

## Retirement System

Items 32-34

Lieutenant Governor—Continued

### ANALYSIS

This executive office has requested \$115,384 from the General Fund for its support for the budget year 1963-64. This represents an increase of \$6,059, or 5.5 percent over the estimated support expenditures for the current year. Included in the estimated expenditures for the current year is an allocation from the Emergency Fund in the amount of \$1,282 which is scheduled to defray unanticipated costs. This amount is being allocated to cover estimated increased costs in general expenses (+\$800) and communications (+\$882) offset by a reduction in in-state travel (—\$400). On this basis the increase in the amount requested over the budgeted cost for fiscal year 1962-63 is \$7,341 or 6.7 percent.

The amount requested for personal services of \$80,509 reflects the increase of \$1,559 over the current year due entirely to merit increases and the salary increases approved by the Legislature.

Operating expenses are carried forward at the current year level of \$29,675.

Proposed equipment expenditures are carried forward at the current year level plus \$4,500 for a new automobile.

*We recommend approval of this item as budgeted.*

### STATE EMPLOYEES' RETIREMENT SYSTEM

ITEMS 32, 33 and 34 of the Budget Bill

Budget page 26

#### FOR SUPPORT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM FROM THE STATE EMPLOYEES' RETIREMENT FUND, THE STATE EMPLOYEES' CONTINGENCY RESERVE FUND AND THE GENERAL FUND

Amount requested .....	\$1,737,400
Estimated to be expended in 1962-63 fiscal year .....	1,802,520

Decrease (3.6 percent) .....	\$65,120
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TOTAL RECOMMENDED REDUCTION .....	None
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### GENERAL SUMMARY

The primary function of the State Employees' Retirement System is the administration of a retirement program for state employees, employees of local jurisdictions contracting with the state system, and nonacademic University of California employees employed prior to October 1, 1961. The system also administers the Meyers-Geddes State Employees' Medical and Hospital Care Act, which provides for a \$5 a month contribution by the State toward the premium payment of an approved health insurance policy carried by state employees.

The State Employees' Retirement System is administered by a board of administration composed of eight members. When administering the Meyers-Geddes State Employees' Medical and Hospital Care Act the board of administration is augmented by three members appointed by the Governor representing the public.

**State Employees' Retirement System—Continued**  
**ANALYSIS**

For the 1963-64 fiscal year the support for the State Employees' Retirement System comes from three sources:

Item 32. State Employees' Retirement Fund-----	\$1,490,663 (85.8%)
Item 33. State Employees' Contingency Reserve Fund	226,737 (13.1%)
Item 34. General Fund -----	20,000 ( 1.1%)

The source of support for the system changed from the General Fund to the State Employees' Retirement Fund on July 1, 1959. The State Employees' Contingency Reserve Fund was established in 1961 when the Meyers-Geddes Medical and Hospital Care Act was enacted into law. The Retirement System's cost of administering the Medical and Hospital Care Act is appropriated from the Contingency Fund. The \$20,000 requested from the General Fund for the 1963-64 fiscal year will provide for the participation of the State of California in funding the cost of operation of the Old Age, Survivor's and Disability Insurance (OASDI) Division. This amount is necessary from the General Fund due to the integration of social security with the State Employees' Retirement System on January 1, 1962.

The 1963-64 budget request of \$1,737,400 from the above three funds is \$65,120, or 3.6 percent, less than the amount estimated to be expended during the current fiscal year.

A total of eight new positions are requested for the 1963-64 fiscal year, including two positions established administratively during the current fiscal year.

**A. Positions Established During Current Fiscal Year**

The two positions established during the current fiscal year were for the Accounting Division. The system has converted to the use of electronic data processing (EDP) equipment in its accounting procedures. In converting to the new equipment the system had eliminated a net total of 12 positions in its 1962-63 budget. After the installation of the new equipment on July 1, 1962, it was apparent that the Accounting Division was not adequately staffed, thus two permanent positions were established, an accounting tabulating machine supervisor II and an accounting technician II. These two positions are also shown as proposed new positions for the 1963-64 fiscal year.

During the current year the system was authorized by the Department of Finance to increase temporary help by the equivalent of 4.5 man-years, or \$19,800. These funds will not continue into the 1963-64 fiscal year.

Also during the current year one temporary help position was established for the Health Benefits Division to provide additional clerical staffing for the open enrollment period scheduled for January and February 1963 and in sorting and filing the resultant volume of enrollment forms.

**B. Proposed New Positions**

In addition to the two permanent positions established during the current year, the system proposes the establishment of six new positions in the following areas requested on a workload basis:

State Employees' Retirement System—Continued

1. *Executive office—secretary I* \$5,556

At present the executive officer and the assistant executive officer of the system have no secretary. The supervisor of the clerical pool has been providing secretarial service for the executive officer and the assistant executive officer. However, the workload in the secretarial pool has increased to the point where the supervisor is no longer able to provide the necessary service. The proposed new position will serve both the executive officer and the assistant executive officer.

2. *Administrative services—junior-intermediate clerk* \$3,576

Due to membership increase and the recent co-ordination with social security a new position is needed for the filing activities of the system.

3. *Benefits Division—2 senior account clerk* \$9,576  
*1 intermediate typist-clerk* 4,140

The above three positions are requested for the Benefits Division to handle the computations that must be made when members of the system apply for retirement. During the 1963-64 fiscal year it is estimated that there will be 500 more retirement applications than there will be during the current year. In order to process the anticipated increased workload within a reasonable period of time the three requested positions will be necessary.

The system is also requesting \$20,000 to have an independent review of the investment function of the Board of Administration. Last year the system proposed the same study. However, the Legislature deleted the funds for the study on the basis that since a comparable report had been submitted to the board on September 15, 1960, it was too soon to have another study undertaken. It would appear to us that now might be the appropriate time to conduct such a study considering the considerable changes that have taken place during the past three years in the investment market.

*We recommend approval of the budget as submitted.*

**COMMISSION ON INTERSTATE CO-OPERATION**

ITEM 35 of the Budget Bill

Budget page 30

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

Amount requested .....	\$65,905
Estimated to be expended in 1962-63 fiscal year .....	51,905

Increase (27 percent) .....	\$14,000
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TOTAL RECOMMENDED REDUCTION .....	None
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**GENERAL SUMMARY**

This commission was created in 1939. It now has 19 members plus 2 ex officio nonvoting members, one being the Governor and the other a member of the California Commission on Uniform State Laws appointed by the Governor. The composition of the membership is seven members from each house Committee on Interstate Co-operation and

**Commission on Interstate Co-operation—Continued**

five officers of the State appointed by the Governor, who hold their position at the pleasure of the Governor, one of whom is designated as chairman of the commission.

The legal authority for the establishment of the commission is set forth in Section 8000 through 8013 of the Government Code.

The commission has four primary functions: the participation of California as a member of the Council of State Governments, both regionally and nationally; to confer with officers of other states and the federal government; the formulation of proposals for co-operation with other states and the federal government; and to organize and maintain governmental machinery for such purposes.

The commission makes an annual report to the Governor and to the Legislature at each regular session.

**ANALYSIS**

The amount of \$65,905 requested for support of the commission from the General Fund represents an increase of \$14,000 or 27 percent over the estimated current year expenditures.

The contract with the Council of State Governments, which is the major line item of operating expenses, is based upon population at the rate of \$1,000 for each 250,000 population. With the beginning of the budget year 1963-64, California will be paying for a population of 15,750,000 as opposed to 12,250,000 in the current year, an increase of 3,500,000 or \$14,000. This change in the line item represents the total increase, all other expenditures remain at the same level as in this current year.

State of California contributions to the support of the Council of State Governments have been as follows since 1953-54:

1953-54 -----	\$25,000	1959-60 -----	\$49,000
1954-55 -----	25,000	1960-61 -----	49,000
1955-56 -----	31,250	1961-62 -----	49,000
1956-57 -----	31,250	1962-63 -----	49,000
1957-58 -----	31,250	1963-64 -----	63,000 (Proposed)
1958-59 -----	31,250		

We have reviewed the financial statements of the Council of State Governments and the schedules of assessments and contributions for other states and believe that the proposed contribution for California is supportable.

*We recommend approval as budgeted.*

**THE PERSONNEL BOARD**

ITEM 36 of the Budget Bill

Budget page 31

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

Amount requested -----	\$3,412,541
Estimated to be expended in 1962-63 fiscal year -----	3,296,519
Increase (3.5 percent) -----	\$116,022

**TOTAL RECOMMENDED REDUCTION ----- None**

**The Personnel Board—Continued****GENERAL SUMMARY**

The State Personnel Board has the responsibility under Article XXIV of the Constitution, Sections 18000-19765 of the Government Code and Title 2 of the California Administrative Code for serving many of the personnel needs of state agencies, such as classification, salary setting, and examining. The State budget which was approved for the 1962-63 fiscal year provided funds for approximately 93,884 positions within the state service which are subject to the provisions of the California State Civil Service Act and under the jurisdiction of the Personnel Board.

The Personnel Board, consisting of five members appointed by the Governor for 10-year terms, adopts, amends and repeals rules and regulations, as necessary, to administer the Civil Service Act, appoints the executive officer and establishes certain general policies for the Personnel Board. The board also reviews and makes final decisions on such matters as new and revised job classifications, rates of pay and appeals.

The board is staffed by approximately 464 employees with 379 employees located at headquarters in Sacramento and 43 employees located in the Los Angeles and San Francisco branch offices of the board. The total of 464 includes 42 employees, who are employed by the Co-operative Personnel Services Division which provides contract personnel services to other public jurisdictions throughout the State on a reimbursable basis.

The board provides technical personnel services for State Government in the areas of recruitment, examining, classification, certification, adoption of pay rates, training and establishment of health and safety standards in addition to the aforementioned contract personnel services which are provided to other public jurisdictions.

**ANALYSIS**

The budget proposes an expenditure of \$3,412,541 for the operation of the Personnel Board during the budget year. This is an increase of \$116,022, or 3.5 percent above the \$3,296,519 which is estimated to be expended for the operation of the board during the current year.

An additional 11.9 man-years are proposed for workload. The major components of this request, 11.2 positions, are discussed in the balance of our Analysis.

*We recommend approval of the budget as submitted.*

**Qualification Appraisal Panel Appeals**

One of the major responsibilities of the State Personnel Board is the administration of the examination process for civil service positions within state government. The normal examination consists of a written portion and an oral interview by a panel of two or three persons, referred to as a qualification appraisal panel. In scoring the examination the board grades both parts of the examination and then averages the results giving various weights to the parts depending upon the specific examination.

**The Personnel Board—Continued**

An applicant may appeal the results of his examination if he feels there has been an error in the scoring of the written part, or "irregularity, bias, or fraud" in the conduct of the qualification appraisal panel, or erroneous interpretation or application of the minimum qualifications prescribed for the position. All appeals by persons rejected by qualification appraisal panels (QAPs) are heard directly by the State Personnel Board.

During the past several years there has been a steady increase in the number of board hearings relative to appeals from examination candidates who received an adverse rating from a qualification appraisal panel. The number of such appellants reached 262 in the 1961-62 fiscal year.

The hearing of this number of appeals is one of the most time-consuming activities in which the board engages. It raises a question as to whether the board members' time, in such a fast-growing State as California, could not be better spent in working on some of the broader policy matters which would contribute to improved public personnel management in our State.

We believe that the number of appeals from ratings of the QAP which go before the board can be controlled without limiting the appellant's right to appeal. The State of California might follow the example of the Los Angeles County Civil Service Commission which serves as the personnel policy and rule-making civil service body for 43,000 employees of the County of Los Angeles. The Los Angeles Commission, while continuing to serve as the ultimate agency for the hearing of such appeals, makes use of an appeal system wherein the staff carries on a two-step process of administrative adjudication. The first of these steps consists of an initial appeal which is directed to the staff member who is responsible for preparing the examination. If in this first or initial step the appeal is not resolved to the satisfaction of the appellant, he may take the next step which is an appeal to a three-man appeals board consisting of two division chiefs and the chief deputy of the Civil Service Commission. However, the staff does not have the authority to change the appellant's oral score except in such exceptional cases as a mathematical or procedural error in computing the oral score. If evidence of an irregularity in the oral portion of the examination is determined the staff may convene another oral board to afford the appellant the opportunity to compete in another oral examination. After the second step if the appellant is not satisfied he can appeal directly to the commission which alone has the authority to change the appellant's oral score.

During the 1961-62 fiscal year 303 appeals from ratings of the oral interview boards were directed to the Los Angeles Commission. Of these appeals 68 were resolved at the staff level; 228 at the three-man appeals board level, and only seven were decided by the commission on the basis of the written record, granting none. During this same period of time the Personnel Board considered 243 appeals, granting 124. The total time taken by the appeal process in the Los Angeles County system is approximately the same as the appeal process of the State.

The Personnel Board—Continued

We believe the board should take action, which might be based in part on the Los Angeles County experience, to reduce the number of time-consuming appeals from ratings of the qualification appraisal panels which are heard by the board. This could be achieved by action of the board in directing the staff to administratively adjudicate such appeals.

Of further concern is the fact that during the 1961-62 fiscal year the Personnel Board granted more QAP appeals than it denied. The board granted 124, or 51 percent of the QAP appeals as contrasted to the six previous years, 1955-56 through 1960-61, when an average of 40 percent of such appeals were granted.

In granting the increasing number of appeals it would appear that the Personnel Board is undermining the effectiveness of the oral portion of the State's examination process. At the time an applicant is interviewed by a qualification appraisal panel he is often graded in relation to other applicants. However, in an appeal the board hears only from the individual aggrieved applicant and is not aware of the other competition to which the appellant was compared. In addition, the appellant in his appearance before the board is given the opportunity to compensate for those factors in which he appeared to be deficient in the judgment of the members of the qualification appraisal panel. This is due to the fact that these factors are revealed to the appellant prior to the scheduled date of his appearance before the board. Many times the appellant introduces additional evidence such as letters of reference which the QAP did not consider in evaluating the other candidates who appeared before them.

The fact that there has been a continuing increase in the number of appeals before the Personnel Board during the past several years and particularly since the board granted more appeals during the 1961-62 fiscal year than it denied leads us to question the continued effectiveness of the existing qualification appraisal panel examining system.

Recruitment and Field Services Division

The budget proposes an increase of four positions for the San Francisco and Los Angeles branch offices of the board.

The proposed positions are as follows:

San Francisco	
1 Assistant personnel analyst.....	\$7,080
1 Intermediate typist-clerk .....	4,212
Los Angeles	
2 Intermediate typist-clerk .....	8,424
Total .....	\$19,716

*We recommend approval of \$19,716 for one assistant personnel analyst and three intermediate typist-clerks.*

One assistant personnel analyst and one intermediate typist-clerk are proposed for the San Francisco office to allow for a maintenance of the continuous testing program and to provide for the increased activity of the public information counter. Continuous testing makes it possible to place an available candidate on the job with a minimum of delay.

**The Personnel Board—Continued**

Continuous testing requires the availability of technical staff in the form of a personnel analyst to counsel with individual applicants, review applications and interview prospective candidates for any of the classes which are on continuous testing. Clerical support in the form of 0.5 of the intermediate typist-clerk is needed to carry out the clerical activity related to this function.

In the last four years, 22 new classifications have been added to the field office continuous testing program bringing the total to 43 as of the date of this analysis. The board believes that at least 10 other classes should be added to the continuous testing program but the board states that there is not sufficient staff to permit the addition of these classes.

The remaining 0.5 position of intermediate typist-clerk will be utilized at the public information counter. Contacts at the San Francisco information counter rose from 72,566 in 1960-61 to 90,035 in 1961-62, a one-year increase of 17,469 or 24.1 percent.

Two intermediate typist-clerks are proposed for the Los Angeles office of the board to allow for the maintenance of the continuous testing program and to provide for the increased activity at the public information counters.

One of the intermediate typist-clerks is proposed to be assigned to the continuous testing activity on the same basis as has previously been discussed for the San Francisco office and the other intermediate typist-clerk will be assigned to the public information counter to handle the increased workload involved in counter contacts which rose from 79,315 in 1960-61 to 111,812 in 1961-62, a one-year increase of 32,497 or 41 percent.

Under the subject of recruiting the State Personnel was directed at the 1962 Session of the Legislature to submit a report to the 1963 Session of the Legislature on a program for meeting the State's long-range recruiting needs. We understand that this report will be submitted to the Legislature in the near future.

**Office Services Division**

The budget proposes 7.2 positions for the Office Services Division to handle increased workload.

The proposed positions by organizational unit are as follows:

Application Review	
1 Intermediate typist-clerk -----	\$4,140
Data Processing	
1 Key punch operator -----	4,140
Mail-Duplicating and Supply	
1 Intermediate clerk -----	4,140
4 Temporary help -----	16,560
0.2 Overtime -----	830
Total -----	\$29,810

*We recommend approval of \$29,810 for one intermediate typist-clerk, one key punch operator, one intermediate clerk, four units of temporary help and 0.2 units of overtime.*

One intermediate typist-clerk is proposed for the Application Review Section on the basis of workload. Receipt of applications for examina-



**The Personnel Board—Continued**

tions in the last six months of the 1961-62 fiscal year were up sharply over the comparable period in the 1960-61 fiscal year and this trend has continued through the first five months of 1962-63. Due to the workload backlog which has developed this section is encountering difficulty in completing their review of applications by the clearance date for written tests.

One key punch operator is proposed for the Data Processing Section. A large portion of this activity can be attributed to the continued conversion of the certification activity from the 305 RAMAC to the 1401 RAMAC. Increased workload in the roster and certification activity also increased the volume of key punching which must be carried out by the section.

One intermediate clerk is proposed for the Mail, Duplicating and Supply Section. The most significant factor is the continued increase in the heavy examination workload and the increased requirements of the Recruitment, Training and Standards Divisions. The four units of temporary clerical help are requested for the increased workload in the various clerical sections of the Office Services Division. Also proposed is 0.2 units of overtime to meet tabulating machine demands on this unit.

**SECRETARY OF STATE**

**ITEM 37 of the Budget Bill**

Budget page 38

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

Amount requested .....	\$569,965
Estimated to be expended in 1962-63 fiscal year .....	510,818

Increase (11.6 percent) .....	\$59,147
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<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>\$25,509</b>
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**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Budget</i>	
<i>For preservation of historical documents</i>		<i>Page</i>	<i>Line</i>
1 Proposed new position (photocopyist) .....	\$4,344	39	61
Space alterations, services and supplies .....	6,690	39	82-83
Purchase of laminating and laboratory equipment .....	14,475	40	6

**GENERAL SUMMARY**

The statutory duties of the Secretary of State, a constitutional officer, are found in the Government Code beginning at Section 12160.

He keeps records of the official acts of the Legislature and the executive departments (Constitution, Article V, Section 18). Other duties are the examination and filing of articles of incorporation, amendments thereto, and the records of elections to dissolve and final dissolutions of corporations; registration of trademarks, names of corporations, fraternal organizations, farms, ranches or villas. Upon request he supplies certified information from these records, certificates of recordation relating to mortgaged personal property.

As chief elections officer he compiles and authenticates the results of elections, compiles and distributes voters pamphlets dealing with state

## Secretary of State—Continued

offices and measures; compiles a statewide list showing the number of registered voters in each city, assembly district, senatorial district, supervisorial district, and congressional district located in whole or in part within the county by party affiliation and the number who declined to state party affiliation.

Maintaining the Archives of the State of California is also a function of the Secretary of State.

## ANALYSIS

We recommend deletion of the above-mentioned personnel, supplies, alterations and equipment requested for the purpose of lamination of historical documents. This request has been made either by introduction of legislation or in the Budget Bill since 1949. The Legislative Analyst has recommended disapproval of this request on each occasion and the Legislature has denied the request on each occasion.

We believe an appropriate committee of the Legislature should make a definitive study to determine the importance of the following major issues of such a program:

1. Are the originals of these documents of sufficient importance to the general public to warrant the expenditure of public funds for lamination; could copies be made so that researchers could review the material?
2. How many of these documents listed by the Historian are of sufficient importance to the public to have them laminated or copied?
3. What other equipment, besides the Barrow machine, should be considered?
4. Should the Lincoln letter, the Constitution and the letters on Joaquin Murrieta be put on public display instead of being in the Archives which is not readily accessible to the public?

We recommend approval of one year of temporary help in the amount of \$5,000 to assist the Historian in screening, classifying and arranging a backlog of 3,275 cubic feet of documents. Our reason for recommending approval of this position is to speed up the filing of these documents in the Central Records Depository.

A new San Francisco Records Center Annex is being established at a cost of \$30,218 in the 1963-64 fiscal year. We recommend approval of this new center because we believe it will save money by removing agency records in the San Francisco area from costly office space.

The one year of temporary help at \$5,000, the \$25,509 for preservation of historical documents and the \$30,218 for a Records Center Annex in San Francisco are the major items of increase.

In the 1962-63 fiscal year a total of \$406,303 is estimated to be expended for the printing of the election pamphlets for the June primary and the general election held in November. Payments for this expenditure are being made from item 37 of the Budget Act and the Emergency Fund.

*We recommend approval of this item in the reduced amount \$544,456.*