exempt	
State College-----	9,543
Other -----	1,310
University of California-----	20,040
Total -----	120,041

The Personnel Board, which consists of five members appointed by the Governor for 10-year terms, prescribes, amends and repeals rules as necessary to administer the civil service act and sets the general policies for the Personnel Board.

The Personnel Board provides technical personnel services in the areas of recruiting, examining, classifying, certifying, adoption of pay rates, training and establishment of health and safety standards. The functions of the Personnel Board have become more complex and the detailed operations more numerous due, in a large part, to the continued growth in the past few years in number of state employees and number of applicants for positions in the state service.

Emphasis has been placed on research in an effort to develop improvements in methods and savings in time and staff. The most notable result of this effort, during the current year, is the installation of a Random Access Method of Accounting and Control (RAMAC). This machine will accommodate the present roster and certification systems and result in the abolition of 21.7 positions.

ANALYSIS

No new positions are proposed for the 1961-62 fiscal year and 21.7 positions in the Office Services Division are proposed to be abolished due to the savings in staff time resulting from the installation of the RAMAC. The budget proposes a reduction in the number of authorized positions for the Personnel Board from 478.4 to 456.7.

We recommend approval of the budget as submitted.

General Management Survey

A policy question which is related to the Budget Bill is the implementation by the Personnel Board of one of the recommendations contained in the November, 1958, Department of Finance Organization and Cost Control, "General Management Survey of the State Personnel Board."

The report recommends that the Personnel Board itself should "develop a delegating and streamlining program wherein there is greater dependence on the staff for a competent technical job." The report continues: "analysis of many board calendars has made it apparent that one of the characteristics of the central personnel agency is the large number of items going to the board for review and decision." The report cites the costliness of this operation in terms of staff preparation of detailed written material and subsequent time-consuming staff appearances at board meetings; slowness of administrative action; and the expenditure of board members' time on routine matters which could

The Personnel Board—Continued

better be spent on more important policy matters. The report cited methods for carrying out this delegating and streamlining program wherein such nonappearance items as establishment of new classes and change in salary ranges, the staff presentation could be less formal and less detailed; items which should not go to the board if agreement is reached between the agency and personnel staff in such matters as requests to pay cash for overtime and requests for open nonpromotional examinations; changes in class specification which should continue to go to the board, but with a less detailed and more informal staff presentation. *We urge that action be taken to implement this recommendation.*

Interagency Personnel Committee

Each year, for the past six years, we have reported to the Legislature in our *Analysis of the Budget Bill* the lack of and the need for a statewide policy defining the immediate and long-range concept of the personnel responsibilities which should remain with the Personnel Board and those which belong to the operating departments. An interagency committee with representatives from the State Personnel Board, Personnel Officers' Council, Department of Finance and Legislative Analyst has continued to study this problem during the current year.

Although considerable progress has been made, we hope that this committee's report, when finally prepared, can serve as measurable criteria for the application of workload factors for staffing in the central personnel agency and in the personnel and training offices of the various operating agencies.

Recruitment and Field Services Division

The staff and program of this division has expanded quite rapidly during the past few years, and while no increase is proposed in either number of staff or level of service for this division, we believe that the Personnel Board should conduct a detailed evaluation of its over-all recruitment efforts during the forthcoming 1961-62 fiscal year and further, that the results of these findings be submitted to the Department of Finance and Legislature as part of the justification for the 1962-63 fiscal year budget. A complete analysis of this type has not been made, although the board has indicated that "the division is attempting to measure the effectiveness of various recruitment media and techniques." We realize the practical difficulties underlying the development of such an analysis such as staff time which would need to be devoted to such a project, difficulty in evaluating the qualitative versus the quantitative results of recruitment efforts, and measuring the interest which may be aroused in state service and not bear fruition for a number of years, but we are confident that the staff of the Personnel Board has the competence to overcome these obstacles and subsequently complete an analysis of this type. We feel that such an analysis is essential to the budgetary review processes of the Department of Finance and as an aid to the Legislature in its consideration of the over-all recruitment activity of the Personnel Board. The preparation of such an analysis should also assist in the administration

Item 31**Secretary of State****The Personnel Board—Continued**

of the recruitment program within the Personnel Board. *We urge that action be taken to implement this recommendation.*

Office Services Division

This division is presently in the process of converting its roster and certification operations so as to enable these functions to be performed by the IBM RAMAC 305. Although the cost of conversion will approximate \$20,000 and the monthly equipment rental will be approximately \$5,350, the first year's savings in salaries and wages will exceed the conversion and equipment rental costs with subsequent annual savings of at least \$25,000 per year. The RAMAC's capacity will only be utilized by some 40 percent with the application of the roster and certification functions to this machine. The board plans to apply additional operations to the machine with subsequent savings in staff time. Other advantages of the use of this machine are savings in floor space due to a reduction in the manual record-keeping operation and faster, more detailed, and more accurate service to state agencies. While we are in agreement with the value of this management improvement and the potential savings from the use of this machine, we feel that the Legislature should be made aware of the fact that they have not previously considered the use by the board of this piece of equipment.

SECRETARY OF STATE**ITEM 31 of the Budget Bill**

Budget page 31

**FOR SUPPORT OF THE SECRETARY OF STATE
FROM THE GENERAL FUND**

Amount requested	\$443,128
Contribution to State Employees' Retirement System	29,582
Total	\$472,710
Estimated to be expended in 1960-61 fiscal year	467,116
Increase (1.2 percent)	\$5,594
TOTAL RECOMMENDED REDUCTION	\$19,592

Summary of Recommended Reductions

	Budget		
	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Salaries and Wages:			
Photocopyist	\$4,092	32	42
Operating expense	3,500	32	52
Equipment	12,000	32	56

GENERAL SUMMARY

The major functions of this office are: review, approve and file articles of incorporation, amendments, dissolutions, agreement of mergers and consolidations; review of recordation relating to mortgaged personal property; registration of trademarks; the general supervision of elections; maintenance of the Archives and the Central Record Depository; and attesting the official acts of the Governor and Legislature.

Secretary of State—Continued

ANALYSIS

The increase of \$5,594 for the fiscal year 1961-62 as compared to the amount estimated to be expended in the current year results primarily from an increase of \$18,345 in salaries and wages due to normal salary adjustments, a proposed new position, and a decrease of \$12,600 in salary savings. There is also a decrease of \$15,740 in equipment.

We recommend deletion of the amount of \$19,592 requested by the Secretary of State for the purpose of laminating documents of the State of California which have historical value and those which, according to law, must be kept indefinitely.

This same request was first made in the 1949 Session. Assembly Bill 2401 which proposed an appropriation of \$10,000 was disapproved by the Ways and Means Committee. This same request has been made several times and on each occasion the Legislature has disapproved the request. The office of the Legislative Analyst has recommended deletion of this amount each time it has been requested. The management analysis section of the Department of Finance, in a report dated November 9, 1949, recommended that funds be disallowed for this purpose.

When the request for laminating equipment was first made in 1949 the Secretary of State estimated that about 3,000 documents would be laminated. The present request states that it is intended to laminate more than 50,000 documents. We do not see the necessity for the laminating of such records as census returns 1852-60, controllers claims 1849-86, election returns 1849-54, applications, admissions to bar 1876-95, capitol payrolls 1850-90, notary public applications 1850, and many documents of similar nature. For the few people who wish to use these documents for research purpose, microfilming should suffice. The relatively few documents, such as Constitutions of California, the Lincoln letter, etc., could be laminated by contract at very little cost.

With the exception of the deletion noted above, we recommend approval of this item.

DEPARTMENT OF AGRICULTURE

ITEM 32 of the Budget Bill

Budget page 35

FOR SUPPORT OF DEPARTMENT OF AGRICULTURE
FROM THE GENERAL FUND

Amount requested	\$9,217,427
Contribution to State Employees' Retirement System	514,582
Total	\$9,732,009
Estimated to be expended in 1960-61 fiscal year	9,519,729
Increase (2.2 percent)	\$212,280

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

California's diversified agricultural production continues to lead the nation based on 1959 production figures. An all-time record for cash farm income of \$3,034,617,000 was established, which is 6 percent