

Division of Soil Conservation—Continued

grants to planning and investigations rather than for direct construction costs. Once the planning stage is completed, the potential sources of other project resources will be increased. Only limited benefits can accrue from the small sums available as construction grants.

We recommend approval of this item as budgeted.

**Department of Finance
OFFICE BUILDINGS**

ITEM 425 of the Budget Bill

Budget page 1129

**FOR SITE ACQUISITION AND MAJOR CONSTRUCTION AND
EQUIPMENT, SAN DIEGO, FROM THE PUBLIC
BUILDINGS CONSTRUCTION FUND**

RECOMMENDATIONS

Amount budgeted	\$950,000
Legislative Analyst's recommendation	Unresolved

ANALYSIS

This item proposes the purchase of land, adjacent to the state office building now under construction in San Diego and the development of this land as a state parking lot. The building is scheduled for completion in November of 1962 and some parking facilities will of course be required.

However, we have received no data on this project, either as to the amount of land to be purchased or the nature of the developments thereon. It is our understanding that the use of the State School Land Fund for this purpose is based on the repayment to the fund over a 20 year period, with interest, from the imposition of fees on the use of the parking area. *We can make no recommendations at this time.*

DEPARTMENT OF EMPLOYMENT

ITEM 426 of the Budget Bill

Budget page 1150

**FOR SUPPORT OF DISABILITY AND HOSPITAL BENEFITS PROGRAM
FROM THE UNEMPLOYMENT COMPENSATION DISABILITY FUND**

Amount requested	\$8,803,428
State employees' retirement	532,396
State employees' health and welfare	73,716
Total	\$9,409,540
Estimated to be expended in 1961-62 fiscal year	7,658,629
Increase (23.9 percent)	\$1,750,911

TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS

The Department of Employment derives support in the amounts and from the sources shown in Table 1, which is our summary of the proposed expenditure program for 1962-63. Budgeting for the department is generally on a workload-unit time calculation based upon past experience and modified by analysis, and is reviewed by the federal government as to those programs which are federally financed.

This appropriation provides funds for each administrative activity in the department proportionate to their involvement in the Disability and Hospital Benefits program. These amounts are shown in Table 2.

Table 1
Support and Benefit Appropriations, 1962-63
Department of Employment Funds

<i>Function</i>	<i>Unemployment compensation disability</i>	<i>Department of Employment contingent</i>	<i>Unemployment</i>	<i>Unemployment administration (federal)</i>	<i>Total</i>
Support					
Salaries and wages-----	\$6,660,862	\$45,127	--	\$36,060,116	\$42,766,105
Operating expense-----	2,012,577	201,662	\$22,700	7,496,613	9,733,552
Equipment-----	129,989	--	--	50,000	179,989
Reimbursement-----	--	--	--	—61,332	—61,332
Subtotal-----	8,803,428 *	246,789 *	22,700 *	43,545,397	52,618,314
Contributions to:					
Retirement-----	532,396	3,511	--	2,800,705	3,336,612
Health and welfare-----	73,716	288	--	371,142	445,146
Total, Support-----	9,409,540	250,588	22,700	46,717,244	56,400,072
Benefit payments, regular-----	192,700,000	--	472,000,000	--	664,700,000
Benefits, extended duration-----	--	--	54,600,000	--	54,600,000
Total-----	\$202,109,540	\$250,588	\$526,622,700	\$46,717,244	\$775,700,072

* These amounts require legislative approval.

Department of Employment—Continued

Table 2
Support Expenditures—Department of Employment,
By Division, 1962-63

Division	Unemploy- ment compen- sation disability	Department of Employ- ment contingency	Un- employ- ment	Unemployment adminis- tration (federal)	Total
Office of the Director	\$11,543	\$10,860	—	\$77,492	\$99,895
Governor's Advisory Council	2,020	—	—	4,988	7,008
Legal Section	24,028	—	—	107,552	131,580
Public Information	8,441	—	—	42,208	50,649
Research and Statistics	88,573	—	—	415,123	503,696
Investigation Section	9,776	—	—	843,371	853,147
Division of Appeal	156,263	—	—	1,618,663	1,774,926
Division of Public Employ- ment Offices and Bene- fit Payments	312,546	32,388	—	25,133,255	25,478,189
Division of Accounts and Tax Collection	708,617	—	—	2,781,191	3,489,808
Office of Assistant Director- Comptroller	1,143,679	203,541	\$22,700	12,491,941	13,861,861
Division of Disability and Hospital Benefits	6,337,942	—	—	29,613	6,367,555
Total	\$8,803,428	\$246,789	\$22,700	\$43,545,397	\$52,618,314

The purpose of the program is to compensate in part for wage loss sustained by individuals unemployed because of sickness or injury and, in addition, to pay costs of hospitalization. Contributions are made by employees, as opposed to unemployment insurance contributions made by employers. Currently, approximately 22 percent of the employees covered are under voluntary plans, the balance under the state plan.

This program was substantially revised during the 1961 Session, primarily by Chapter 2155, which made coverage available to agricultural workers, and Chapter 2154, which modifies, to some extent, voluntary plans and changes certain other provisions of the law.

As shown on Table 2, most of this appropriation is for support of the Division of Disability and Hospital Benefits. This division, which includes 19 disability district offices, is requesting 176 additional positions for a total of 771.7 to accommodate the anticipated increase in workload resulting from 1961 legislation.

As this department does not utilize increased appropriations unless workload develops as projected, we recommend approval of the budget as submitted.

In addition to financing costs of administration of the program, the Unemployment Compensation Disability Fund also finances benefit payments. As indicated in Table 3, since 1956-57 benefit payments have or are expected to exceed revenues in each year shown and had it not been for the transfer of \$70,000,000 from the Unemployment Trust Fund during 1960-61 and 1961-62, the Disability Fund would be exhausted during 1962-63, based on current estimates.

Department of Employment—Continued

Table 3
Summary of Transactions, Unemployment Compensation
Disability Fund 1955-56 to 1962-63

	<i>Income</i>		<i>Outgo</i>		<i>Ending balance</i>
	<i>Transfers from Unemployment Trust Fund</i>	<i>Revenues</i>	<i>Benefit payments</i>	<i>Cost of administration</i>	
1955-56	—	\$56.7	\$47.5	\$3.6	\$142.3
1956-57	—	60.9	56.8	4.0	142.4
1957-58	—	62.3	69.8	4.5	130.4
1958-59	—	74.3	85.8	4.7	114.2
1959-60	—	80.8	97.3	5.2	92.5
1960-61	\$15.9	91.0	125.8	5.9	67.7
1961-62 (estimated)	54.1	120.9	152.9	7.7	82.1
1962-63 (estimated)	—	158.6	192.7	9.4	38.6

As of June 30, 1960, approximately \$137 million was on deposit with the federal government in the Unemployment Trust Fund and was available for either unemployment insurance payments or for transfer to the Disability Fund for disability insurance payments upon requisition of the Director of Employment. During 1960-61 the Director requisitioned \$15.9 million while during 1961-62 an additional \$54.1 million was transferred pursuant to Section 3006 of the Unemployment Insurance Code as amended by Chapter 2154, Statutes of 1961. This section, as amended, limits such transfers subsequent to January 1, 1947, to the total of \$70,000,000 transferred during 1960-61 and 1961-62 as well as making the transfer of the \$70,000,000 mandatory, and states that "In no event shall there be any further transfer of money from the Unemployment Trust Fund to the Disability Fund."

DEPARTMENT OF EMPLOYMENT

ITEM 427 of the Budget Bill

Budget page 1150

FOR ADDITIONAL SUPPORT OF DEPARTMENT OF EMPLOYMENT
FROM THE DEPARTMENT OF EMPLOYMENT
CONTINGENT FUND

Amount requested	\$246,789
State employees' retirement	3,511
State employees' health and welfare	288
Total	\$250,588
Estimated to be expended in 1961-62 fiscal year	224,885
Increase (11.4 percent)	\$25,703

TOTAL RECOMMENDED REDUCTION None

ANALYSIS

This appropriation is for support of certain activities in the Department of Employment for which the federal authorities have taken the position that funds will not be provided through federal grants, and is similar to past appropriations for like purposes.

Department of Employment—Continued

The activities exclusive of Retirement and Health and Welfare contributions are:

Activity	Amount		
	1961-62	1962-63	Increase
Office of the Director and Deputy Director ;			
Assistant to the Director-----	\$10,860	\$10,860	-
Division of Public Employment Offices and			
Benefit payments -----	31,919	32,388	\$469
Office of Assistant Director-comptroller----	178,491	203,541	25,050
Total -----	\$221,270	\$246,789	\$25,519

The expenditure by the Division of Public Employment Offices and Benefit Payments provides for 50 percent of salaries and expenses of the community employment program, while the expenditures by the Office of the Director and Deputy Director relate entirely to that program.

Expenditures by the Office of Assistant Director-comptroller are further detailed below.

	Amount		
	1961-62	1962-63	Increase
Community Employment Program :			
Salary and wages-----	\$1,832	\$1,879	\$47
Operating expense -----	4,100	4,100	-
Subtotal -----	\$5,932	\$5,979	\$47
Pro Rata Charges :			
Imputed charges -----	\$12,838	\$13,738	\$900
Legislature -----	136,626	159,652	23,026
Fiscal administration -----	17,595	18,672	1,077
General expense -----	500	500	-
Actuarial services -----	5,000	5,000	-
Totals -----	\$178,491	\$203,541	\$25,050

DEPARTMENT OF EMPLOYMENT

ITEM 428 of the Budget Bill

Budget page 1150

FOR ADDITIONAL SUPPORT OF DEPARTMENT OF UNEMPLOYMENT FROM THE UNEMPLOYMENT FUND

Amount requested -----	\$22,700
Estimated to be expended in 1961-62 fiscal year-----	25,500
Decrease (11.0 percent) -----	\$2,800

TOTAL RECOMMENDED REDUCTION----- None

ANALYSIS

The amount requested is for the same purpose as the \$19,000 provided in 1960-61, and \$25,500 in 1961-62, to cover the cost of audit by the Department of Finance of the unemployment insurance and employment service programs in the Department of Employment. Federal authorities have taken the position that funds for this purpose will be provided out of grants for administration.

We recommend approval.

Department of Employment—Continued

Section 13294 of the Government Code states that "The department shall examine and expert the books of the several state agencies, at least once every two years, and as often as the director deems necessary".

The Department of Employment is subject to audit by two agencies of the Federal Government, the Bureau of Employment Security and the General Accounting Office, and by two state agencies, the Auditor General and the Department of Finance. In addition the department has its own internal audit staff consisting of eight auditors.

CONTROL SECTIONS

Sections 4 through 36 of the Budget Bill are the so-called "control sections" which place limitations upon the expenditure of certain appropriations, extend the availability of certain specified prior appropriations, define the authority of the Director of Finance with respect to reductions and transfers within and between categories of expenditure, and contain the usual severability and urgency clauses.

Although significant fiscal policy is contained in these sections, particularly with respect to extending the availability of prior appropriations, these sections have not been received by us in time to permit adequate review for purposes of recommendations to be incorporated in this Analysis. These control sections will be analyzed and a recommendation thereon made to the committees in hearings on the budget bill.