

STATE EMPLOYEES' RETIREMENT SYSTEM

ITEMS 35, 36 and 37 of the Budget Bill

Budget page 31

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	\$2,584,174
Estimated to be expended in 1965-66 fiscal year	2,407,776
Increase (7.3 percent)	\$176,398

TOTAL RECOMMENDED REDUCTION None

GENERAL PROGRAM STATEMENT

Article IV, Section 22a of the California Constitution provides that the Legislature shall have the power to provide for the payment of retirement salaries to employees of the state who shall qualify therefor by service in the work of the state as provided by law.

In conformance with the constitutional provision the Legislature has enacted, and at various times amended, Part 3 of Division 5 of Title 2 of the Government Code which provides for the establishment of the State Employees' Retirement System. The policymaking body for the system is its eight-member board of administration, consisting of the Director of Finance, a member of the State Personnel Board, three persons elected by the members of the system, a life insurance executive, a bank official, and a representative of the University of California. When the board is considering matters pertaining to the Meyers-Geddes Health Benefits Act three public members are added to the board.

To carry out its responsibility as provided by law the system conducts the following programs: (1) Administration, (2) accounting, (3) benefits, (4) membership, (5) investments, (6) actuarial, (7) health benefits, (8) Old Age Survivors' Disability Insurance.

ANALYSIS AND RECOMMENDATION

The budget proposes an expenditure of \$2,584,174 for the 1966-67 fiscal year which is \$176,398, or 7.3 percent more than is estimated to be expended during the current fiscal year.

The amount proposed for the budget year comes from the following three sources:

Budget item 36, Employees' Retirement Fund	\$2,294,277 (88.8%)
Budget item 37, Contingency Reserve Fund	264,897 (10.3%)
Budget item 35, General Fund	25,000 ( 0.9%)

Total \$2,584,174

For the 1966-67 fiscal year the system has proposed the elimination of four positions and the establishment of 17.5 permanent positions and four temporary help positions.

Administration Program

The administration program provides executive direction and control, physical facilities, legal service, and staff activities necessary to permit

## State Employees' Retirement System—Continued

the operating divisions to achieve their objectives. The following shows the program expenditures for the past, current, and budget years:

	1964-65 <i>Actual</i>	1965-66 <i>Estimated</i>	1966-67 <i>Budgeted</i>
Program expenditures -----	\$461,597	\$451,894	\$400,860

For the 1966-67 fiscal year the budget proposes the following positions for administration:

1 Associate administrative analyst (budget page 32, line 46)	\$9,948
1 Intermediate clerk (budget page 32, line 47) -----	4,452
Temporary help (budget page 32, line 59) -----	13,000

The administrative analyst is proposed to develop improved operating procedures primarily directed toward increasing efficiency and eliminating unnecessary or overlapping operations. This position was originally approved in the 1962-63 budget but was abolished in the 1964-65 Budget due to recruiting difficulties. The system will make a more concerted effort to fill the position.

The intermediate clerk is requested for the growth in the central records and file unit which results from the increased active membership and annuitants.

Increased temporary help money of \$13,000 is requested for the purpose of conducting the election of two members to the Board of Administration.

*We recommend approval of the increase in the administration program.*

## Accounting Program

The accounting program has within it the following functions: Maintaining accounts of monies due from, received, and/or paid to each employer and member and the balances resulting therefrom; to establish all necessary reserves for employer and employee active and retired accounts; to promptly process a refund of contributions to those employees leaving membership and requesting such refund; to develop forecasts of funds available for investment; to record income from investment; to maintain statistical and accounting information required for the periodic actuarial investigation and valuation; to record, on a cumulative basis, service credited to each member and to furnish at the end of each fiscal year a statement of service and contributions standing to each member's credit.

	1964-65 <i>Actual</i>	1965-66 <i>Estimated</i>	1966-67 <i>Budgeted</i>
Program expenditures ----	\$716,051	\$831,309	\$810,606
Program workload—			
Active members of system	326,766	342,000	356,000
Retired members -----	34,551	38,000	41,500
Memberships terminated (withdrawals) -----	38,246	40,000	42,000

## Retirement System

Items 35-37

### State Employees' Retirement System—Continued

Receipts	1964-65 Actual	1965-66 Estimated	1966-67 Budgeted
Contributions			
from members	\$114,874,781	\$118,230,000	\$122,959,200
Contributions from state and public agencies	133,107,187	138,136,680	143,661,400
Income from investments	85,815,901	96,350,000	108,875,550

The following three positions and temporary help money are requested for the accounting program:

1 Supervisor, electronic data processing (budget page 32, line 52)	\$9,948
1 Intermediate account clerk (budget page 32, line 54)	4,452
1 Intermediate typist-clerk (budget page 32, line 55)	4,452
Temporary help money (budget page 32, line 59)	1,000

The supervisor position and one clerical position are requested due to the workload increase in data processing. On August 1, 1965 the system changed over to a data processing unit which is faster and has greater capacity and is also less expensive than the previous unit. With greater capacity, workload has increased necessitating the new positions.

The typist will provide the first clerical assistance for the data processing unit and the temporary help money of \$1,000 is for the quadrennial valuation of the contracting public agencies.

We recommend approval of the proposed increases in the accounting program.

### Benefits Program

Included within the benefits program are the following: Computation of retirement benefits of employees including benefits for service retirement; disability retirement, industrial and nonindustrial; death, industrial and nonindustrial, during employment and after retirement; and continuation of retirement allowances to beneficiaries as established by the retired person or as provided by statute.

	1964-65 Actual	1965-66 Estimated	1966-67 Budgeted
Program expenditures	\$322,604	\$352,083	\$372,354
Program workload—			
Number of new retirements	4,622	4,800	5,000
Number of deaths	2,293	2,450	2,650

The budget proposes the following four positions and temporary help money for the 1966-67 fiscal year:

3 Senior account clerks (budget page 32, line 57)	\$15,084
1 Intermediate typist-clerk (budget page 32, line 58)	4,452
Temporary help money (budget page 32, line 59)	8,000

The four clerical positions are requested for the processing and computation of retirement, disability and death benefits and for the processing of deductions authorized from the monthly allowances of

**State Employees' Retirement System—Continued**

retired persons for various types of insurance authorized by statute. The temporary help money is for the public member valuation and the upgrading and correction of statistical files.

*We recommend the approval of the additional positions for the benefits program.*

**Membership Program**

The functions of the membership program are the following: To insure the proper inclusion of all employees of membership in the system; to provide correct information concerning benefits and costs of the purchase of optional service credits; to record nomination of qualified beneficiaries and to insure the application of an appropriate rate of contribution to each new member.

	1964-65 <i>Actual</i>	1965-66 <i>Estimated</i>	1966-67 <i>Budgeted</i>
Program expenditures ----	\$361,288	\$383,991	\$394,522
Program workload—			
Gross new members added	60,571	62,484	63,650
Total membership served	326,766	342,000	356,000
Re-employment of former members -----	12,751	13,000	14,000

The following two positions are requested for the 1966-67 fiscal year:

1 Senior account clerk (budget page 32, line 49)-----	\$5,028
1 Intermediate typist-clerk (budget page 32, line 50)-----	4,452

The two clerical positions are requested as a result of the passage of Chapter 1183, Statutes of 1965, which allows employees of contracting public agencies to elect to pay for their qualifying membership service (the first six months of service).

*We recommend approval of the two requested additional clerical positions for the membership program.*

**\* Investment Program**

The function of the investment program is to invest available funds on a timely basis in those approved securities that will produce the best return consistent with prudent practices and to review holdings to determine advisability of retention, or disposition with subsequent reinvestment.

	1964-65 <i>Actual</i>	1965-66 <i>Estimated</i>	1966-67 <i>Budgeted</i>
Program expenditures ----	\$204,533	\$279,196	\$291,555
Program workload (millions)			
Total investments,			
June 30th -----	3,165	3,520	3,897
Mortgage purchases ----	106	145	150

The budget proposes the elimination of two mortgage loan specialists due to a change in policy whereby the system will not be investing in out-of-state mortgage investments as it had previously planned.

**Actuarial Program**

The actuarial program develops the necessary experience tables, considering interest, mortality and salary assumptions, and computes benefit payments based upon statutory and actuarial requirements. Periodic

## State Employees' Retirement System—Continued

investigations and valuations are conducted to compare actual experience to predicted experience and actuarial assets as compared to liabilities are determined. The program expenditures are as follows:

	1964-65 <i>Actual</i>	1965-66 <i>Estimated</i>	1966-67 <i>Budgeted</i>
Program expenditures ----	\$47,286	\$94,257	\$62,558

During the current fiscal year an administrative adjustment provided for the increase of one-half time to full time for an actuary position. In the past the state system and the teachers' system had shared the actuary position. Each system now has a full-time actuary position. The budget proposes to continue the increase in the 1966-67 fiscal year. *We recommend approval of the position on a full-time basis.*

## Health Benefits Program

The health benefits program consists of the administration of the Meyers-Geddes State Employees' Medical and Hospital Care Act establishing the scope and content of basic health benefit plans and for approving plans meeting established standards. Program expenditures and workload are shown below:

	1964-65 <i>Actual</i>	1965-66 <i>Estimated</i>	1966-67 <i>Budgeted</i>
Program expenditures ----	\$235,892	\$230,343	\$264,897
Program workload—			
Total number of employees covered by health plans, June 30th ----	96,715	100,000	105,000
Enrollment forms processed -----	20,502	22,150	23,300

The funding for the administrative costs of this program is obtained from the State Employees' Contingency Reserve Fund. The law provides that the reserve fund consists of annual employers' contributions as follows: No more than 2 percent of total premiums paid for administrative costs and no more than 3 percent of premiums paid for contingency payments to carriers. For 1966-67 the amount contributed for administrative expenses is 0.8 percent of premiums paid.

For the 1966-67 fiscal year the system proposes the following three positions:

1 Associate research analyst (budget page 34, line 6)-----	\$9,948
1 Retirement officer II (budget page 34, line 7)-----	8,196
1 Intermediate stenographer-clerk (budget page 34, line 8)---	4,782

The positions are requested to (1) review claims procedures of carriers and see that uniform procedures are adopted, and (2) collect and correlate information concerning the quality and cost of benefits provided and utilized.

*We recommend approval of the three positions for the health benefits program.*

The advent of the Federal Medicare program will have a great impact upon the state's hospitalization benefit program. All annuitants of the retirement system will be eligible for some phase of the Medicare

**State Employees' Retirement System—Continued**

program in addition to being eligible for the Meyers-Geddes program. It is very much to the state's interest that a coordination of the programs be achieved in the continued review and revision of the state plans.

**Old Age, Survivors' and Disability Insurance (OASDI)**

The state administers the OASDI program for all political subdivisions, including the state itself, that have OASDI coverage in coordination with their own retirement systems. Financing of the program is derived from assessments of the political subdivisions participating in the program. The General Fund participation for the 1966-67 fiscal year is \$25,000. Program expenditures and workload are as follows:

	1964-65 <i>Actual</i>	1965-66 <i>Estimated</i>	1966-67 <i>Budgeted</i>
Program expenditures ----	\$162,222	\$184,211	\$195,100
Program workload—			
Number of political subdivisions, June 30-----	2,731	2,725	2,700
Number of employees covered -----	283,000	310,000	340,000

The system proposes the reclassification of a clerical position to a retirement officer II position for the increase in audits which are necessary due to the number of dissolutions and mergers of political subdivisions. *We recommend approval of the reclassification.*

*We recommend approval of the item as budgeted.*

**DEPARTMENT OF GENERAL SERVICES**

ITEM 38 of the Budget Bill

Budget page 37

**FOR SUPPORT OF DEPARTMENT OF GENERAL SERVICES  
FROM THE GENERAL FUND**

Amount requested -----	\$7,097,510
Estimated to be expended in 1965-66 fiscal year -----	6,436,492
Increase (10.3 percent) -----	\$661,018
Increase to improve level of service-----	\$139,571

**TOTAL RECOMMENDED REDUCTION-----** \$604,309

**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
1. Facilities Planning -----	\$44,049	40	34
1 Senior Land Agent -----	\$11,796		
1 Associate Land Agent -----	9,480		
2 Assistant Land Agents -----	15,600		
1.5 Intermediate stenographers -----	7,173		
2. Office of Administrative Procedure -----	\$76,534	45	44
3 Hearing officers -----	\$41,976		
3 Hearing reporters -----	25,812		
1.5 Legal stenographers -----	8,746		
3. Local Assistance (Office of T.V. Coordinator)			
Transfer to Department of Education -----	\$50,554	47	25

**General Services****Items 39-41****Department of General Services—Continued**

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
4. Building Maintenance and Protection			
88 Janitors .....	\$410,000	51	13
12 Building Engineers, Craftsmen, and Groundsmen	\$73,726	51	13

**ANALYSIS AND RECOMMENDATIONS**

This item provides support for the Department of General Services from the General Fund and is included in our analysis of Item 45.

**DEPARTMENT OF GENERAL SERVICES****ITEM 39 of the Budget Bill****Budget page 37**

**FOR ADDITIONAL SUPPORT OF DEPARTMENT OF  
GENERAL SERVICES FROM THE STATE  
SCHOOL BUILDING AID FUND**

Amount requested .....	\$1,010,769
Estimated to be expended in 1965-66 fiscal year .....	1,000,035
Increase (1.7 percent) .....	\$10,734

**TOTAL RECOMMENDED REDUCTION** ..... None

**ANALYSIS AND RECOMMENDATIONS**

This item provides the support for the Office of Local Assistance chargeable to the School Building Aid Program. Analysis of the program is included under our analysis of Item 45.

**DEPARTMENT OF GENERAL SERVICES****ITEM 40 of the Budget Bill****Budget page 55**

**FOR SUPPORT OF AUTOMOBILE LIABILITY INSURANCE  
PROGRAM OF DEPARTMENT OF GENERAL SERVICES  
FROM THE GENERAL FUND**

Amount requested .....	\$256,600
Estimated to be expended in 1965-66 fiscal year .....	245,271
Increase (4.6 percent) .....	\$11,329

**TOTAL RECOMMENDED REDUCTION** ..... None

**ANALYSIS AND RECOMMENDATIONS**

Analysis of this program is included as a part of our analysis of Item 45.

**DEPARTMENT OF GENERAL SERVICES****ITEM 41 of the Budget Bill****Budget page 55**

**FOR SUPPORT OF OPERATION OF EXECUTIVE AIRPLANE  
FROM THE GENERAL FUND**

Amount requested .....	\$203,000
Estimated to be expended in 1965-66 fiscal year .....	255,162
Decrease (20.4 percent) .....	\$52,162

**TOTAL RECOMMENDED REDUCTION** ..... None

Department of General Services—Continued

ANALYSIS AND RECOMMENDATIONS

This appropriation is to reimburse the Service Revolving Fund for costs of operation of the executive airplane for the Governor and his staff, and in our view could more appropriately be included in the support budget for the Governor's office. It is included in our analysis of Item 45.

DEPARTMENT OF GENERAL SERVICES

ITEM 42 of the Budget Bill

Budget page 37

FOR SUPPORT OF DEPARTMENT OF GENERAL SERVICES,  
EQUIPMENT AUGMENTATION TO THE SERVICE  
REVOLVING FUND FROM THE GENERAL FUND

Amount requested .....	\$1,786,644
Estimated to be expended in 1965-66 fiscal year .....	581,717
Increase (207.1 percent) .....	\$1,204,927

TOTAL RECOMMENDED REDUCTION ..... None

ANALYSIS AND RECOMMENDATIONS

This request is analyzed under Item 45.

Department of General Services

AUGMENTATION OF SERVICE REVOLVING FUND BY TRANSFER

ITEM 43 of the Budget Bill

ANALYSIS AND RECOMMENDATIONS

This item is identical to Item 40 of the Budget Act of 1965. It provides that the State Controller upon approval of the State Board of Control shall transfer to this item, from any appropriation in Section 2 of this act made from the General Fund, that part of such appropriation intended for the purchase of automobiles. These funds shall be available for augmentation of the Service Revolving Fund.

This item provides the machinery whereby funds appropriated from the General Fund to the various state agencies for the replacement of or purchase of additional automobiles may be used to augment the Service Revolving Fund which finances the Department of General Services car pool.

*We recommend approval.*

DEPARTMENT OF GENERAL SERVICES

ITEM 44 of the Budget Bill

Budget page 56

FOR SUPPORT OF THE DEPARTMENT OF GENERAL SERVICES,  
OFFICE OF STATE PRINTING, FROM THE SERVICE  
REVOLVING FUND

Amount requested .....	\$17,088,452
Estimated to be expended in 1965-66 fiscal year .....	10,363,538
Increase (64.9 percent) .....	\$6,724,914

TOTAL RECOMMENDED REDUCTION ..... \$88,356



## General Services

Item 45

### Department of General Services—Continued

#### Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
1. 3 Clerks -----	\$13,356	58	12
2. Excessive absenteeism -----	75,000	58	35

### ANALYSIS AND RECOMMENDATIONS

Analysis of this appropriation is included in our analysis of Item 45.

#### ITEM 45 of the Budget Bill

Budget page 56

#### FOR SUPPORT OF DEPARTMENT OF GENERAL SERVICES, SERVICE REVOLVING FUND, OTHER FUNCTIONS, FROM THE SERVICE REVOLVING FUND

Amount requested -----	\$18,312,719
Estimated to be expended in 1965-66 fiscal year -----	17,005,394
Increase (7.7 percent) -----	\$1,307,325

**TOTAL RECOMMENDED REDUCTION ----- \$145,268**

#### Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
1. Office Machine Repair			
4 Typewriter repairmen -----	\$25,728	60	71
2. Reproduction Services			
6 Duplicating machine operators -----	28,728	62	40
3. Transportation Services -----	15,272	63	46
1 Inspector of automotive equipment			
1 Garage attendant			
4. Operation of Beechcraft Airplane -----	37,860	63	84
Eliminate operation and maintenance			
5. Data Processing -----	37,680	59	67
7 Technical positions			

### GENERAL PROGRAM STATEMENT

The Department of General Services was created effective October 1, 1963 to administer various state service functions formerly handled by the Department of Finance, the Division of Architecture in the Department of Public Works, and effective January 1, 1967 the Central Records Depository now in the office of the Secretary of State.

In the summary of expenditures for support at the top of budget page 37 four classes of expenditures are indicated. Of these only two are treated in this section of the analysis, General Activities and Service Revolving Fund. The other two are analyzed under Items 46 through 49.

Because the department is primarily engaged in performing services for other state agencies, about 85 percent of its funds come from appropriations to using agencies for services rendered. These are identified in Table 1 as direct reimbursements and appropriations from the Service Revolving Fund.

From the standpoint of overall state government the Department of General Services has no programs of its own. Its activities are a part of the basic programs of other state agencies, and its workload is generated primarily by the needs of these agencies.

## Department of General Services—Continued

However, from the standpoint of the Department of General Services itself its activities may be regarded as "programs" of which the agency identifies 19, grouped under the following four major "areas of responsibility:"

- I Physical Facilities, Planning and Development
- II Technical Services
- III Property Management
- IV Executive and Administrative

Table 1 summarizes proposed staff and expenditures for 1966-67 by major area of responsibility and source of funds.

Table 2 summarizes gross expenditures by major area of responsibility and by the 19 programs as identified by the agency for the past, current, and budget years, while Table 3 gives like information for size of staff by major area of responsibility.

Detailed information as to costs and staffing for individual programs and activities are given in subsequent sections of this analysis.

It should be noted that because of existing accounting and budgetary procedures which do not distinguish between charges made for services rendered by a unit within the Department of General Services to another unit within the department, from those made to units outside the department, some degree of duplication exists in the total expenditures shown in Table 2. Expenditures for printing, for example, are included in the total for the Office of State Printing as well as in every other function which buys printing from the Office of State Printing and the same is true of many other activities. The extent of these duplications cannot readily be determined but we believe they may amount to as much as \$1 million.

In our 1965-66 analysis we pointed out a general lack of staffing standards and workload information in this agency and recommended that such information be developed. The Legislature approved this recommendation and the agency has prepared and submitted to the Assembly Subcommittee on Standards, Procedures and Reporting on October 20, 1965 a two-volume report entitled, "Work Measurement and Staffing Standards." This report contains a wealth of detailed information on the activities of the agency, and while much remains to be done in reevaluating certain of the existing staffing standards which are currently based on historical accomplishment and professional judgment, in terms of more objective standards of accomplishment, we believe this report represents a significant step and that the agency should be commended for the work it has done in developing the information contained therein.

## Department of General Services—Continued

Table 1

Proposed Expenditures and Staff for General Activities and Service Revolving Fund by Major Area of Responsibility and Source of Funds, 1966-67

Area of responsibility	Proposed staff	Gross expenditures	Direct reimbursements	Source of funds	
				Appropriations	
				Service Revolving Fund	Other
I. Physical facilities, planning, and development	124	\$1,527,275	\$1,228,546	—	\$298,729
II. Technical services	1,412.7	26,826,486	1,920,157	\$21,169,452	3,736,877
III. Property management	1,821.9	25,504,196	7,846,482	13,796,047	3,861,667
IV. Executive and administrative	161.3	1,565,232	458,954	435,672	670,606
Total	3,519.9	\$55,423,189	\$11,454,139	\$35,401,171	\$8,567,879

Table 2

Gross Expenditures by Major Area of Responsibility and by Program for General Activities and Service Revolving Fund, 1964-65 to 1966-67

Program	Actual 1964-65	Estimated 1965-66	Proposed 1966-67
I. Physical Facilities, Planning and Development:			
(1) Real property acquisition service to state agencies	\$955,418	\$1,135,621	\$1,196,546
(2) Architectural design and construction of state office building	<sup>1</sup>	<sup>1</sup>	<sup>1</sup>
(3) Facilities planning	226,311	253,257	330,729
Total I	\$1,181,729	\$1,388,878	\$1,527,275
II. Clinical Services:			
(4) Purchase of state supplies and equipment	\$4,946,808	\$5,171,711	\$5,273,773
(5) Administrative procedure	939,833	1,030,469	1,196,247
(6) Printing of state documents and textbooks	13,335,340	11,688,731	17,088,452
(7) Maintenance of statewide insurance policies	931,684	972,523	1,036,868
(8) State employees suggestion system	55,143	64,592	64,993
(9) Administration of state school building aid	941,276	1,053,812	1,065,383
(10) Systems analysis	252,536	450,198	487,951
(11) State building standards	63,791	90,949	97,211
(12) Legal services	258,635	297,901	300,447
(13) Administrative analysis	167,596	171,532	215,161
Total II	\$21,892,642	\$20,996,418	\$26,826,486

## Department of General Services—Continued

Table 2

Gross Expenditures by Major Area of Responsibility and by Program for General Activities and Service Revolving Fund, 1964-65 to 1966-67—Continued

<i>Program</i>	<i>Actual 1964-65</i>	<i>Estimated 1965-66</i>	<i>Proposed 1966-67</i>
III. Property Management:			
(14) Building maintenance and protection -----	\$13,902,671	\$15,493,547	\$16,441,863
(15) State automobile transportation -----	5,314,972	5,574,870	5,966,785
(16) Communications -----	1,724,561	2,038,460	2,186,592
(17) Office machine repair and services -----	529,277	653,742	786,195
(18) Central record depository -----	---	---	122,761
Total III -----	\$21,471,481	\$23,760,619	\$25,504,196
IV. Executive and Administrative:			
(19) Director's office and administrative staff services -----	\$1,561,061	\$1,506,061	\$1,565,232
GRAND TOTAL -----	\$46,106,913	\$47,647,976	\$55,423,189

<sup>1</sup> Analyzed under Budget Bill Items 46 and 47.

Table 3

Total Staff, General Activities and Service Revolving Fund by Major Area of Responsibility, 1964-65 to 1966-67

<i>Area of responsibility</i>	<i>Actual 1964-65</i>	<i>Estimated 1965-66</i>	<i>Proposed 1966-67</i>	<i>Increase 1966-67 over 1965-66</i>	
				<i>Number</i>	<i>Percent</i>
I. Physical facilities planning and development -----	94	116	124	8	6.9
II. Technical services -----	1,244.4	1,214.6	1,412.7	198.1	16.3
III. Property management -----	1,649.2	1,770	1,821.9	51.9	2.9
IV. Executive and administrative -----	154.8	148	161.3	13.3	9.0
Total -----	3,142.4	3,248.6	3,519.9	271.3	8.4

## ANALYSIS AND RECOMMENDATIONS

Our analysis will be made on the basis of the programs identified in Table 2, in the order in which they are listed therein. Each of those programs is administered by one or more organizational units, identified separately in the printed budget, or in two instances a part is covered by a separate item of appropriation.

Table 4 shows the agency's description of the program with the corresponding title of the organizational unit or units involved in carrying out the program as they appear in the printed budget. In our analysis the programs and the functions included in each are discussed in the order indicated in the column on the organizational unit.

At the beginning of the analysis for each program we have included a summary identifying by organizational units the gross expenditures for the current and budget years by source of funds and the related staffing. In these summaries appropriations from the General Fund are identified as (GF) while those from the Service Revolving Fund as (SRF).

## Department of General Services—Continued

Table 4

## Program and Corresponding Organizational Unit

<i>Program Description</i>	<i>Organizational Unit</i>
<b>I. PHYSICAL FACILITIES PLANNING AND DEVELOPMENT</b>	
(1) Real property acquisition service to state agencies	1. Property acquisition service
(2) Architectural design and construction of state office buildings	Analyzed under Items 46 and 47
(3) Facilities planning	3. Facilities planning service
<b>II. TECHNICAL SERVICES</b>	
(4) Purchase of state supplies and equipment	4. Office of procurement
(5) Administrative procedure	4.1 Central stores
(6) Printing of state documents and textbooks	4.2 Documents section
(7) Maintenance of statewide insurance policies	5. Office of Administrative Procedure
(8) State Employees Suggestion System	6. Office of State Printing
(9) Administration of State School Building Aid	7. Insurance office
(10) Systems Analysis	7.1 Auto Liability Insurance (Item 40)
(11) State Building Standards	8. Merit Award Board
(12) Legal Services	9. Office of Local Assistance
(13) Administrative analysis	10. Systems Analysis
	11. State Building Standards Commission
	12. Legal Services
	13. Management Planning
<b>III. PROPERTY MANAGEMENT</b>	
(14) Building Maintenance and Protection	14. Building Maintenance and Protection
(15) State automobile transportation	14.1 Telephone Services
	15. Transportation services
	15.1 Transportation services
	15.2 Operation of Executive Airplane (Item 41)
(16) Communications	16. Communications maintenance and service
(17) Office machine repair and services	16.1 Radio Maintenance
	17. Central Office Services
	17.1 Office Machine Repair
	17.2 Reproduction Services
(18) Central record depository	18. Central Records Depository
<b>IV. DIRECTOR'S OFFICE AND ADMINISTRATIVE STAFF SERVICES</b>	
(19) Director's Office and administrative staff services	19. Executive Office
	19.1 Administrative Services
	19.2 Data Processing
	19.3 Rented Buildings

## (1) Real Property Acquisition Service to State Agencies

<i>Organizational Unit</i>	<i>1965-66</i>	<i>1966-67</i>	<i>Increase</i>		<i>Budget</i>
			<i>Amount</i>	<i>Percent</i>	<i>Page</i>
Property acquisition service:					
Appropriation (GF) -----	\$10,000	\$10,000			40
Reimbursements -----	1,125,621	1,186,546	\$60,925	5.4%	41
Total -----	\$1,135,621	\$1,196,546	\$60,925	5.1%	
Staff -----	99	99			

## Department of General Services—Continued

*Property Acquisition Service*

The program of Property Acquisition Service includes five major subprograms or functions: (1) administration, (2) appraisal, (3) negotiation, (4) property management, and (5) transaction review. The above enumerated subprograms represent the organizational means to achieve Property Acquisition's overall mission: the purchase of real property for various state uses (exclusive of land for highways, the state water program, reclamation projects and the University of California).

The growth of the Property Acquisition Service is indicated by the transfer of 25 positions from the Division of Beaches and Parks in 1963-64, and the addition of 28 new positions administratively which were approved in 1964-65. Fourteen positions were added administratively during the current year to carry out the multimillion dollar bond program for park acquisition; the positions are proposed as permanent positions for the budget year. One position to manage rental accounts in Los Angeles is also requested.

The operations of this office are wholly reimbursed by appropriations for capital outlay with the exception of the proprietary land index which is maintained by a \$10,000 General Fund appropriation.

Staffing standards for the various positions in the office have been provided and they appear to be adequate; as well, the importance of orderly and expeditious purchase of lands under the Bond Acquisition Park Program in the interests of maximizing the available funds suggests favorable action in regard to the new position requests.

*We recommend approval as budgeted.*

## (3) Facilities Planning

Organizational Unit	1965-66	1966-67	Increase		Budget Page
			Amount	Percent	
Facilities planning service:					
Appropriation (GF) -----	\$211,257	\$288,729	\$77,472	36.7%	39
Reimbursements -----	42,000	10,000			40
Total -----	\$253,257	\$330,729	\$77,472	30.6%	
Staff -----	17	25	8	47.1%	39

*Facilities Planning Service*

Facilities Planning Service is charged with three primary responsibilities or subprograms:

1. *Advance Planning.* This section develops short and long-range plans for future space requirements and assists in developing occupancy requirements for particular state needs. One associate advance planner position is requested to provide for the preparation of the planning stages of the five-year State Building Program plus one half of a related intermediate stenographer position.

*We recommend approval.*

2. *Space Utilization.* This unit provides professional services in the planning and layout of office space.

## Department of General Services—Continued

3. *Leasing Section.* This section develops leasing policy for all state agencies, negotiates leases, reviews leases for other agencies, and performs various analytical functions related to leasing. Five new professional positions are requested on the basis of a proposed new workload standard of 80 metropolitan area leases per leasing agent. One and one-half secretarial positions are requested to support this new level of service on the basis of a secretarial-professional ratio of 1 to 3. Facilities Planning Service maintains that "substantial savings can be made by closer supervision and a greater depth of analysis involving these leases." Our office is in support of any policies which will realize "substantial savings". We also believe that "substantial savings"—particularly when tied to increased costs in the form of additional positions—should be firmly documented. *Therefore, we recommend that one associate land agent position be authorized for one year at an 80 lease staffing standard, the position to be rejustified next year on the basis of thoroughly documented savings in lease operations which documentation should appear in a report to the Legislature.*

We further recommend that four proposed land agents and 1.5 secretarial positions, budget page 40, lines 29 to 32, not be allowed, for a savings of \$44,049.

## (4) Purchase of State Supplies and Equipment

Organizational unit	1965-66	1966-67	Increase		Budget page
			Amount	Percent	
Office of procurement:					
Appropriation (GF) --	\$1,128,711	\$1,172,773	\$44,062	3.9%	47
Reimbursements -----	20,000	20,000	--	--	48
Central Stores (SRF) --	3,583,000	3,671,000	88,000	2.5	59
Documents section (SRF)	440,000	410,000	-30,000	-6.8	60
Total -----	\$5,171,711	\$5,273,773	\$102,062	2.0%	
Staff:					
Office of procurement--	119	123	4	3.4%	47
Central Stores -----	32.7	32.9	0.2	0.6	59
Documents Section ---	15.1	15.2	0.1	0.7	60
Total -----	166.8	171.1	4.3	2.6%	

*Office of Procurement*

With the exception of the University of California, all purchases of materials, supplies and equipment in excess of \$25 are made by or under the supervision of the Office of Procurement. In the past year more than \$135 million worth of materials were purchased. In program and organizational terms, the Office of Procurement includes six sub-programs, two of which appear in the Service Revolving Fund with the remainder supported by the General Fund. The costs of procurement services for special fund agencies are included in fiscal pro

## Department of General Services—Continued

rata charges. The growth of the Office of Procurement and its organizational framework may be seen in the following table:

Activity	Positions				
	1962-63	1963-64	1964-56	1965-66	1966-67
Office of Procurement (GF) -----	112.4	113.7	117.6	119.0	123.4
Central Stores (SRF) --	30.4	29.9	28.8	32.7	32.9
Documents Section (SRF) -----	18.6	18.7	14.6	15.1	15.2

  

Activity	Expenditures				
	1962-63	1963-64	1964-65	1965-66	1966-67
Office of Procurement (GF) -----	\$910,978	1,010,611	1,027,471	1,128,711	1,172,173
Central Stores (SRF) --	3,719,334	3,748,394	3,487,717	3,583,000	3,671,000
Documents Section (SRF) -----	295,803	501,688	393,682	440,000	410,000

Two positions were transferred from Procurement to Central Stores during the current year and are proposed for continuance in that operation. Procurement proposes for the budget year the addition of four positions on the basis of acceptable workload information. Central Stores requests one-tenth and Documents Section requests two-tenths of a position on a workload basis.

*We recommend approval as budgeted.*

## (5) Administrative Procedure

Organizational unit	1965-66	1966-67	Increase		Budget page
			Amount	Percent	
Office of Administrative Procedure:					
Administration—					
reimbursements ----	\$935,975	\$1,101,877	\$165,902	17.7%	45
Codification—appropriation (GF) -----	94,494	94,370	-124	--	45
Total -----	\$1,030,469	\$1,196,247	\$165,778	16.1%	
Staff:					
Administration -----	62.5	70	7.5	12.0%	45
Codification -----	2	2	--	--	45
Total -----	64.5	72	7.5	11.6%	

## Office of Administrative Procedure

The Office of Administrative Procedure provides hearing officers for all state agencies conducting hearings under the Administrative Procedure Act on a wholly reimbursable basis; it also publishes the California Administrative Code which consists of agency rules and regulations. The codification section is supported by the General Fund.

The staffing standard proposed for the budget year by O.A.P. is 194 cases per attorney. This represents an increase of 6 cases per attorney per year over the standard proposed last year of 184 cases; the staffing standard increase was due to legislative action in the last general session.



## Department of General Services—Continued

The growth of this office in terms of workload, position, and expenditures is as follows:

<i>Administration</i>	1962-63	1963-64	1964-65	1965-66	1966-67
Expenditures (Reim.)	\$624,748	\$710,191	\$846,444	\$935,975	\$1,101,877
Positions -----	51.8	55.8	62.9	62.5	70.0
Cases heard -----	3,578	3,411	4,109	4,074	4,656
Cases per attorney ---	209	188	188	188	194
<i>Codification</i>					
Expenditures (G.F.) --	\$67,570	\$117,284	\$93,389	\$94,494	\$94,370
Positions -----	2	3.7	2.0	2.0	2.0
Pages Codified -----	3,411	4,850	4,815	No est.	No est.

Originally, four positions were budgeted in the current year in the codification section. Of these four, one attorney and one stenographer have been transferred to Administration where their codification work may be reimbursed by the appropriate agencies. It is proposed to continue this procedure in the budget year.

*Administration*

As may be seen in the tabular presentation above, the Office of Administrative Procedure expects that the number of cases heard in the budget year will increase by 582. On this basis, the three proposed hearing officer positions at a staffing standard of 194 hearings per position would be precisely justified. However, historically the office's estimates of cases to be heard have been overstated. The following table indicates the relationship between estimates and actual cases heard.

Cases Heard by Office of Administrative Procedures  
Actual and Estimated

Year	Budget Estimate	Actual	Difference
1965-66 -----	5,170	4,074 <sup>1</sup>	1,096
1964-65 -----	4,896	4,109	787
1963-64 -----	3,906	3,411	495
1962-63 -----	3,965	3,578	387

Average overestimate per year ----- 688

<sup>1</sup> Current year revised estimate.

On basis of the Office of Administrative Procedure's past experience in estimating, it appears likely that their budget year position request may be excessive. Due to the office's continued and substantial overestimating, *we recommend the deletion of three proposed hearing officer positions, three hearing reporters, and 1.5 legal stenographers, budget page 45, line 44, for a savings of \$76,534.*

*Codification*

With no anticipated increase in workload, no positions are requested for this section of the Office of Administrative Procedure.

*We recommend approval as budgeted.*

## (6) Printing of State Documents and Textbooks

Organizational unit	1965-66	1966-67	Increase Amount	Percent	Budget page
Office of State Printing (SRF)	\$11,688,731	\$17,088,452	\$5,399,721	46.2	57
Staff -----	800	982.3	182.3	22.8	58

## Department of General Services—Continued

The increase of 182.3 positions represent an increase of 178.3 production employees on a workload and administrative adjustment basis, although not so clearly designated in the printed budget, to meet anticipated workload increases during the budget year, plus the four proposed new positions shown on budget page 58, lines 10 to 12.

The printing plant makes extensive use of temporary help and permanent-intermittent type employees and the size of the production staff fluctuates widely as workload needs dictate. Accordingly the increase of 178.3 represents the agency's best estimate of the additional man-years needed during 1966-67 because of anticipated increases in textbook printing, and legislative printing for the general session. If the workload increase does not develop these additional man-years will not be used.

## Office of State Printing

The State Printing Plant has included in its equipment proposal a request for the purchase of a second web press in the sum of \$696,800. The press would be exclusively for the production of textbooks ordered by the Department of Education in accord with the requirements of the state free textbook program. The State Printer has estimated that if certain textbooks were to be printed on the proposed web press rather than on the plant's present equipment, a substantial yearly savings could be realized, possibly exceeding \$200,000 per year.

While historically it has been demonstrated that textbooks can be printed more economically on web press equipment, the economies to be realized depend largely upon the volume involved and upon the efficiency of the operation. Although we have received from the State Printer assurances that substantial savings could be obtained through the purchase of the web press, we would desire additional verification that once installed, the press will be operated as efficiently and as economically as possible.

*We therefore recommend that the web press, in the amount of \$696,800, budget page 58, line 43, be approved as requested. However, this approval is contingent upon the development of adequate management and production control procedures by the State Printer.*

The procedures should include:

1. A printing schedule that will insure full utilization of the web press, once installed.
2. Operational norms or standards that will permit the effective measurement of the press' productivity.
3. Managerial and operational controls that will:
  - a. Insure the least possible amount of paper spoilage.
  - b. Insure that general overhead and other indirect expenses are accurately charged.
  - c. Insure that all direct charges to agencies are correctly assigned.
4. A cost analysis comparing the actual savings realized during the first year of operation with the anticipated savings reflected in the item justification.

## Department of General Services—Continued

The 1966-67 budget proposal of the State Printing Plant includes a request for four additional positions in the amount of \$24,876, as shown in the following tabulation.

		Budget	
		Page	Line
1 Production supervisor -----	\$11,520	58	10
1 Intermediate stenographer-clerk -----	4,668	58	11
2 Intermediate typist-clerks -----	8,688	58	12
Total -----	\$24,876		

The production supervisor will assist the superintendent of printing production (Salary Supplement, page 31, line 58), a new exempt position established September 1, 1965, in lieu of the former civil service position of assistant state printer, in maintaining adequate controls of plant production. The budget presentation points out that adequate controls are not being maintained at the present time and we have no reason to question this statement.

*We recommend approval of the production supervisor position. Our recommendation is contingent on the position being used to develop the procedures necessary for proper plant operation and control, including all matters relating to the new web press.*

The three clerical positions are requested as a workload basis to assist in the general office and accounting sections of the plant.

During 1960 a proposal was made to mechanize the accounting system at the State Printing Plant. The new data processing system was to economize the existing operation and to provide certain prescribed managerial and accounting documents. At the time of the proposal a total of 25.5 positions were employed in the plant's accounting office. The original cost of the machine accounting system was proposed at a total of approximately \$98,000. The system was installed in 1961. Since the time of installation the cost of the operation has increased yearly. It is anticipated that machine services alone will approximate \$150,000 in 1966-67. In addition, there have been no staff adjustments commensurate with the original proposals. We have been unable to identify an increase in plant operations that would justify the cost of the present accounting system.

On page 43 of the 1966-67 budget request, four new positions have been proposed by the Office of Management Planning, Department of General Services. We recommended approval of these positions. The positions are to serve as a task force, the objectives of which include "a general analysis of current operations to identify potential areas of A.D.A. feasibility for the purpose of improving operational efficiency and reducing operational costs."

High on the project list of this task force should be a review of the present accounting procedures of the State Printing Plant. Until the cost of this operation can be justified in terms of its accomplishments, *we recommend that three clerical positions, budget page 58, lines 11 and 12, be deleted for a reduction of \$13,356.*

There is an additional point which we believe should be brought to the Legislature's attention. On October 1, 1964, the Audits Division of

## Department of General Services—Continued

the Department of Finance submitted a report to the Director of the Department of General Services which noted that the printing plant's accident frequency rate was from three to six times the national and state average. Although the frequency of accidents was significantly higher than comparable printing operations, the severity of accidents was substantially lower. In conclusion the report observed that, "based on the above cited accident rates it appears that the Office of State Printing has more, but less severe, accidents than the printing and publishing industry as a whole. Or, *perhaps due to a comparatively more liberal sick leave policy or some other undisclosed reason, employees of the state plant take time off for less severe accidents than do their industrial counterparts.*" (Italics added.)

Ten months after the submission of this report, on August 1, 1965, the Department of General Services established a Safety Committee "to review the existing safety programs in the Department of General Services and make appropriate recommendations for strengthening or improving the programs where necessary." The State Personnel Board's *Annual Report of In-service Training* indicates that there is no safety training at the printing plant. The Department of General Services has issued no directive or memo to indicate corrective action has been taken in the plant. Furthermore, our investigations indicate that the accident frequency rate at the plant has increased since the original October 1964 report by the Audits Division of Finance. The accident rates for the past two years, and the rate included in the Audits Division report, are:

	<i>Accidents per million man hours</i>
Audits Division figure .....	35.5
Period October 1963–September 1964 .....	55.24 <sup>1</sup>
Period October 1964–September 1965 .....	48.49 <sup>1</sup>

<sup>1</sup> Source: State Personnel Board.

Of equal significance the State Compensation Insurance Fund's safety representative indicates that he is satisfied with the plant's safety procedures; in fact, a large Compensation Fund premium rebate was received by the plant in the last year. This further demonstrates that the accidents occurring at the plant are of a relatively minor nature. An appraisal of these facts suggests that the high accident rate was due to factors other than safety hazards.

Moreover, State Personnel Board reports indicate that the printing plant's employees actual average sick leave usage in 1964–65 was 8.4 days per man; the norm for the plant as established by the State Personnel Board is 6.4 days per man. This represents approximately 1,514 days of sick leave above and beyond acceptable levels. In terms of direct costs alone this represents losses to the state of about \$60,560. In conjunction with costs due to time lost due to "accidents" the total cost to the state is substantial.

While we cannot with absolute precision estimate both direct and indirect costs to state government due to absenteeism in the State Printing Plant, a provisional and conservative estimate indicates that

## Department of General Services—Continued

they amount to at least \$75,000 per year. Proper procedures and supervision can bring the current excessive absenteeism into line with acceptable rates of sick leave and accident leave usage. To insure that necessary management and supervisory procedures are implemented, *we recommend a \$75,000 reduction in plant operations, budget page 88, line 35, and further recommend that the Department of General Services report to the Legislature by the next general session on absenteeism in the State Printing Plant.*

## (7) Maintenance of Statewide Insurance Policies

Organizational unit	1965-66	1966-67	Increase		Budget Page
			Amount	Percent	
Insurance office— appropriation (GF) -----	\$61,210	\$62,988	\$1,778	2.9	42
Auto liability insurance: Appropriation (Item 40 GF) -----	245,271	256,600	11,329	4.6	19
Reimbursements -----	666,042	717,280	51,238	7.7	19
Total -----	\$972,523	\$1,036,868	\$64,345	6.6	
Staff -----	5	5			

## Insurance Office

The Insurance Office is charged with preparing specifications for insurance needs for departments requesting insurance services, administering state motor vehicle liability insurance, the faithful performance master bond for state employees, and recovery of damages to state vehicles by third parties. The office is supported by the General Fund and proposes to expend \$62,988 in the budget year. No increase in positions or expenditures beyond normal increases is proposed.

## Automobile Liability Insurance

Automobile Liability Insurance is subject to a separate appropriation; special fund agencies reimburse this item on the basis of prorated costs. Insurance costs for four years are shown below:

	1963-64	1964-65	1965-66	1966-67
Expenditures -----	\$822,001	\$874,809	\$911,313	\$973,880
Reimbursements -----	—588,744	—634,349	—666,042	—717,280
Remainder -----	\$233,257	\$240,460	\$245,271	\$256,600

The insurance carried is based on a retrospective rating plan; premium cost is established by loss ratio over prior periods. Thus, unit cost of insurance depends upon accident experience and the overall cost is directly related to the number of vehicles owned.

*We recommend approval as budgeted.*

## (8) State Employees Suggestion System

Organizational unit	1965-66	1966-67	Increase		Budget Page
			Amount	Percent	
Merit Award Board -----	\$64,592	\$64,993	\$401	0.6	44
Staff -----	6	6			44

## Department of General Services—Continued

*Merit Award Board*

This office administers the employee suggestion program for the state. The office is authorized 6 positions—2 administrative, 2 technical, and 2 clerical. The unit solicits suggestions, arranges for their evaluation and recommends awards for suggestions adopted by various state agencies. During the 1964-65 year 2,663 suggestions were submitted for consideration, and a total of \$9,913 in awards was paid for suggestions accepted. As a result of the suggestions adopted in 1964-65, agencies reported a total of \$307,006 in first year savings. *We recommend approval of the program as budgeted.*

## (9) Administration of State School Building Aid

Organizational Unit	1965-66	1966-67	Increase		Budget Page
			Amount	Percent	
Office of Local Assistance:					
Appropriation (State School Building Aid Fund) ---	\$1,000,035	\$1,010,769	\$10,734	10.7	46
Television Coordinator appropriation (GF) --	53,777	54,614	837	1.6	47
Total -----	\$1,053,812	\$1,065,383	\$11,571	11.0	
Staff:					
Office of Local Assistance	95.6	95.6			46
Television coordinator --	2	2			47
Total -----	97.6	97.6			

*Office of Local Assistance*

The general activities of the office of Local Assistance are divided into two separate program and budgetary functions. The primary program of the office is the Administration of the State School Building Aid Law of 1952 under the direction of the State Allocation Board. This activity is supported by an appropriation from the State School Building Aid Fund. The secondary function—in terms of magnitude—is the office of Television Coordinator. The Television Coordinator is supported by the General Fund.

*Administration*

The State School Building Law of 1952 provides that school districts unable to finance necessary school facilities within their own legal resources may obtain state loans for the acquisition and development of school sites, the construction of school buildings, and the necessary furniture and equipment. A number of less substantial responsibilities are also assigned the office of Local Assistance; they include, Veterans Temporary Housing, the Earthquake Relief Act of 1952, and State Aid on Water Pollution Control.

In the implementation of its School Building Aid responsibilities, the office is organizationally separated into six program areas: (1) Administration, (2) Initial Application Processing, (3) Plan Review and Bid Approval, (4) Final Project Audit, (5) Accounting and Release of Funds, and (6) Loan Computation Repayment.

## Department of General Services—Continued

The growth of the office as a whole (exclusive of the Television Coordinator) over a five-year period is indicated in the following table:

Year	Positions	Gross expenditures
1962-63 Filled -----	91.2	873,814
1963-64 Filled -----	87.4	887,252
1964-65 Filled -----	89.2	900,178
1965-66 Authorized -----	95.6	1,004,035
1966-67 Proposed -----	95.6	1,014,829

As we mentioned in the 1965-66 Analysis the Administrative Section of the Office of Local Assistance had developed and used a functional time and production data presentation for purposes of budget justification and support. We observe then that "these data provided a sound working base upon which to discuss and analyze position justification." We also noted that the report had been discontinued in 1964-65 and recommended that it be reinstituted. We are happy to report that the report has been reestablished.

No new positions are being requested. *We recommend approval as budgeted.*

*Television Coordinator*

The television coordinator with one clerical assistant provides staff support for the Television Advisory Committee. A primary objective of his office is to provide a plan for an integrated, statewide educational television network. The office also assists, when requested, in the planning and preparation of grant requests by local applicants for federal funds.

Due to the fact that the position of television coordinator was not filled until the fall of 1964, there is no history of office growth. The television coordinator, however, reports that representative activities since his appointment include, among other things, supervision of a contract with educational television consultants, response to inquiries from school districts and institutions of higher learning relating to television applications under the new Federal Elementary and Secondary Education Act (PL 89-10), and work with the Public School Instructional Television Committee of the State Department of Education. The television coordinator proposes no increase in positions or substantial increase in expenditures.

One anomalous feature of the television coordinator's operation should, however, be brought to the Legislature's attention. As indicated above, the position is currently within the Department of General Services in the Office of Local Assistance. The television coordinator, however, is physically housed in the capitol annex in office space presently utilized by the director and staff of the Department of Finance. As well as being physically separated from both General Services at large and Local Assistance in particular, the position of television coordinator does not appear to have any structural, or organizational relationship to the department.

## Department of General Services—Continued

It should also be noted that over one million dollars in federal funds are available under the provisions of Title V of the Elementary and Secondary Education Act of 1965 for strengthening state departments of education, and approximately \$10,000,000 in funds have been appropriated under Title II. Additional funds may be available under the terms of Title III. Under the provisions of Title II of this act, the State Department of Education is requesting a position of consultant in audio-visual education for the budget year. The State Board of Education has also allotted \$7,500 for a statewide study of educational television needs. The duties of the proposed consultant and the board's study would materially overlap the activities of the existing television coordinator. It is possible that the position of television coordinator, and related expenses, could be supported by federal rather than state funds. To that end, and in the interests of a more rational organizational structure, *we recommend that the position of television coordinator, and related expenses, budget page 47, line 25, be transferred to the Department of Education for a net savings in the Department of General Services of \$50,614. We also recommend that the availability of federal funds for this program be explored and reported to the Legislature.*

While this represents a net decrease in the General Service budget, unless federal funds are made available it would not represent a decrease in General Fund support for the function. The position of television coordinator was created by Chapter 2065, Statutes of 1961 (Sections 8871 to 8878, Education Code), which placed the position in the Department of Finance, and provided that the chapter should become operative only on the date when federal grants-in-aid for educational television first became available to public agencies in this state. It was transferred to the Department of General Services, Office of Local Assistance, by Chapter 1786, Statutes of 1963. Accordingly, legislation would be required to place the position of television coordinator in the Department of Education.

Organizational unit	(10) System Analysis		Increase		Budget page
	1965-66	1966-67	Amount	Percent	
Systems analysis -----	\$450,198	\$487,951	\$37,753	8.4%	48
Staff -----	35.2	35.2	--	--	48

*Systems Analysis*

Systems Analysis is organizationally divided into four units which are indicative of program areas: (1) Administration, (2) Data Processing Systems, (3) Accounting Systems, and (4) Data Processing Service Center. Of these areas, Administration is self explanatory. Data Processing Systems is concerned with developing systems and the utilization of existing and proposed systems for all segments of state government. Accounting Systems reviews and analyzes policies, methods and procedures covering all fiscal management needs of the state. The Data Processing Service Center is part of a program authorized in the current year to provide technical assistance to state agencies, and will theoretically provide A.D.P. services to various state agencies on a re-



## Department of General Services—Continued

imbursable basis. None of the positions authorized for the service center have been filled as this is written.

Although no new position requests appear in this segment of the budget, it must be noted that under Budget Item 307, page 1022, line 38, an appropriation of \$571,653 is requested for a Statewide Federated Information System. This proposal represents a follow-up to the Lockheed Study which was conducted in 1965, and is discussed under Item 307 in our Analysis. Thus our approval of Systems Analysis in this section of the Analysis is distinct from our recommendations concerning the proposed augmentation. *We recommend approval as budgeted.*

Organizational unit	(11) State Building Standards		Increase		Budget page
	1965-66	1966-67	Amount	Percent	
State Building Standards					
Commission	\$90,949	\$97,211	\$6,262	6.9%	5
Staff	6	6			

The State Building Standards Commission, which is budgeted in the Department of General Services is engaged in codifying all building regulations previously issued by various state agencies to avoid conflict, duplication and overlap, and operation which started in 1958-59, with a staff of 2 and a cost of \$17,443. The commission proper is composed of ten appointed members; staff support is provided by six professional and clerical positions. Expenditures and positions for the last five-year period are as follows:

	Positions	Expenditures
1962-63	5	\$55,755
1963-64	5	63,868
1964-65	4.6	63,791
1965-66	6	90,949
1966-67	6	97,211

The commission reports that the work of compilation as originally conceived will be completed during the budget year and that a substantially reduced staff can keep the finished code updated. However, the commission also reports that legislation from the 1965 General Session has added new duties and responsibilities which may increase staff requirements in the future. The new responsibilities are reported to include the quasi-judicial function of appeals' hearings and reviews, preparing new regulations, changing existing regulations, and preparing performance standards rather than conventional specifications. While we do not at this time question the advisability of changing the State Building Standards Commission's role, we do believe that in the interests of legislative review, its present and proposed programs should be treated as separate and distinct operations. Accordingly, we believe that of the existing six positions, four should be given terminal authorization by the Legislature. This would permit the Legislature to review the changing program of the State Building Standards Commission as distinct from its original responsibilities which are scheduled for completion this year. *We recommend that four*

## Department of General Services—Continued

positions, budget page 42, line 18, be authorized only until June 30, 1967.

(12) Legal Services					
Organizational unit	1965-66	1966-67	Increase		Budget
			Amount	Percent	page
Legal services:					
Appropriation (GF) -----	\$229,401	\$219,447	—\$9,954	—4.3%	7
Reimbursements -----	68,500	81,000	12,500	18.2	7
Total -----	\$297,901	\$300,447	\$2,546	0.8%	—
Staff -----	20.5	20.5			7

*Legal Services*

The Legal Services section renders legal advice to the Department of General Services, the Department of Finance, various boards and commissions organizationally related to Finance and General Services, such as the Board of Control, and provides central review and approval of a wide variety of contracts, leases, property transactions and legal documents. Organizationally the office is divided into four subprograms: (1) Chief Counsel, (2) General Legal Services, (3) Property Acquisition Legal Services, and (4) State Contract Act Legal Services.

Staffing standards and workload data now exist for the office and indicate that additional personnel are needed; however, Legal Services has deferred its position request pending a study by a special committee appointed by the Governor's cabinet whose specific intent is to streamline Legal Service's operations.

*We recommend approval as budgeted.*

(13) Administrative Analysis					
Organizational unit	1965-66	1966-67	Increase		Budget
			Amount	Percent	page
Management planning (GF) -----	\$171,532	\$215,161	\$43,629	25.4%	7
Staff -----	13	17	4	30.8	8

*Management Planning*

Management Planning serves as an "in-house" management consultant group to the Department of General Services. The office reports directly to the director and his immediate assistants; its primary function is to provide assistance in solving management problems and promote departmental administrative improvements. Currently, Management Planning has an authorized staff of 13 positions and anticipates expenditures in 1965-66 of \$171,552. Three data processing systems analysts and an intermediate stenographer position are proposed for the budget year at a salary cost of \$36,774. Their mission, based on recommendations of the Automated Data Processing Task Force Review Team, is to prepare a long range planning study of potential A.D.P. applications in the department and to maximize the benefits from current and future operations. Their statement of purpose reads as follows: "Management Planning will develop a departmental A.D.P. master plan which will include:

"(1) A general analysis of current operations to identify potential areas of A.D.P. feasibility for the purpose of improving operational efficiency and reducing operational costs;

## Department of General Services—Continued

“(2) A schedule for detailed analysis of each identified area of potential application; and

“(3) A schedule for systems design and application.”

As noted in our remarks on the Data Processing section of General Services, we believe that thorough review of existing departmental procedures and applications could be productive of savings and increase the efficiency of operations. Thus we attach particular importance to Management Planning's objectives.

Of equal importance we believe that it is incumbent upon systems analysts to justify procedures and operations on a cost-benefit basis. Thus, while we recommend approval as budgeted, we further recommend that Management Planning's A.D.P. proposals be presented in the form of objective, quantified cost-benefit studies to facilitate legislative review of this area.

## (14) Building Maintenance and Protection

Organization Unit		Increase				Budget
Building maintenance and protection :		1965-66	1966-67	Amount	Percent	page
Appropriation (GF) --	\$5,493,547	\$3,226,441	\$318,424	11.0	49	
Reimbursements -----	7,528,000	7,722,460	194,460	2.6	52	
Telephone services (SRF)	5,057,530	5,492,962	435,432	8.6	62	
Total -----	\$15,493,547	\$16,441,863	\$948,316	6.1		
Staff:						
Building maintenance and protection ----	1,374	1,390.5	16.5	1.2	50	
Telephone services -----	40.5	40.5	--	--	62	
Total -----	1,414.5	1,431.0	16.5	1.2		

In the foregoing staff data we have excluded the 37 positions shown on budget page 51, line 67, from the staff of Building Maintenance and Protection for 1965-66, in order to show a valid comparison with the staff proposed for 1966-67. The increase of 16.5 for 1966-67 represents the 22 new positions shown on budget page 51, line 11, less 5.5 man-years of temporary help authorized administratively in 1965-66 and not carried forward into the budget year.

*Building Maintenance and Protection*

Building Maintenance and Protection is presently responsible for maintaining and operating 73 state-owned or leased buildings with approximately 8 million square feet of floor space and 70 acres of grounds in eight cities. Maintenance, operation, and protection services are provided for the following general activities and classes of personnel according to information furnished us by the Department of General Services:

## Department of General Services—Continued

<i>Activity and Class of Personnel</i>	<i>Positions</i>		
	<i>1964-65</i>	<i>1965-66</i>	<i>1966-67</i>
Custodial (Janitors and window washers) -----	771.7	809.5	816.5
Building Engineering (Building engineers and maintenance men) -----	99.3	107	110
Grounds Maintenance (Groundsmen, etc.) -----	43.1	47	52
Crafts (Electricians, carpenters, plumbers, and painters) -----	139.7	147	153
Protection (State police) -----	130.9	143	143
Telephone Services -----	47.2	40.5	40.5
Administration and Building Management (Building managers, clerical, etc.) -----	40.6	45	46
Miscellaneous (Terminal leave, temporary help, legisla- tive help, special work orders, over- time) -----	57.1	75.5	70
Total -----	1,327.8	1,414.5	1,431

In our 1964-65 Analyses we recommended that the Building Maintenance and Protection section develop cost-per-square-foot information in all buildings in which the division has responsibilities. This recommendation received legislative concurrence.

At the time of that recommendation the Department of General Services maintained that such figures were accurately and completely maintained. The Auditor General, however, in an independent review of the accounting procedures underlying the department's cost-per-square-foot information found that there were critical deficiencies in the methods employed by the department which substantially distorted the cost-per-square-foot information. The department now is in the process of developing and utilizing a report which it maintains will more accurately reflect the cost-per-square-foot information. Unfortunately, the report did not reach this office until December 1965. Until the report and the source documents upon which it is built are independently reviewed it will be impossible to adequately assess its accuracy and usefulness. We expect that a thorough appraisal of the report will be ready by the next General Session.

*Custodial*

Our office has, however, uncovered some serious deficiencies in the operation of the custodial segment of Building Maintenance and Protection. During the fall of 1965 our office surveyed the operations of the federal government's Public Building Service's Section of the General Services Administration. Immediately preceding our study representatives of the State Department of General Services had informed us that the state staffing standards for custodial positions were at parity with the federal standards. Upon examination of the federal operations, however, it became clear that the federal standards referred to by the state were standards dating from 1956, and earlier. Subsequently, the federal government has thoroughly restudied staffing

## Department of General Services—Continued

standards and workload for building maintenance personnel and has materially tightened up its standards. The new federal standards are based upon detailed time and motion studies for necessary cleaning and maintenance operations as observed and recorded by qualified industrial engineers and have been compared with representative public and private custodial operations. It is also noteworthy that the federal standards are of nationwide application, including such diverse areas as Alaska and Florida. Due to the nature of federal operations, the size and type of buildings occupied, and personnel employed it appeared that a comparison of state and federal standards and procedures would be fruitful. Our study of federal standards has revealed that the federal standards are between 15 and 30 percent higher on the basis of work to be accomplished than state standards. In dollar terms, this represents potential savings to the state of between 15 and 30 percent in the General Services maintained buildings alone. If federal standards were applied statewide it is entirely possible that substantial custodial savings could be made in other areas as well, such as the state colleges, mental hospitals, and other state facilities. It should be pointed out that savings of only one cent per square foot would realize net savings in the General Services administered buildings of approximately \$80,000 per year; the application of federal standards would produce savings of a much greater magnitude.

It is particularly significant that the federal standards have been developed for a maximum level of service, or 100 percent cleaning service. On an average, however, the standards are applied at 70 percent. The use of a 70 percent factor for custodial services in federal facilities has been reported to us as due to fund limitations imposed by the Bureau of the Budget—acting upon congressional authorization—because of demonstrated adequacy of the lower level. Such an approach at the state level would produce savings of an even greater magnitude than that indicated above.

For comparative purposes the State Education Building in Sacramento is of interest. General Services has informed us that this building receives a level of custodial services typical of other state buildings and does not exhibit unique or peculiar problems.

A comparison of existing staffing with federal staffing indicates the following:

	Present Staff	Federal Standards	
		Maximum (100%)	Actual (70%)
Education -----	15	13.1	9.17

If projected on a statewide basis, the magnitude of possible savings can be easily seen. In the interests of realizing these substantial economies, *we recommend that there be an immediate 10 percent overall reduction in the 816.5 custodial positions proposed for 1966-67 or approximately 82 positions at an estimated average salary of \$5,000 a year or \$410,000 budget page 51, line 13. We also recommend that the Department of General Services be directed to adopt and imme-*

**Department of General Services—Continued**

*diately implement the federal standards at 80 percent of maximum and report to the Legislature in the forthcoming general session on the effects of such standards.*

***Building Engineers, Grounds Maintenance, and Crafts***

Due to the federal studies by Public Building Services, General Services Administration mentioned above, we propose to discuss these three subprograms in one section. The duties and responsibilities of each function are basically self-explanatory: (1) Building engineers maintain and operate heating and air conditioning equipment, (2) Grounds maintenance personnel maintain and care for planted areas surrounding state buildings, including the Capitol Park, and (3) Crafts personnel include routine and minor maintenance positions such as painters, locksmiths, and carpenters.

These three sections propose to continue positions established administratively during the current year and propose the establishment of 16 new positions.

In light of the deficiencies evidenced in the custodial standards utilized by General Services (as noted above), we find it specially significant that the federal government is presently abandoning its existing standards for engineering, grounds, and crafts positions; the existing federal standards very nearly parallel existing state standards.

Federal General Services Administration is now in the process of developing accurate staffing standards based upon detailed, objective work measurement by competent industrial engineers. While these standards are still in the formative stage, and will not be released until some time this year, Public Building Services has informed us that pilot projects and preliminary studies will result in an even more substantial upgrading of standards of performance in these three areas than was the case in custodial services. *We therefore recommend that 12 proposed positions, budget page 51, line 13, be deleted for a savings of \$99,460. We further recommend that the Department of General Services closely follow the development of federal standards in these areas and adopt them as soon as is practicable. We also recommend that the department prepare a progress report on this activity in conjunction with the recommended custodial report for the next General Session of the Legislature.*

***Protection***

The protection function of Building Maintenance and Protection provides state policemen to patrol and protect state-occupied buildings, grounds, and parking lots. Although no new positions are requested for the budget year, three police positions were established during the current year and are proposed for continuation. *We recommend approval as budgeted.*

***Telephone Services***

Telephone Services appears in the budget on page 62, line 61. It is in the Service Revolving Fund and, as such, its operations are wholly reimbursed. The function of telephone services is to provide billing services for telephone exchange systems serving state buildings in metro-

## General Services

Item 45

### Department of General Services—Continued

politan areas and to operate the state leased line system. No new positions are requested for the budget year.

Increasing automation of telephone services and increasing state use of telephonic communication is reflected in a decreasing number of positions and increasing costs of operation over a five-year period as follows:

	Positions	Gross expenditures
1962-63 -----	56.6	\$2,494,794
1963-64 -----	41.7	3,618,511
1964-65 -----	47.2	4,321,373
1965-66 -----	40.5	5,057,530
1966-67 -----	40.5	5,492,962

The Department of General Services is in the process of implementing a new billing procedure for leased line services. In lieu of the existing system—in which leased line costs are met by a fixed per instrument charge—using agencies will be billed on the basis of time actually spent on the leased lines. As well, the time recapitulation sheets will include information which will provide two new control measures for the agencies: (1), agencies will be supplied with a 20 percent sample of phone numbers of origin and destination which with time of call information will provide the basis for evaluation of leased line use at the staff level, and (2), long distance toll calls paralleling leased line facilities will be flagged in billing to permit agencies to take appropriate action. More accurate cost distributions to using agencies as well as possible reduction in overall costs should result from these procedures.

*We recommend approval as budgeted.*

#### (15) State Automobile Transportation

Organizational unit	1965-66	1966-67	Increase		Budget page
			Amount	Percent	
Transportation services:					
Appropriations (GF) -----	\$163,544	\$140,359	—\$23,185	—14.2%	54
Reimbursements -----	110,000	110,000	--	--	54
Transportation services (SRF) -----	5,046,164	5,513,426	467,262	9.3	63
Operation of executive airplane (GF Item 41)					
Appropriation (GF) -----	255,162	203,000	—52,162	—20.4	55
Total -----	\$5,574,870	\$5,966,785	\$391,915	7.0%	
Staff:					
Transportation services (GF) -----	15.5	13.5	—2	—13.0%	54
Transportation services (SRF) -----	138.1	137.9	—0.2	—0.1	63
Total -----	153.6	151.4	—2.2	—1.4%	

The decrease of 0.2 positions shown in the Service Revolving Fund represents the 10 positions dropped under "required program savings," budget page 63, line 77, less the seven proposed new positions shown on budget page 63, line 7 and the 2.8 positions added as workload and administrative adjustments, budget page 63, line 44.

## Department of General Services—Continued

This program has to do with the automotive transportation needs of state agencies, directly manages 2,900 of the 15,000 state-owned passenger vehicles, and has accounting responsibilities for the Governor's airplane. As indicated above, the overall operation appears as three budget items which not only reflects differences in funding but is indicative of organizational structure.

*Transportation Services (GF)*

Transportation Services, fleet management, currently includes 15.5 authorized positions and is financed from a General Fund appropriation. Its primary function is to provide overall supervision of the General Services garages and vehicle pools, the automotive inspection system, and the preventive maintenance program. This section also receives and disposes of confiscated vehicles, a function which has operated at a deficit due to factors beyond Transportation Services' control. In the budget year, three automotive inspection positions have been transferred to the Service Revolving Fund, and one position of business service officer is requested on a workload basis.

*We recommend approval as budgeted.*

*Transportation Services (SRF)*

The Transportation Services section of the Service Revolving Fund consists of three separate activities:

(1) Vehicle inspection. This procedure involves statewide inspection of vehicles to review and approve repair needs, monitor adherence to maintenance schedules and determine the adequacy of prescribed maintenance schedules. This section proposes for the budget year a staffing standard of 970 vehicle inspections per man and anticipates 17,000 vehicle inspections. On this basis the 2 new positions of inspector of automotive equipment I (Budget page 63, line 46) would be justified. However, in the department's submission of workload standards to the Ways and Means Subcommittee on Standards, Procedures and Reporting during the current year, a staffing standard of 600 inspections per man-year was proposed. The department also reported that at the time 1,034 inspections per man-year were actually being made. Due to the provisional nature of the workload information submitted, it would appear that further refinement and justification are in order.

*We recommend that one position of inspector of automotive equipment I, budget page 63, line 46, not be allowed for a savings of \$9,464.*

(2) Garage operations. This operation stores vehicles, sells petroleum products, washes cars, operates the motor pool and performs various other functions. Workload in this section is measured in number of car movements, and the proposed staffing standard is 6,655 car movements per man-year. On this basis, three garage attendants are requested. In the departmental staffing standards report cited above, however, a standard of 6,563 car movements per man-year was offered. While staffing standard differential of less than 10 would appear to be insignificant in a base of 6,500 car movements per man-year, an additional 10 units per man-year in terms of total car movements would account for ap-



## Department of General Services—Continued

proximately one man-year. Moreover, the newness of the proposed standards and their recent downward revision suggest that they are in need of further refinement.

*Accordingly, we recommend that one garage attendant, budget page 63, line 49, be disallowed, for a savings of \$5,808.*

(3) Preventative Maintenance Shops. This section provides routine maintenance of state pool and other agency vehicles. The proposed staffing standard is 674 repair orders per man-year and 27,056 repair orders are anticipated in 1966-67. This represents an increase of 1,456 repair orders over the current year. The staffing standards and workload information appear to be consistent.

*We recommend approval as budgeted.*

The Service Revolving Fund segment of Transportation Services also includes the operation and maintenance of a four-passenger Beechcraft airplane. Operating expenses for the aircraft, including pilot and crew, for the 1966-67 year are expected to be \$37,860. Currently, the operations of the airplane are being reimbursed at the rate of \$60 per hour, but we have been informed that an upward rate revision is planned for the budget year. The new rate is expected to be between \$75 and \$80 per hour. We have surveyed private commercial operations and have found that flat rates for charter aircraft run from \$35 to \$50 per hour, depending upon such factors as size and speed. Comparable aircraft would apparently rent at about \$40 per hour at a straight rate. However, properly negotiated contracts let on a competitive basis could substantially reduce the \$40 per hour base figure. The Division of Forestry, for example, engages a four-passenger Cessna 206 on contract for an hourly cost of \$25.19. In the event of overnight standby, \$15 additional is charged. While state ownership and operation in certain areas may be productive of net savings due to the economies inherent in magnitude and low overhead, it is indicated that this is an area in which the state can secure a better return on its air travel dollar by contracting with private carriers.

*We recommend that the operation and maintenance of the state-owned Beechcraft be discontinued, budget page 63, line 69, for a savings in the budget year of \$37,860. We also recommend that the Beechcraft be sold, the proceeds to revert to the General Fund, and that the accumulated depreciation reserve for the airplane be transferred to the General Fund.*

## Operation of Executive Airplane

This item is supported by a General Fund appropriation and is allocated to the Department of General Services for transportation of the chief executive and his staff. When other state executives use the airplane, their respective travel appropriations are charged.

As we pointed out in our last Analysis, it would be more realistic for this appropriation to appear in the budget for the Governor's office than in the Department of General Services.

*We recommend approval as budgeted.*

## Department of General Services—Continued

## (16) Communications

Organizational Unit	1965-66	1966-67	Increase		Budget page
			Amount	Percent	
Communications, maintenance and service (GF) ---	\$95,460	\$96,066	\$606	0.6	52
Radio maintenance (SRF)	1,943,000	2,090,526	147,526	7.6	61
Total -----	\$2,038,460	\$2,186,592	\$148,132	7.3	
Staff:					
Communication, maintenance and service -----	7	7	--	--	53
Radio maintenance -----	126.2	137.2	11	8.7	61
Total -----	133.2	144.2	11	8.3	

The increase of 11 positions in Radio Maintenance represents the 15 new positions shown on Budget page 61, line 47, less the four positions established administratively in 1965-66 and proposed for continuance as new positions in 1966-67.

*Communication Maintenance and Service*

The Communication Maintenance and Service Section provides overall administration for the radio maintenance operation of the Service Revolving Fund, and technical assistance and advice is rendered all state agencies in the determination of the most appropriate, efficient and economical communication systems and services necessary to agency operation. This section also provides technical advice to the budgets division of the Department of Finance in reviewing communications equipment budget requests. As well, all purchase estimates for communications equipment are reviewed by this unit.

The program augmentation for communication services appears in the consolidated automated data processing item, the analysis of which appears under Item 317 of this Analysis. No increase in services or positions is proposed for Communication Maintenance and Service in this section of the budget. *We recommend approval of this item as budgeted.*

**Radio Maintenance**

The radio maintenance section in the Service Revolving Fund has the responsibility for regular and emergency maintenance of state agency radio systems. A total of 15 new positions have been requested and justified on a workload increase basis. The standard annual workload for a communications engineer is \$200,000 worth of new communication equipment budgeted by a state agency. A total of \$2,980,000 worth of new equipment has been budgeted for 1966-67. Based upon established workload standards, 12 engineering and technical positions and three related clerical positions will be needed to service new equipment budgeted. *We recommend approval as budgeted.*

## General Services

Item 45

### Department of General Services—Continued

#### (17) Office Machine Repair and Services

Organizational unit			Increase		Budget
	1965-66	1966-67	Amount	Percent	page
Central office services:					
Appropriation (GF) -----	\$61,311	\$73,040	\$11,729	19.1	53
Reimbursements -----	9,350	14,022	4,672	50.0	54
Office machine repair (SRF)	275,000	315,850	40,850	14.9	60
Reproduction services (SRF)	308,081	383,283	75,202	12.4	62
Total -----	\$653,742	\$786,195	\$132,453	20.3	
Staff:					
Central office services ----	10.2	12.7	2.5	20.8	53
Office machine repair ----	33	37	4	12.1	60
Reproduction services ----	25.5	34.2	8.7	34.1	62
Total -----	68.7	83.9	15.2	22.1	

This program involves three activities under common supervision: (1) interagency mail and messenger service, (2) office machine repair service, and (3) reproduction services. Of the three operations cited above, only the general administration of the combined services and the messenger and mail service are supported by a General Fund appropriation. Office machine repair and reproduction services are in the Service Revolving Fund and are wholly reimbursed by using agencies. Workload information and staffing standards exist in varying degree for each operation.

#### Central Office Services

Of the 10.2 positions authorized in the current year, one technical and one clerical provide overall administration for office services and 8.2 positions are engaged in interagency mail delivery. This section proposes the addition of 2.5 positions in the budget year; 1.5 clerks would handle increased workload and 1 typist-clerk would act as secretary to the Chief of Central Services.

*We recommend approved as budgeted.*

#### Office Machine Repair

Office Machine Repair proposes four additional machine repair positions on the basis of increasing workload and proposed staffing standards. As may be seen in the following table, Office Machine Repair's proposed staffing standards differ materially from earlier staffing standards presented to the Subcommittee of Ways and Means on Standards, Procedures and Reporting in 1964, and actual performance in 1963-64 indicates an even greater disparity.

Factor	Number of machines		
	Proposed Standard	Earlier Standard	Actual 1963-64
Calculators -----	360	400	439
Electric typewriters -----	370	400	383
Standard typewriters -----	620	700	804

Due to the budget presentation it is not possible to determine exactly the number of machines actually repaired per man in 1964-65; it is apparent however that the number was approximately equal to

## Department of General Services—Continued

1963-64. Until Office Machine Repair refines and more thoroughly justifies its staffing standards, we see no compelling reason to approve their position requests.

*We recommend the deletion of four proposed typewriter repairmen II, budget page 60, line 71, \$25,728.*

## Reproduction Services

Reproduction Services reports that its staffing standard is 60,000 units per man-year and that the total number of work units for 1966-67 will increase by 432,595. On this basis, approximately 7.5 additional positions would be required. Reproduction services, however, has requested 8.5 positions, assertedly for workload. Moreover, an approximate 25 percent increase in workload is projected for the budget year, while between the 1962-63 fiscal year and the current year workload has increased at a rate of about 10 percent per year. A normal increase of 10 percent over the 1965-66 fiscal year at the accepted staffing standard would indicate a need for approximately 2.7 positions.

*We recommend the deletion of six proposed duplicating operator positions, budget page 62, line 34, for a savings of \$28,728.*

## Central Records Depository

Organizational unit	1965-66	1966-67	Increase		Budget page
			Amount	Percent	
Central Records Depository --	None	\$122,761	\$122,761		52
Staff -----	None	11.4	11.4		52

## (18) Central Records Depository

The Central Record Depository was established in the Secretary of State's office in 1947 to provide state agencies with a centralized low-cost storage facility for semi-inactive records. The enabling legislation for the creation of the Department of General Services provided that the depository function be transferred to General Services in January 1967. The proposed budget for this function represents the anticipated costs of operation for the last half of the 1966-67 fiscal year.

Seventy-five thousand dollars is requested to move the record center from its present location at 1020 "O" St., which will include \$30,000 for the actual move, \$10,000 for alterations, \$20,000 for equipment, and \$15,000 for increased rent and utilities. This proposed expenditure is based on an anticipated increase in the volume of records stored. *We recommend approval as budgeted.*

The space now occupied by this agency is in a building now housing the Franchise Tax Board and is needed for expansion of that agency. The new space proposed will be in a warehouse type structure more suited to the needs of this operation.

## Department of General Services—Continued

## (19) Director's Office and Administrative Staff Services

Organizational unit	1965-66	1966-67	Increase		Budget page
			Amount	Percent	
Executive office (GF) ----	\$170,920	\$173,050	\$2,130	1.2	38
Administrative services:					
Appropriation (GF) ---	471,119	497,556	26,437	5.6	38
Reimbursements -----	443,880	458,954	15,074	3.4	39
Data processing (SRF) ----	342,000	435,672	93,672	27.4	59
Rented buildings (SRF) --	78,142		<del>78,142</del>		61
Total -----	\$1,506,061	\$1,565,232	\$59,171	3.9	
Staff:					
Executive office -----	11	11			38
Administrative services--	102	107	5	4.9	38
Data processing -----	35	43.3	8.3	23.7	59
Total -----	148	161.3	13.3	9.0	

*Executive office*

This office is composed of the director and his immediate staff, which includes two exempt deputy directors and two civil service assistant directors. One of the deputy directors also serves as executive officer for the State Exposition and Fair Executive Committee on a reimbursable basis. The executive office provides overall administrative direction and control of the programs of the department. Operating expenses for the office appear in the Administrative Services section of the Department of General Services. No new positions are requested. *We recommend approval as budgeted.*

There appears to be some evidence that needless delay has existed in converting certain properties acquired in the Capitol Area Plan to revenue producing parking lots. Also, that certain existing lots are not being used to full capacity, perhaps because of an unrealistic fee structure, or because of needless delay in assigning spaces.

Most effective development of these lots involves proper coordination among such activities as land acquisition, some of which involves condemnation proceedings, demolition contracts, paving and improvement of lots, including proper identification of parking spaces, the setting of appropriate fees and the assignment of spaces to employees.

*Administrative Services*

This office provides administrative services for the Department of General Services and contract agencies. They include fiscal accounting and personnel administration of the department's support budget, Service Revolving Fund, and capital outlay budget. The subprograms, or functions of the office include (1) Accounting, (2) Budgets, (3) Data Processing, (4) Personnel, (5) Records Management, Central File and mail room. Data processing is discussed in the following section of the Analysis.

Seven new positions are proposed in the accounting section, including two which were administratively established during the current year and are being rejustified as new positions for 1966-67, though no other

## Department of General Services—Continued

positions are proposed in Administrative Services. The accounting section positions are requested on the basis of accepted staffing standards and demonstrated workload.

*We recommend approval as budgeted.*

*Data Processing*

This section provides basic data processing services for various agencies within the Department of General Services. The services are provided on a fully reimbursable basis. Although the section offers services to 13 different agencies, between 40 and 46 percent of the total workload is in providing managerial and accounting reports and tabulations to the State Printing Plant.

This section is presently authorized 35 positions and the total cost of operation is estimated at \$342,000 for the 1965-66 fiscal year.

The section has developed workload standards for measuring the productivity of the operation and for anticipating future equipment and staffing needs in relation to increases in workload requirements. Based upon the existing standards the section is requesting 8.7 new positions for 1966-67 at a total estimated cost of \$47,628. The positions include an associate data processing systems analyst and 7.7 positions requested to meet increases in workload. The 7.7 positions are:

		Budget		
		Amount	Page	Line
Key punch supervisor II	1	\$5,976	59	69
Key punch supervisor I	1	5,148	59	70
Tabulating machine operator	1	5,028	59	71
Key punch operator	2	8,940	59	72
Intermediate account clerk	2	8,688	59	73
Overtime	2.7	3,900	59	74
Total	7.7	\$47,628		

Based upon present staffing standards and procedures, the workload increase projected for 1966-67 would appear to justify the additional positions requested. However, while it is possible that the workload, based upon present organization, operation and procedures, would justify a position increase, a comprehensive study of the existing system would probably disclose that a substantial portion of the work presently being performed is superfluous or unnecessary. For example, of the approximately 23 separate reports and tabulations that are periodically compiled for the State Printing Plant, a substantial number are for internal use in the Data Processing Section, either for purposes of checking or balancing the reports actually issued for the plant. While a certain amount of internal control is necessary in this example, the amount seems to be excessive and would indicate that certain improvements could be made that would result in the reduction in the amount of employee and machine time necessary for providing the essential documents to the State Printing Plant.

The duties of the proposed data processing system analyst position would be to "assist the administrative staff in making studies of existing procedures and policies to improve and economize the operation of the Data Processing Section."

## Department of General Services—Continued

*We recommend approval of this position in the amount of \$9,948. However, we also recommend that before any additional positions be allowed the Data Processing Section, the system analyst formulate a report for the Legislature that would include:*

- a. A review of the basic systems in operation to insure that they are efficiently designed and programmed and do not contain duplication.
- b. An analysis of all tabulations and runs presently being produced by the section to insure that the information contained within is desired by the agency and is being utilized.
- c. A verification that all tabulations produced for internal control are necessary.

*Until the above has been accomplished and presented to the Legislature we recommend the deletion of the 7.7 positions, budget page 59, lines 69 to 74, requested on the basis of workload in the amount of \$37,680.*

*Rented Buildings*

The Department of General Services leases a building in Santa Ana which it sublets to various state agencies. Historically, the department has acted as the rent collector and the rental amount has appeared in the printed budget under General Services. Beginning last January 1 (1966), the building owner will collect the rent directly from the tenants, thus obviating the necessity for showing the activity in the budget for 1966-67.

## Department of General Services

## OFFICE OF ARCHITECTURE AND CONSTRUCTION

ITEM 46 of the Budget Bill

Budget page 68

FOR SUPPORT OF OFFICE OF ARCHITECTURE AND  
CONSTRUCTION FROM THE ARCHITECTURE  
REVOLVING FUND

Amount requested	\$8,920,614
Estimated to be expended in 1965-66 fiscal year	9,190,782
Decrease (2.9 percent)	\$720,168

TOTAL RECOMMENDED REDUCTION	None
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## GENERAL PROGRAM STATEMENT

It has been a policy of many years standing for the State of California to provide its own architectural, engineering and construction inspection service for facilities required by state agencies. During this period there has been one notable exception in that the University of California has been constitutionally exempt from this policy and it has therefore employed outside private architects and engineers for all of its construction work. With the establishment of the California State College Board of Trustees another exception was granted, by statute, so that the state colleges may now choose to use private

## Office of Architecture and Construction—Continued

architects for any and all of their projects. In practice they employ private architects for about 45 percent of their work. All other state agencies are required to be serviced by the Office of Architecture and Construction, which is a division of the Department of General Services.

This agency functions as both a service and "policing" agency, the former to all state agencies only with the exceptions noted above and the latter with respect to public school agencies throughout the state. As an architectural and engineering service agency the office provides site selection and survey service, the preparation of preliminary plans for budget purposes, the preparation of working drawings for contract construction purposes, contract administration and construction inspection to assure that projects are built fully in accordance with plans and specifications. In addition, a general consulting service is provided for the master planning of campuses and institutional sites.

The costs of services rendered to state agencies are a charge against funds appropriated by the Legislature for specific projects whether they be for working drawings only, construction, general studies or site acquisition. Existing statutes provide in effect a continuing appropriation to the Office of Architecture and Construction for its personnel and operating expenditures as a charge against the Architecture Revolving Fund into which are placed the individual project appropriations. For many years, the personnel and operating expenditures of the office were not included in the Budget Act but were merely reported in the Governor's Budget document. In the Budget Act of 1960, for the first time, there was included an item of appropriation from the Architectural Revolving Fund to cover the personnel costs and operating expenses of the then Division of Architecture for the budget year 1960-61 based on anticipated staffing levels and operating costs. This was intended to provide the Legislature with an opportunity to review the budget of the architectural service organization which it theretofore had not done because no appropriation item concerning it had come before the Legislature.

As previously mentioned, the services of the office are broken down into three major functions. The first involves the preparation of preliminary plans for projects anticipated to be included for working drawings only or for working drawings and construction in the next succeeding budget proposal. The second, and most costly category, involves the preparation of actual working drawings and specifications of such quality and completeness that they might be used for submission to prospective contractors for bidding purposes and subsequently to control actual construction. While there is an element of speculation in the preliminary plans portion of the work, since it is never known for certain that the Legislature will approve the project, there is no uncertainty in the working drawings because these are not prepared until there has been specific approval and appropriation by the Legislature. The third function involves the operations of a staff of qualified and trained construction inspectors who function as "proxies"



**Office of Architecture and Construction—Continued**

of the client agencies and the state in dealing with construction contractors to assure that all specifications which are part of the contract are met and that all detail as shown in the working drawings are accomplished, also in accordance with the contract. The function of this group is extremely important since the mere availability of a set of working drawings and specifications is no guarantee that the resultant project will be all that was expected. In effect, these inspectors function as police to see that the state receives exactly what it has contracted for and paid for. A relatively small portion of the total construction work performed under the egis of the Office of Architecture and Construction is performed by day labor using craftsmen who are direct employees of the office and using plans and specifications that have been developed in the office. This usually involves relatively small jobs, particularly alterations which are very difficult to put on a contract basis. In terms of construction funds paid out this rarely represents more than 2 to 3 percent of the total.

The "policing" mission of the office deals with the "schoolhouse section" which reviews the drawings for and supervises the construction of public school buildings throughout the state in accordance with statutory requirements. This service is fully reimbursed by the school districts and is the subject of a separate appropriation item and will be discussed under that item.

**ANALYSIS AND RECOMMENDATIONS**

The Budget Act of 1965 appropriated \$9,300,501 as the net amount required for personnel costs and operating expenses after giving effect to anticipated reimbursements. To this was subsequently added \$391,551 of salary increase authorizations based on salary increases approved by the Legislature. This made a total of \$9,692,052. However, the office projects an underexpenditure of \$501,270 or a net of \$9,190,782 which is less than the original appropriation. This reduction is largely due to reductions in net personnel man-years, principally by attrition and failure to refill positions and the abolition of a number of positions. When the budget was presented to the Legislature in 1965, it was based on a roster of authorized positions amounting to 773.9. This is now scaled down to 683 positions anticipated for the current year, on a net basis after giving effect to partial vacancies and other forms of salary savings. To compare total salary costs alone for the 1965 Budget document, it was projected at \$8,501,627 including staff benefits. The current estimate for the same period is now \$8,206,602.

Operating expenses, on the other hand, have increased over the 1965 budget estimate. It was originally proposed at \$1,145,140 but is now estimated for the current year at \$1,324,361. The increase is almost entirely attributable to the contract fees paid for the development of the working drawings for the new central heating and cooling plant in Sacramento and its distribution tunnel system.

The budget proposed for the new fiscal year is significantly lower than the amount estimated to be expended in the current fiscal year

**Office of Architecture and Construction—Continued**

by \$270,168 or 2.9 percent. The bulk of this is attributable to the fact that the cost of the private architectural and engineering firm doing the working drawings for the central heating and cooling plant does not repeat itself. However, there are also significant differences in net personnel man-years and costs. As mentioned before for the current fiscal year it is anticipated that there will be a net of 683 man-year positions which is reduced in the budget year to 673 man-year positions. The cost of this reduction is about \$21,000 from \$8,206,602 to \$8,185,220, which includes somewhat increased staff benefits.

Significant correlations may be made between the dollar volume of disbursements for actual contract construction projects and the cost of providing the necessary services. For example, in the last completed year of 1964-65 the disbursements were \$47,487,894 and the service expenditures were \$8,768,903 equivalent to about 18 percent of the construction disbursements. In the current fiscal year, disbursements are estimated at \$55 million with a service cost of \$9,190,782 or 16.7 percent. In the budget year, disbursements are estimated at \$60 million with a service cost of \$8,920,614 or 14.86 percent. The correlation between these two figures is not direct because it is possible for the office to be very busily engaged in producing working drawings for a following year while at the same time having had a relative reduction in actual contract construction underway in the same year which could produce a significantly unbalanced relationship on a percentage basis. Nevertheless, for the long haul this kind of comparison has some validity and it tends to show that the Office of Architecture and Construction is indeed "tightening its belt." We should also point out that there has been a marked improvement in the adequacy of the preliminary plans which we have received for budget review and an improvement of the timing which gave us a better opportunity to review the plans and outline specifications, raise questions, have conferences and resolve most difficulties. While the improvement is significant and gratifying there is still room for a great deal more.

In view of the foregoing and based on the anticipation that the volume of capital outlay investment which the Legislature will approve will be at least equal to that of the current year, *we recommend the budget as submitted.*

**Department of General Services****OFFICE OF ARCHITECTURE AND CONSTRUCTION**

ITEM 47 of the Budget Bill

Budget page 68

**FOR SUPPORT OF OFFICE OF ARCHITECTURE AND  
CONSTRUCTION FROM THE ARCHITECTURE  
PUBLIC BUILDING FUND**

Amount requested .....	\$1,512,705
Estimated to be expended in 1965-66 fiscal year .....	1,505,008
Increase (0.5 percent) .....	\$7,697
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>None</b>

**Office of Architecture and Construction—Continued****GENERAL PROGRAM STATEMENT**

The second major mission of the Office of Architecture and Construction involves a "policing" activity aimed at the protection of the lives of public school children from the effects of earthquake, fire and severe storms by reviewing and approving plans and specifications of all new public school building construction and all alterations or additions exceeding \$10,000 in estimated cost. This is done with an eye towards assuring the structural stability of every building and its ability to withstand what might be termed "normal" earthquakes and storms and to assure that the designs are such that fires will be retarded to permit safe evacuation of buildings and that features are included which will avoid panic and entrapment. The office also provides periodic on site inspection of these construction projects to assure that they are in conformance with the approved plans. In this total function the office performs no actual design work. It merely reviews and approves the designs of private architects or challenges the design or details where it believes they are inadequate or do not meet the basic standards set forth in the applicable statutes and codes.

This total function of the office is entirely supported by fees assessed against each set of plans checked, based on a sliding scale of percentages against the estimated cost of the project. For a time the function was operating at a deficit, at least on a bookkeeping basis, since its expenditures for a given period exceeded revenues. In 1961 the scale of fees was slightly modified by statute to produce more revenue and since that time the book deficit has gradually reduced to the point where it is now estimated that in the budget year the operation will result in a very small surplus of less than \$3,000 on June 30, 1967. On a cash basis the function is usually quite liquid because fees are submitted with the drawings usually well in advance of the time that the reviews are performed so that there is always more than enough cash to defray operating expenses. The very nature of the review work indicates that the bulk of the staff involved in this activity consists of engineers. Of a total of 91 authorized positions, 56 are various levels of engineer and the balance are clerical positions.

**ANALYSIS AND RECOMMENDATIONS**

The workload of this special organization is dependent entirely upon the level of school construction activity. For many years now this level has exceeded \$300 million annually, much of it based on state school construction aid. The peak year was 1964-65 when it reached \$377 million. For the current year the budget presented to the 1965 session of the Legislature estimated a volume of \$325 million. This has now been reestimated to a total of \$360 million and the same volume has been projected for the budget year. It should be borne in mind that a rising dollar volume does not necessarily indicate an increased workload in the schoolhouse section. Rather, it is more indicative of a rising construction cost index so that the same amount of plans which actually control the workload for review purposes simply cost more money to

**Office of Architecture and Construction—Continued**

build. Consequently, it is not anticipated that additional staff will be required and the authorized level of a total of 91 positions which has prevailed for several years is proposed to be continued in the budget year.

The Budget Act of 1965 appropriated \$1,404,520 to cover the personnel costs and operating expenses for the current fiscal year. To this was subsequently added a salary increase authorization of \$75,710 and a deficiency authorization of \$24,778 which was occasioned by the need for increased overtime work and by the fact that temporary vacancies did not occur to the extent that had been projected. This made a total of \$1,505,008 all of which is estimated to be expended in the current year.

The proposal for the budget year is only slightly higher than the estimated expenditure for the current year and reflects merit salary adjustments, some rent increases and generally small increases in operating expenses reflecting the steadily rising cost of goods and services. *We recommend approval of the budget as submitted.*

**Department of General Services****CALIFORNIA STATE FAIR AND EXPOSITION****ITEM 48 of the Budget Bill**

Budget page 78

**FOR SUPPORT OF THE CALIFORNIA STATE FAIR AND EXPOSITION FROM THE STATE FAIR FUND**

Amount requested .....	\$3,096,500
Estimated to be expended in 1965-66 fiscal year .....	3,068,278
Increase (0.9 percent) .....	\$28,222

**TOTAL RECOMMENDED REDUCTION .....** \$234,990

**Summary of Recommended Reductions**

	Amount	Budget Page Line	
Adopt broader schedule of fall fair admission fees to increase revenues by \$150,000 and reduce support appropriations by .....	\$150,000	78	11
Reduce fall fair decorations and preparations .....	10,000	81	50
Delete fall fair paid advertising .....	46,170	81	58
Delete fall fair publicity expense .....	9,800	81	59
Delete fall fair special promotions .....	4,650	81	60
Delete fall fair receptions .....	14,370	81	61

**Management Recommendations**

Distribute all costs to functions and show an accurate comparison of revenues and costs.

**GENERAL PROGRAM STATEMENT**

The California State Fair and Exposition is authorized by Article 1, Sections 70 through 77, Agricultural Code, which directs the State Fair Board, subject to the approval of the Department of General Services, to conduct an annual fair in Sacramento. In addition to the fall fair program, this agency conducts a spring fair featuring 22 days of quarter horse racing. A horseshow, which was omitted from the

## California State Fair and Exposition—Continued

budget last year due to continued operating losses, is proposed to be reinstated in both the current and budget years on a proposed self-supporting basis.

## ANALYSIS AND RECOMMENDATIONS

Funds for the operation of the fair are provided from three sources: (1) a continuing appropriation of \$265,000 annually from the Fair and Exposition Fund (diversion of General Fund revenues) pursuant to Section 19622 of the Business and Professions Code; (2) operating revenues deposited in the State Fair Fund and appropriated by this item; and (3) an augmentation from the General Fund expended in this item but appropriated by Item 49. The fair's total proposed budget from all three sources is \$3,096,500, which is an increase of \$28,222 or 0.9 percent over estimated expenditures for the current year. The General Fund portion is \$118,297 or 27.8 percent higher than estimated General Fund expenditures for the current year. The State Fair Fund portion, including the \$265,000 continuing appropriation from the Fair and Exposition Fund, is \$2,552,909, which is \$90,075 or 3.4 percent less than estimated expenditures from this fund in the current year. A breakdown of the proposed budget by program follows.

<i>Program</i>	<i>Current year</i>	<i>Positions</i>	<i>Budget year</i>	<i>Positions</i>
Administration -----	\$228,575	12.3	\$231,001	12.3
Fall fair -----	1,777,233	128.3	1,804,692	127.7
Spring fair -----	22,406	0.8	4,955	0.8
Spring quarter horse meet--	423,807	18.5	436,384	20.1
Horse show -----	80,480	3.3	80,480	3.3
Buildings and grounds-----	472,587	39.6	475,798	39.5
Public service activities----	63,190	10.0	63,190	10.0
<b>Total -----</b>	<b>\$3,068,278</b>	<b>212.8</b>	<b>\$3,096,500</b>	<b>213.7</b>

Before discussing budget year programs and expenditures, it is appropriate to comment on other aspects of the State Fair's current operations to provide a more realistic forecast of the prospective current year deficit. In the budget last year, the fair management estimated that the 1965 fall fair (as budgeted in the 1965-66 Budget) would produce revenues of \$1,723,000. However, the actual revenues for the last fall fair were only \$1,668,566, which is \$54,434 less than the original estimate. This resulted in a net loss of \$108,667 for the last fall fair.

The fair's management also has reduced its estimate of the 1966 spring quarter horse revenues (for fiscal year 1965-66) by \$106,223 while increasing estimated expenditures for this program by \$8,207. The net result of these and other changes is that the estimated current-year deficit for the entire year-long fair program has been increased from \$45,367 as shown in the fiscal year 1965-66 Budget to \$215,434 in the fiscal year 1966-67 Budget.

To offset partially the impact of this deficit which the budget shows carried over into the budget year, the fair management is requesting a higher level of General Fund support for 1966-67 amounting to

**California State Fair and Exposition—Continued**

\$543,591 compared to \$425,394 in 1965-66. Even with the increased General Fund transfer, a deficit of \$150,000 still is expected in the budget year. The actual deficit could exceed this amount by \$100,000 unless the 1966 quarter horse meet produces substantially more revenues than in prior years. Based on the approach in the Governor's Budget of carrying over certain current-year deficits to the budget year, the likely cumulative deficit in the next fiscal year reasonably could be \$1,102,000.

A more realistic portrayal of the State Fair's operating deficit is provided simply by comparing the expenditures and revenues for each fiscal year. In 1964-65, the fair's operating deficit (excluding a carry-over deficit of \$47,399) was \$689,922, since expenditures were \$2,859,345 and revenues were \$2,169,423. For the current year, the Governor's Budget indicates a prospective deficit of \$819,655 based on expenditures of \$3,068,278 and anticipated revenues of \$2,248,623. However, the actual current-year deficit will be \$100,000 higher unless revenues from the 1966 quarter horse meet are substantially better than they were last year. The estimated deficit in the budget year is \$743,157, with expenditures of \$3,096,500 compared to revenues of \$2,353,343. Again, however, the actual deficit may be \$150,000 higher or \$893,157 because the fair's management has increased its revenue estimate of the 1967 quarter horse meet to \$431,385.

While the fair's true operating deficits are substantially higher than the Governor's Budget indicates, they are sometimes considered to be offset partially by the horseracing revenues which the state derives from the fall fair and the spring quarter horse meet. These horseracing earnings, which total approximately \$464,000 annually, are not technically regarded as State Fair revenues (and therefore do not appear in the fair's budget) but, since they accrue to the state's General Fund through the fair's racing activities, they are sometimes regarded as fair revenues for the purpose of interpreting the fair's deficits on the most favorable possible basis.

Viewed in this perspective, the fair's net loss for fiscal year 1964-65 was \$273,221 after applying horseracing earnings of \$464,000 against operating losses of \$689,992 and a prior-year deficit of \$47,399. For the current year, assuming that all revenue estimates are realized, the net loss will be approximately \$350,000, but the loss will be \$450,000 if revenues for the 1966 quarter horse meet remain at last year's level. The deficit in the budget year will amount to approximately \$279,000 on the basis of present revenue estimates, but if the revenues are overstated the deficit could total \$379,000.

The recurring deficit problems of the present State Fair, which have necessitated increasingly greater General Fund contributions in recent years, may be indicative of equal or greater fiscal problems for the new State Fair and Exposition on which planning work is now underway. The new fair is scheduled to open in June 1968 on the American River site which the state purchased in 1950 for \$850,000. The authorized expenditures for the planning and construction of the fair (totaling \$33.7 million) consist of a 1957 General Fund appropriation of \$7.2

**California State Fair and Exposition—Continued**

million, a \$13 million revenue bond authorization, proceeds from the sale of the present fair site which has an estimated (noncurrent) market value of \$5.2 million, and revenues from the lease or sale of surplus land at the new site estimated at \$8.3 million.

The State Fair executive committee, which is responsible for coordinating and supervising the development of the new fair, estimates that the total costs for planning and constructing the project will be \$28,300,000, excluding interest payments on bonds during construction. Revenues accruing to the new State Fair and Exposition are appropriated to pay the principal and interest on the \$13,000,000 in authorized bonds.

In addition, Section 15849 of the Government Code provides that "If there is insufficient money in the State Fair Fund to pay such rent, the appropriation shall be payable from all the license fees for conducting horseracing meetings not payable into the Fairs and Exposition Fund, or into the Wildlife Restoration Fund, pursuant to Section 19627 of the Business and Professions Code." We have not yet seen bond counsel opinion as to the entire nature of the obligation created by this language. The State Fair executive committee interprets this language to be the equivalent of limited General Fund support for the bonds.

Preliminary design work is now underway for the new fair. If the costs determined from such design works exceed the authorized construction funds, it may be necessary to reduce the scope of the fair complex or make other adjustments which could jeopardize the ability of the fair to operate on the proposed self-supporting basis. Most of these critical decisions will have to be made between April and July of this year when construction is scheduled to start. We are not aware how a comprehensive revenue-cost and payout study can be made in such a short period of time.

We note the above factors to indicate that the most serious financial obstacles still remain to be overcome before the new State Fair becomes a self-supporting reality. In the event that its construction can be completed within the available funds, there remains the question whether it can be self-supporting. This is a question of major significance. Our experience with the present fair, as noted above, indicates that new management policies must be adopted which contemplate managing both revenues and costs. This must be done in order to have a self-supporting operation, since it is impossible to reduce costs to remain within a static revenue structure as the fiscal problems of the present fair clearly demonstrate. The problem of maintaining a balance between revenues and costs will be worse for the new fair because it will have a bond service obligation of about \$1,000,000 per year combined with a substantial increase in operating and maintenance costs compared to the present State Fair.

**Fall Fair**

The proposed budget for the fall fair is \$1,804,692, which is an increase of \$27,554 over expenditures for the 1965 fall fair to maintain

**California State Fair and Exposition—Continued**

existing levels of service. The largest increase is in the international exhibits program, which is budgeted at \$10,630 above current-year costs. This program is intended to provide an opportunity for other nations to display their products and resources, but participation has declined substantially in recent years. Improved decorations and display booths are being planned for this program in the budget year to make it more attractive for commercial exhibitors. The fair management anticipates that the revenues derived from the program's commercial activities will exceed its additional costs.

The racing program is increased by \$5,985 in the budget year to cover higher labor costs of temporary parimutuel employees and rental of a water truck. This program is the major feature of the fair and produces approximately \$330,000 for the state in license fees.

Budget-year costs for the antique show are reduced by \$1,410 due to the one-time costs of relocating the program to the Women's Exposition Hall in the current year. This is one of the few shows with an added admission charge and it is claimed to be self-supporting.

In view of the previous discussion on the recurring operating deficit of the year-round fair program, we believe that the fair's management should adopt a broader schedule of general admission fees for the fall fair as a means of increasing revenues. Presently, a gate admission charge of \$1 is made for people 16 years of age and older, but children under the age of 16 are permitted to enter the fairgrounds free. This has been the admissions policy of the State Fair board for a number of years except in 1960, when an admission charge of 25 cents was made for children between the ages of 6 and 12 and 50 cents between the ages of 12 and 16. Despite a 213,000 drop in attendance from the previous year, revenues from admissions increased by \$171,505 in 1960 as a result of these additional charges.

*We, therefore, recommend that the State Fair implement the following schedule of admission charges for the 1966 fall fair: Adults 16 years of age and older, \$1.00; children between the ages of 6 and 12, \$0.25; children between the ages of 12 and 16, \$0.50. Since on the basis of past attendance these additional admission charges should increase revenues by a minimum of \$150,000, we also recommend a corresponding reduction of \$150,000 in the fair's General Fund support appropriation.*

In an attempt to offset further the prospective budget-year deficit of \$279,000, we have examined every aspect of the fall fair's budget. There are no significant opportunities to reduce costs and make the fair self-supporting without seriously impairing the basic ability of the fall fair to function. However, in recognition of the pressing need to bring the fair closer to a self-supporting operation, certain proposed expenditures, which are important traditions but not vital, can be deleted from the proposed budget.

*Accordingly, we recommend the following reductions from the fall fair totaling \$84,990: Reduce expenditures for decorations and preparations from \$23,648 to \$13,648; delete \$46,170 for paid advertising; de-*



**California State Fair and Exposition—Continued**

*lete \$9,800 for publicity expense; delete \$4,650 for special promotions; and delete \$14,370 in receptions.*

**Spring Fair**

The spring fair, which is held in conjunction with the spring quarter horse meet, features an industrial arts program involving a statewide high school competition. Because of the educational nature of the program, the Department of Education will finance \$17,000 of its costs in the budget year, thus reducing the fair's costs to \$4,955.

**Spring Quarter Horse Meet**

The spring quarter horse meet is budgeted at \$436,384, which is an increase of \$12,577 over estimated expenditures for the current year to maintain present levels of service. An operating deficit of \$4,999 is budgeted since the revenue estimate is \$431,385. In 1965 the quarter-horse meet incurred a deficit of \$127,179 because operating expenditures were \$406,703 and revenues were only \$279,524. Expenditures for the 1964 quarter horse meet totaled \$430,909, but revenues of only \$297,835 resulted in a loss of \$216,503. Revenues had been estimated at \$514,388. As we have noted previously, the fair's management has reduced its current-year revenue estimate for the quarter horse meet to be held this spring from \$501,800 to \$395,577, which includes a \$25,000 contribution from the quarter horse industry. Based on the revenue experience of past years, this reduced revenue projection still may be \$100,000 overstated for the current year and as much as \$150,000 for the budget year.

**Horse Show**

The major change in the entire fair budget is the addition of a horse show in both the current and budget years at an estimated cost of \$80,480, which is estimated to be fully covered by revenues. The show was held for the first time in June 1964, at a cost of \$83,036, but a deficit of \$30,273 occurred because actual revenues were only \$52,357. As a result of this adverse operating experience, the show was not included in the Governor's Budget for 1965-66, but it was budgeted to be conducted in June 1965 (that is, in fiscal year 1964-65) at a cost of \$96,357. This time a deficit of \$22,363 occurred since the revenues totaled \$74,357. In view of this improved operating experience and indications of increased interest in the program by other show horse groups, the fair management is proposing that the show be reinstated in the current year through an emergency authorization of \$80,480 from the State Fair Fund and budgeted for 1966-67 at the same level. The actual emergency authorization is \$94,139 because other miscellaneous expenditures also have been covered.

**Buildings and Grounds**

The buildings and grounds function maintains and policies the fair-grounds and arranges facilities for all activities that are conducted there. The \$475,798 proposed budget for this function, which is an increase of \$3,211 over estimated expenditures for the current year, represents the net costs which are not reimbursed by the fall fair, the

**California State Fair and Exposition—Continued**

spring quarter horse meet and other programs served by the buildings and grounds function. A more realistic portrayal of the cost-revenue relationships in the fair's programs would be provided if these unallocated costs for buildings and grounds were distributed to each program. Under present budgeting procedures, expenditures totaling only \$78,368 are charged to the fall fair, the quarter horse meet, and other programs for whose benefit the fairgrounds are maintained on a year-round basis. Thus, when the budget states that a program is self-supporting, it means only that it repays that portion of costs assigned to it and not its full share of all operating costs. A further understatement of individual program costs results because the costs of general administration are likewise not allocated to the fair's component programs.

*It is recommended that the fiscal year 1967-68 budget be prepared to show accurately the revenues and operating costs of each show.*

**Public Services Activities**

The public services activity represents the cost of providing fair facilities for public functions such as livestock sales, conventions, dances and auto races. This program is budgeted at \$63,190, which is more than offset by estimated revenues of \$95,000. Revenues consistently have exceeded the costs of this program.

*Except for the recommended reductions made previously with respect to the fall fair, we recommend approval of the request as budgeted.*

**POLICY OPTION**

Since the spring quarter horse meet incurred a deficit of \$127,179 in 1965 and the Governor's Budget indicates an estimated deficit of \$28,230 for this program in the current year (which is underestimated based on past years), the Legislature might consider eliminating this activity for 1966-67 if the actual current year deficit substantially exceeds the estimate. Revenue information on which this decision could be made will be available before the budget session ends.

**Department of General Services****CALIFORNIA STATE FAIR AND EXPOSITION**

ITEM 49 of the Budget Bill

Budget page 78

**FOR AUGMENTATION OF THE STATE FAIR FUND  
FROM THE GENERAL FUND**

Amount requested .....	\$543,591
Estimated to be expended in 1965-66 fiscal year .....	425,294
Increase (27.8 percent) .....	\$118,297
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>\$234,990</b>

**ANALYSIS AND RECOMMENDATIONS**

The 1959 Legislature amended the statutes to provide that deficiency allocations to the State Fair should be made from the General Fund as provided by this item. A detailed analysis of the State Fair's budget is presented in the preceding item. *Pursuant to recommendations made in that analysis, we recommend a reduction of \$234,990 in this item.*

**Department of General Services  
CAPITOL BUILDING AND PLANNING COMMISSION**

ITEM 50 of the Budget Bill

Budget page 86

**FOR SUPPORT OF CAPITOL BUILDING AND PLANNING  
COMMISSION FROM THE GENERAL FUND**

Amount requested -----	\$2,500
Estimated to be expended in 1965-66 fiscal year -----	2,500
<hr/>	
Increase -----	None
<b>TOTAL RECOMMENDED REDUCTION</b> -----	<b>None</b>

**GENERAL PROGRAM STATEMENT**

The Legislature at its session in 1959 by Chapter 1952 created the Capitol Building and Planning Commission for the purpose of having it establish a master plan of the immediate and future development of an area surrounding the existing Capitol Park on the east, west and south with L Street remaining as the north boundary of the complex. This commission was also charged with revising the master plan as required and keeping the Legislature informed as to changes necessitated by changing circumstances.

Thirteen members comprise the commission who severally represent the City of Sacramento, the County of Sacramento and the state at large. The membership is appointed by the Governor. Nominations are made by the City and County of Sacramento as to their representatives. Expenditures of the commission are small since only per diem expenses are paid for an average of six meetings annually and clerical and staff service is provided as required by the Department of General Services.

**ANALYSIS AND RECOMMENDATIONS**

The commission held six meetings during the 1964-65 fiscal year. In the current fiscal year, thus far during the first six months, the commission has had only two regular meetings and it is awaiting a report from the architectural firm which does the actual work on keeping the plan up-dated.

The Legislature has now provided over \$20 million for the purchase of parcels of land within the major boundaries delineated in the original master plan which was accepted by the Legislature. The acquisition of these properties makes it imperative that a master plan be kept on an active basis to reflect the state's actual needs in the area and to assure that the best possible use will be made of the lands purchased. There have been a number of significant changes from the original master plan which have been recommended by the commission and adopted by the Legislature.

As mentioned above, a master plan is an essential tool in utilizing the state's property acquisitions to the best advantage and in assuring a long range program of providing adequate office space as it is required and approved by the Legislature. For this reason we believe this proposed expenditure is appropriate as to purpose and amount. *We recommend approval.*

**COMMISSION ON CALIFORNIA STATE GOVERNMENT  
ORGANIZATION AND ECONOMY**

ITEM 51 of the Budget Bill

Budget page 86

**FOR SUPPORT OF COMMISSION ON CALIFORNIA STATE  
GOVERNMENT ORGANIZATION AND ECONOMY  
FROM THE GENERAL FUND**

Amount requested .....	\$57,885
Estimated to be expended in 1965-66 fiscal year .....	56,423
 Increase (2.6 percent) .....	 \$1,462

**TOTAL RECOMMENDED REDUCTION** ..... None

**ANALYSIS OF RECOMMENDATIONS**

The Commission on California State Government Organization and Economy is composed of four legislative and seven citizen members. It was created to provide continuing assistance to the Governor and Legislature in promoting efficiency and economy in state government. The commission is associated with the Department of General Services solely for administrative purposes. *We recommend approval as budgeted.*

**COMMISSION ON INTERSTATE COOPERATION**

ITEM 52 of the Budget Bill

Budget page 87

**FOR SUPPORT OF COMMISSION ON INTERSTATE  
COOPERATION FROM THE GENERAL FUND**

Amount requested .....	\$67,735
Estimated to be expended in 1965-66 fiscal year .....	67,735

Increase .....	None
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**TOTAL RECOMMENDED REDUCTION** ..... None

**GENERAL PROGRAM STATEMENT**

This commission of 14 Legislators and 5 officers of state government, through its participation in the regional and national organizations of the Council of State Governments and its affiliates joins the other states and the federal government in promotion of cooperation in joint administrative procedures, interstate compacts, and the introduction of such legislation as may be necessary to achieve these coordinated objectives.

**ANALYSIS AND RECOMMENDATIONS**

The commission will, during the budget year, continue its participation in and support of the Council of State Governments at the same level as estimated for the current year, \$67,735.

Costs of this program other than the contractual agreement with the Council of State Governments have increased from \$1,081 in fiscal year 1961-62 to an estimated \$4,735 in the budget year. This increase is found primarily in the categories of general expense and communications (from \$24 and \$2 respectively in 1961-62 to \$1,702 and \$151 in 1964-65). We have been advised by the western regional representative of the Council of State Governments that a new pro rata schedule of contributions is under consideration, which if adopted will, in fiscal year 1967-68, increase California's contribution by approximately

**Personnel Board****Item 53****Commission on Interstate Cooperation—Continued**

\$6,000 annually, thus we project this agency's annual cost at approximately \$73,000 in fiscal year 1967-68 through 1970-71.

*We recommend approval as budgeted.*

**STATE PERSONNEL BOARD****ITEM 53 of the Budget Bill****Budget page 88****FOR SUPPORT OF STATE PERSONNEL BOARD  
FROM THE GENERAL FUND**

Amount requested .....	\$4,443,963
Estimated to be expended in 1965-66 fiscal year.....	4,155,516
Increase (1.9 percent) .....	\$288,447
Increase to improve level of service.....	\$28,052
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>\$118,891</b>

**Summary of Recommended Reductions**

	No.	Amount	Budget	
			Page	Line
Personnel Services Division:				
Associate personnel analyst.....	1	\$9,948	90	46
Junior staff analyst .....	1	6,744	90	48
Recruitment and Field Services Division:				
Minority group recruitment and em-				
ployment program:				
Recruitment representative .....	2	19,898	91	52
Intermediate stenographer .....	1	4,668	91	53
Related costs .....	--	3,486	91	81
Other Activities:				
Intermediate typist-clerk .....	2	8,688	91	54
Intermediate stenographer .....	1	4,668	91	53
Office Services Division:				
Intermediate clerk .....	1	4,344	94	26
Senior tabulating machine operator.....	1	5,556	94	29
Tabulating machine operator .....	1	5,028	94	30
Key punch operator IBM .....	1	4,452	94	31
Intermediate clerk .....	2	8,868	94	32
Duplicating machine operator.....	1	4,140	94	34
Intermediate clerk .....	.5	2,172	94	43
Temporary help .....	2.5	13,815	94	44
Training Division:				
Intermediate typist-clerk .....	.5	2,172	95	25
Temporary help .....	.2	1,800	95	26
Operating expenses .....	--	7,823	95	48
Equipment .....	--	612	95	50
Total .....	18.7	\$118,891		

**GENERAL PROGRAM STATEMENT**

The State Personnel Board is responsible for providing personnel services to state agencies and administering California's civil service program. The board's authority is derived from Article XXIV of the State Constitution. This article, adopted in 1934, provides for a five-man board appointed by the Governor. Each member is appointed for 10 years and the terms are staggered; annually one member is elected president. The Constitution also provides for a civil service executive officer to be appointed by the board.

**State Personnel Board—Continued**

The board's four major programs are: (1) Recruitment, (2) selection and placement, (3) classification and salary administration, and (4) training.

**Recruitment**

The main function of the recruitment program is to conduct a continuous program designed to attract qualified individuals to positions in the state civil service. The program also provides consulting and a general information service.

The anticipated growth in state employees is estimated at 3.2 percent per year through 1974. To offset normal turnover, it is anticipated that the state will be required to recruit yearly approximately three times the expected growth.

**Selection and Placement**

The general program of selection and placement includes the planning, preparation, processing and reviewing of examinations, the conducting of qualification appraisal interviews and general placement and selection review and analysis. During 1964-65 the board received 247,044 applications for employment, written examinations were given to 143,116 candidates and interviews of 47,520 candidates were conducted. Of the 143,000 persons examined for civil service positions during the year, 23,614 were appointed to permanent positions.

**Classification and Salary Administration**

Generally, this program includes the development and the administration of California's civil service classification and pay schedules. Major responsibilities of the program include conducting comprehensive statewide surveys of salaries paid in private employment and by other public agencies, establishing and revising and maintaining classification and pay standards and schedules, and providing assistance to state agencies through personnel management surveys.

**Training**

The program, administered by the training division, is presently involved in three major types of training: (1) Interagency management development programs, (2) intra-agency training programs conducted by individual state agencies, and (3) specialized (out-service) training—training that cannot be obtained through usual agency resources.

There is currently no realistic, quantitative method for measuring the accomplishment of each of these four general functions.

Historically, the board's workload requirements are directly dependent upon the total number of state civil service positions authorized. While the expected increase in state civil service personnel does not provide an absolute basis for projecting the future requirements of the board, the estimated growth in state employees can be used as a general indication. Using an estimated 3.2 percent growth factor per year it can be estimated that by 1974-75 there will be approximately 140,000 civil service employees in state service. Unless the responsi-

State Personnel Board—Continued

bilities and policies of the board are substantially changed during this period, it can be anticipated that the workload requirements will continue to increase.

ANALYSIS AND RECOMMENDATIONS

The board's four major programs are administered by nine organizational units, most of which participate in more than one program. Since no cost or other allocations are currently available for determining the program distribution of each unit, it is not possible to present our analysis on a program basis, and accordingly it is presented by organizational units as they appear in the printed budget.

A summary of staff as currently authorized and proposed for 1966-67 is contained in Table 1.

Table 1  
Personnel Board—Staff by Units 1966-67

<i>Organizational units</i>	<i>Currently authorized</i>	<i>Admin- istrative adjustments</i>	<i>Proposed new</i>	<i>Total</i>
Board -----	10.2			10.2
Administration -----	13.5			13.5
Personnel services division -----	70.3		7.9	78.2
Recruitment and field services division -----	92.1		8.5	100.6
Standards and surveys division -----	30.6	-0.6	4	34
Examining standards division -----	24.1		1	25.1
Office services division -----	203.3	-13	23	213.3
Training division -----	15.4		0.7	16.1
Cooperative personnel services -----	50.7		0.9	51.6
Total -----	510.2	-13.6	46	542.6

Board

The board itself meets once every two weeks for two days each, in Sacramento, San Francisco and Los Angeles.

It adopts general policies and rules, establishes job classes and pay ranges and hears and decides appeals from disciplinary and other actions. It is assisted in the last-named activity by its hearing officer and the Office of Administrative Procedure in the Department of General Services.

It is required by law (Section 18712, Government Code) to file annually a report with the Governor and the Legislature on matters under its jurisdiction pertaining to salaries, hours of work, conditions of work and other matters relating to the civil service personnel of the State of California. This report normally includes an estimate of the amount of money required to bring state salaries into reasonable relationship with those paid for positions of comparable responsibility in private industry and other public employment, if it has been determined that a lack of comparability exists.

The budget request for the board activity provides for no increase in the level of service.

Administration

The administration division consists of the executive officer and his immediate staff which directs and controls the work of the agency

## State Personnel Board—Continued

within the policies set by the board, and a personnel and accounting section which performs functions in these areas relating to the internal operations of the agency.

The budget request for administration provides for no increase in the level of service.

## Personnel Services Division

The various sections within the personnel services division perform day-to-day classification, examining and pay work for various state agencies. The division has requested an addition of five permanent positions and 2.9 man-years of temporary help based upon an increase in workload.

Two positions, an associate personnel analyst and a junior staff analyst, are requested to assist in the construction of written tests. It is estimated by the division that during 1966-67 approximately 1,467 written tests must be constructed. At an average of 24 hours per test, the equivalent of 20 analyst positions will be needed. The section presently has 18 available. An addition of two positions will allow the workload requirements to be met.

*We recommend that the request in the amount of \$16,692 be approved.*

An additional two positions are requested for the classification and pay section. Historically, additional position requests in this section have not been justified by a measured increase in classification and pay workload. Instead, additional position requests have been tied to the number of positions needed in the written test construction section. As stated previously, two additional positions are requested in the written test construction section. Therefore, the division has requested an additional two positions in the classification and pay section. We do not believe that this justification is sufficient to support a position request.

*We therefore recommend that the two additional positions, an associate personnel analyst and a junior staff analyst, requested in the amount of \$16,692, budget page 90, lines 46 and 48, be denied and that the division develop significant workload measurements for justifying any future position requests for the classification and pay section.*

An additional 1.5 positions are requested to assist in qualifications appraisal panel interviews and other examining services. The request includes one permanent assistant personnel analyst position and a 0.5 position of temporary help. The division's standard is 3,600 qualification interviews per man-year. It is estimated that a total of 35,600 interviews will be conducted during 1966-67. There are presently a total of nine positions available for participating in these reviews. Using the present standard, an additional position will be necessary. A 0.5 position of temporary help is being requested to assist in the examining services section. The average number of calendar days from the test date to the date that the list is released has increased to 70. The one-half position will reduce this waiting period. The division is presently involved in a study of the examination processing activities to



State Personnel Board—Continued

develop more exact workload measurements. A more precise estimate of the staffing requirements can be made once the study has been completed.

An additional 2.4 positions of temporary help are requested on a reimbursable basis to assist in a recruitment program being conducted in cooperation with the California Highway Patrol.

*We recommend approval of one assistant personnel analyst, budget page 90, line 47, and 2.9 man-years of temporary help, budget page 90, line 49.*

Recruitment and Field Services Division

The board's recruitment program is administered by the recruitment and field services division. It involves specialized efforts in the fields of engineering, medical, and allied occupations, as well as efforts in all other fields. The 1966-67 budget request of the division includes \$28,052 for the implementation of a minority group recruitment and employment counseling program. This program, which would include an addition of two recruitment representatives and one clerical position, would provide direct recruitment and counseling to minority groups.

A similar request was contained in the 1965-66 budget but not approved.

In our 1965-66 analysis we stated that the board for decades has had a statutory and constitutional mandate to make appointments to civil service positions on the basis of merit, efficiency and fitness and is forbidden from discriminating on the basis of race, religious creed, color, national origin or ancestry. In addition we pointed out that the board's recruitment program presently is involved in encouraging members of minority groups to compete for state civil service positions.

We recommend that before the board requests additional positions to implement a minority group program, the objectives of the present recruitment program be reexamined. It is possible that by redirecting the efforts of the existing staff, and by utilizing to a greater degree the available resources of similar programs, the minority group recruitment objectives of the board may be accomplished.

During recent years California has experienced a great increase in the number of federal, state and local programs directed toward improving the position of minority groups. Such programs involve consultations, training, recruitment and placement, and have goals similar to those proposed in the board's minority group recruitment program. For instance, assistance is being provided minority groups under the following headings:

- Elementary and Secondary Education Act of 1965
- Vocational Education Program.
- National Defense Education Act
- Manpower Development and Training Act
- Economic Opportunity Act
- The California Plan for Equal Opportunity

As an example, the manpower development and training program (MDTA) presently has as its purpose assisting unemployed individuals in California ranging in age from 16 to 60. In accomplishing this

## State Personnel Board—Continued

function the program presently has approximately 297 persons actively engaged in counseling, motivating, testing, job development, training and developing research techniques. Of this total approximately 70 are concerned with overall administration and guidance of the program, including approximately 34 persons who are specially designated as occupational analysts. A total of 156 persons are engaged in selection, counseling and referral. The remainder are employed with other aspects of the program.

Of the 42,000 individuals enrolled in the MDTA program a total of 37 percent represent minority groups, 24 percent Negro, 12 percent Mexican-American and 1 percent other nonwhite. The number of individuals counseled, interviewed and referred but not actually participating in the program is unknown.

It is our belief that if the board, with its existing staff, utilized to a greater degree resources such as the MDTA and other programs to provide training and experience to its staff in dealing with the special problems of minority recruitment, the goals of the board's minority group recruitment program could be met without an increase in staff positions and with increased overall effectiveness.

*We therefore recommend that the amount \$28,052 requested for the implementation of the board's minority group recruitment and employment program be denied and the board be instructed to use to its full advantage the available resources of programs such as those mentioned above that are actively engaged in assisting minority groups.*

*This recommended reduction is identified as follows:*

2 Recruitment representative, budget page 91, line 52----	\$19,898
1 Intermediate stenographer, budget page 91, line 53-----	4,668
Related costs, budget page 91, line 81-----	3,486
<b>Total -----</b>	<b>\$28,052</b>

In addition to the intermediate stenographer referred to in the foregoing, a total of 4.5 clerical positions in the amount of \$20,196 have also been requested to supplement various activities of the board's recruitment program. The details of this request are shown in Table 2.

**Table 2**  
**New Clerical Positions for Various Recruitment Activities**

	Positions	Cost	Page	Budget	Line
Sacramento Recruitment Office:					
Information counter:					
Intermediate typist-clerk -----	.5	\$2,172	91		54
Clerical Recruitment Unit:					
Intermediate stenographer -----	1	4,668	91		53
Testing and Placement Office:					
Intermediate typist-clerk -----	1	4,344	91		54
Los Angeles Recruitment Office:					
Information counter:					
Intermediate typist-clerk -----	.5	2,172	91		54
Intermediate stenographer -----	1	4,668	91		53
San Francisco Recruitment Office:					
Intermediate typist-clerk -----	.5	2,172	91		54
<b>Total -----</b>	<b>4.5</b>	<b>\$20,196</b>			

## State Personnel Board—Continued

The justification for the positions is based upon a general increase in the workload requirements of the state's recruitment program.

As indicated in Table 2, one-half position is to assist at the information counter located in the Sacramento Personnel Building. Presently there are three positions assigned to this information counter. During exceptionally busy periods an additional two positions are available to assist on a part-time basis, depending upon their respective individual workload schedules.

Therefore, during a day it is possible that as many as five positions could be assisting behind the counter, or as few as one, depending upon various lunch and workload schedules. The additional one-half position requested is to insure adequate coverage of the counter during periods of relief, lunch, and during the peak periods between 11 a.m. and 2 p.m. In an effort to verify the need for this additional position, periodic observations were made of the daily operation of the information counter. It was verified that there are definitely periods during the day when additional assistance is necessary.

*We recommend the approval of one-half position to assist at the information counter, State Personnel Building, Sacramento, in the amount of \$2,172.*

*We recommend approval of the one-half position requested in the amount of \$2,172 to assist at the San Francisco information counter and the one-half position also in the amount of \$2,172 requested to assist at the Los Angeles information counter.*

However, it was also observed that during certain periods an excessive amount of help was available. In certain instances as many as five persons were assisting behind the counter, although few requests for service were being made. Admittedly, it would be extremely difficult to staff the counter correctly during each hour of the day. However, our observations would indicate that a comprehensive examination of staffing and workload assignments of those persons available for assisting at the counter could result in a more efficient and productive operation and possibly eliminate the need for additional clerical positions.

*We recommend the deletion of the intermediate typist-clerk position (\$4,344), budget page 91, line 54, and the intermediate stenographer position (\$4,668), budget page 91, line 53, requested for the Sacramento office and that more accurate workload assignments be given to existing staff.*

*Based upon the review of the Sacramento operation we also recommend disapproval of the intermediate stenographer position in the amount of \$4,668, budget page 91, line 53, requested for the Los Angeles operation until review is made to assure that readjustments in workload among existing staff cannot alleviate the need for additional personnel.*

A recruitment representative position has also been requested in the amount of \$9,949 to assist in the area of general recruitment. The analyst would deal mainly with college placement offices and would be responsible for recruiting in all areas other than engineering and the

**State Personnel Board—Continued**

medical and allied occupations. As stated previously, the expected annual growth in state employees is approximately 3.2 percent per year. As the number of general occupation positions to be filled each year increases, it becomes increasingly difficult to obtain qualified employees to fill vacant positions. *To insure a continuing recruitment program, we recommend approval of the position as budgeted.*

**Standards and Surveys Division**

This division is requesting four new positions. Three positions, two associate personnel analysts and one intermediate typist-clerk, are to increase the staff of the survey section and one position, an intermediate typist-clerk is to assist in the transaction section.

A major responsibility of the division is the conducting of personnel management surveys for state agencies as part of the classification and salary administration program. Originally agencies were to be surveyed every five years. Based upon existing workload standards of 1,640 positions reviewed each year per analyst, the cycle has increased to approximately 10 years. The major causes for the lengthening of the survey cycle are the increased complexities of the surveys and the increase in the number of positions to be surveyed. Two additional analysts and one additional clerk will decrease the survey cycle to approximately 7 years.

*We recommend approval of these position requests in the amount of \$24,240, budget page 92, lines 43 and 44.*

The additional intermediate typist-clerk requested for the transaction section is also justified on the basis of increased workload.

*We recommend approval of this position in the amount of \$4,344, budget page 92, line 44.*

**Examining Standards Division**

This division provides advisory services in the formulation of examination and selection policy and program. The division also prepares examination materials as required by the personnel services division. One clerical position in the amount of \$4,344 is requested by the division and justified on the basis of workload. *We recommend approval of the request.*

**Office Services Division**

The office services division provides general office and clerical services for other divisions of the board. The services include the reviewing and processing of applications, maintenance of general files, the processing and maintenance of employment lists and statistical records, the operation of the data processing installation, and other general office functions. The division's workload is directly dependent upon the accomplishments of the board's various programs. Based upon yearly increases in workload, the division has requested, and received, additional personnel. In 1964-65, a total of 4 permanent and 3.5 temporary positions were added. Four more positions were approved in 1965-66. For 1966-67, a total of 23 new positions are proposed, budget page 94, line 46, \$106,263. However, 13 of these represent conversion of tem-

## State Personnel Board—Continued

porary help positions to be abolished, budget page 94, line 20, for a savings of \$57,888, and will result in no increase in cost.

*We recommend approval of the 13 positions included in the 23 shown on budget page 94, line 46, \$57,888, which represent conversion of temporary help to permanent positions.*

The remaining 10 positions are shown in Table 3.

**Table 3**  
**Additional Positions Requested, Office Services Division, 1966-67**

	No.	Amount	Budget	
			Page	Line
Application Review Section:				
Intermediate clerk -----	1	\$4,344	94	26
Data Processing Section:				
Senior Tab machine operator -----	1	5,556	94	29
Tab machine operator -----	1	5,028	94	30
Key punch operator, IBM -----	1	4,452	94	31
Intermediate clerk -----	2	8,868	94	32
Mail, Duplicating and Supply Section:				
Duplicating machine operator -----	1	4,140	94	34
General Files Section:				
Intermediate clerk -----	0.5	2,172	94	43
Temporary help -----	2.5	13,815	94	44
Total -----	10	\$48,375		

During 1965, a Department of General Services system analysis resource team studied the division's data processing installation and submitted a report on the adequacy of the system. The report was quite critical, implying that the operation was far from efficient. Following the study, the division had 2.7 positions, shown on budget page 94, lines 12 to 15, reclassified and added to the management section of the data processing installation. The cost of this reclassification was \$11,320. The positions are to be continued in the 1966-67 year at an increase in cost of \$11,016.

As shown in Table 3, an additional 10 positions are being requested by the division for the 1966-67 year in the amount of \$48,375. These positions are being requested on the basis of an increase in workload. While there is no doubt that the workload of the division is increasing, the workload staffing standards are based upon the productivity of the present operation. The criticisms expressed in the resource team report were of such magnitude that serious doubt can be raised as to the efficiency of this operation. If the report is valid and the operation could be made more efficient, it is quite possible that not only would the new position requests be unnecessary, but a reduction could be realized in the existing staff. Until a formal review and appropriate revision of the division's operational procedures is made, it is impossible to approve additional position requests on a workload basis.

*We therefore recommend that the 10 new positions requested by the office services division, as detailed in Table 3, be denied in the sum of \$48,375 and that steps be taken to improve the efficiency of the existing staff.*

## State Personnel Board—Continued

## Training Division

The training division is primarily responsible for administering inter-agency management development programs and offering assistance and guidance in the development of intra-agency training programs.

While the amount of assistance offered agencies in the developing of intra-agency programs cannot be determined, there are indications that the guidance provided by the division may be ineffective and in some instances entirely lacking. For example, one of the major programs offered by agencies is safety training. During 1964-65, one agency, the Department of General Services, conducted a total of 1,663 hours of safety training. No safety training was reported at the state printing plant. This is hard to explain, for the plant since 1962 has reported an accident rate that has exceeded by approximately four times the average for comparable industries, much of which we are convinced is due to poor personnel management practices. Although no safety training was reported at the state printing plant during 1964-65, the Department of General Services was able to schedule 642 hours of training for the Governor's council on good design. The above example raises a question as to whether the training division is providing adequate direction to agencies administering individual training programs. Without proper control over the training being offered at the agency level, it is difficult to comprehend how the division can develop an effective inter-agency training program at the state level.

*It is recommended that the division reexamine its training responsibilities to assure that adequate control and guidance is available at all levels of training and that a proper balance of emphasis among programs exist. Until it is assured that this has been accomplished, it is recommended that a 0.7 position requested by the training division in the amount of \$3,972, budget page 94, line 28, to compensate for an increase in workload be denied. In addition, it is recommended that the amount requested for operating expenses and equipment during 1966-67 be reduced to that amount budgeted for 1965-66 as follows:*

		Budget	
	Amount	Page	Line
Operating expenses -----	\$7,823	95	48
Equipment -----	612	95	50
Total -----	\$8,435		

## Cooperative Personnel Services

The cooperative personnel services division provides a wide range of personnel management services to local public agencies on a fully reimbursable contract basis. The services offered include recruitment, written examination preparation, interviewing, classification surveys, pay surveys and other technical personnel matters. During 1964-65 a total of 60 agencies received assistance from this division in addition to assignments performed for the State Department of Social Welfare and the California Disaster Office. The budget proposal for 1966-67 is \$474,154. A 0.9 position of temporary help is requested based upon

**State Personnel Board—Continued**

expected workload increases. This request will raise the number of positions authorized for the division to 51.6.

*We recommend approval of the 0.9 position request.*

**POLICY OPTIONS**

Included in the standards and surveys division is a placement service for the handicapped, designed to promote and facilitate effective utilization of the skills of handicapped persons in the state service. The cost of this activity is estimated by the Personnel Board at \$22,000 for 1966-67 and includes the following existing positions, and related expenses of approximately \$5,000:

		Salary Supplement	
		Page	Line
1 Placement specialist for handicapped persons----	\$12,096	42	48
1 Intermediate clerk -----	4,908	42	59
Total salaries -----	\$17,004		

A similar program, concerned with the general statewide placement of handicapped persons is presently being administered by the Division of Vocational Rehabilitation, Department of Rehabilitation, in the Health and Welfare Agency. The latter program is financed on a three-to-one federal to state matching basis, and both programs are presently cooperating in serving handicapped personnel. If the Personnel Board's program were to be transferred to the Department of Rehabilitation, it might be possible to reduce state costs by eliminating needless duplication.

**SECRETARY OF STATE**

ITEMS 54 and 55 of the Budget Bill

Budget page 97

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

Amount requested-----	\$1,263,191
Estimated to be expended in 1965-66 fiscal year -----	1,063,670
Increase (18.7 percent)-----	\$199,521

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

**GENERAL PROGRAM STATEMENT**

The major duty of the office of the Secretary of State is the keeping of records. His duties are carried out under seven programs which are as follows:

1. Administration, which includes budgeting, accounting, personnel activities and general administration activities.
2. Custody of records, such as official acts of the Legislature and documents of the executive department pursuant to law.
3. Elections, which includes processing and filing documents concerning statewide elections and reports of voter registration and statements of votes cast.

## Secretary of State—Continued

4. Filing, which includes articles of incorporation and various corporation activities constituting 75 percent of the filing and other miscellaneous filings such as trademarks, firm names, etc.

5. Uniform Commercial Code, which is the receipt and filing of financing statements and furnishing information from these files.

6. Central Record Depository, which receives and keeps all records required or permitted to be kept in the depository. The majority of these records are received from state agencies.

7. Archives, which has custody and maintenance of items required or permitted by law to be kept in the state archives.

## ANALYSIS AND RECOMMENDATIONS

The total amount requested for the fiscal year 1966-67 is \$1,263,191, which is an increase of \$199,521 or 18.7 percent over the estimated expenditures for the current year. The major items contained in this increase are \$35,782 for the Commission on Voting Machine and Vote Tabulating Devices, \$175,000 for printing of election pamphlets and an increase of \$10,603 for the rental of data processing equipment for the Uniform Commercial Code program. Minor decreases partially offset the above major increases. These increases will be discussed under the programs where they occur.

## Administration

The personnel assigned to departmental administration are engaged in budgeting, accounting, personnel and other administrative service activities. The following table shows expenditures for three fiscal years, the number of positions and the man-hours spent on these services.

Administrative costs not otherwise allocated to identifiable program activities in this analysis are as follows:

	<i>Actual</i> 1964-65	<i>Estimated</i> 1965-66	<i>Estimated</i> 1966-67
Expenditures -----	\$143,427	\$157,636	\$154,279
Less: Reimbursements -----	-971	-975	--
Net Expenditures -----	\$142,456	\$156,661	\$154,279
Positions -----	15.67	15.57	15.48
Man-hours -----	31,590	31,389	31,208

The amount of \$35,782 is requested for the Commission on Voting Machine and Vote Tabulating Devices which consists of the Governor, Attorney General, Secretary of State, or their representatives. This amount consists of \$15,782 for salaries and wages, including staff benefits and equipment, for a proposed new position of executive secretary to the commission. His major duties will be to arrange meetings of the commission and keep records of the business performed by the commission. He will also direct the functions to be carried out by a party or parties under contract to the commission, to examine the voting machines and vote tabulating devices being used or under consideration by the various counties and the methods of operation of these machines and devices to determine if operating programs are in conformance with the procedures approved by the commission. The amount



## Secretary of State—Continued

of \$20,000 is requested for this contract work proposed by the commission.

One intermediate clerk is requested on a workload increase basis.

*We recommend approval of the proposed expenditures for administration.*

## Uniform Commercial Code

Under the Uniform Commercial Code financial statements are filed with the Secretary of State for the purpose of perfecting a security in a secured transaction. These statements are time stamped and filed in accordance with the procedures outlined in Chapter 4, Division 9 of the Uniform Commercial Code. A special pamphlet titled "Procedures and Forms for Filings Under Divisions 9 and 10 of the Uniform Commercial Code" was published and is available for interested parties.

	<i>Actual</i> 1964-65 (6 months)	<i>Estimated</i> 1965-66	<i>Estimated</i> 1966-67
Expenditures -----	\$243,157	\$415,984	\$437,976
Positions -----	17.50	32.4	32.4
Man-hours -----	35,280	65,318	65,318

Total revenue from filings, etc., of financial statements is estimated to be \$440,000 for the 1966-67 fiscal year.

The major increase in this program is for the rental of data processing equipment in the amount of \$10,603 to increase the capacity of the present equipment to handle additional filings which are estimated to double in the 1966-67 fiscal year. One programmer position which was approved in the current year but limited to June 30, 1966, in the amount of \$8,904, is proposed on a permanent basis. We believe this is needed.

*We recommend approval of the proposed expenditures for this program.*

## Archives

The Constitution provides that the Secretary of State "shall keep a fair record of the official acts of the legislature and executive departments of the government." The statutes provide that the Secretary of State shall place into the archives any item that is required by law to be delivered to him or filed with him. He may also accept any item that he deems to be of historical value and any item from a state agency if directed to do so by the Department of Finance. New activities added by the Statutes of 1965 are the establishment of a document preservation and indexing section for the preservation and indexing of material in the archives. Also the preparation of documentary materials from the archives are to be displayed in the State Capitol Building.

	<i>Actual</i> 1964-65	<i>Estimated</i> 1965-66	<i>Estimated</i> 1966-67
Expenditures -----	\$34,784	\$68,615	\$57,898
Positions -----	4.50	5.90	5.45
Man-hours -----	9,072	11,894	10,987

## Secretary of State—Continued

The only change in this program results from Chapter 1632, Statutes of 1965, which provides for the establishment of a document preservation shop, an indexing section and displays of documentary materials from the archives in the State Capitol Building. An amount of \$26,704 was appropriated to the Secretary of State to carry out these provisions. During the current year, a position of photocopyist was established and a position of Archivist II was filled on a temporary basis. These two positions are shown as proposed new positions in the 1966-67 fiscal year. Also there is an increase of 0.2 of a position in temporary help for reimbursable services to the Ballot Paper Revolving Fund. Expenditures from the amount of \$26,704 for the aforementioned purposes are shown in the current budget under laminating supplies, alterations, displays, installation of a fire alarm system and laminating equipment. Similar amounts for laminating supplies, alterations and displays are proposed for the 1966-67 fiscal year.

*We recommend approval for the expenditures proposed for this program.*

## Central Record Depository

Records that are required or permitted by law to be filed or deposited in the office of the Secretary of State are sent to the central records depository where they are screened for historical documents, indexed, put in proper containers and kept indefinitely or destroyed.

	<i>Actual</i> 1964-65	<i>Estimated</i> 1965-66	<i>Estimated</i> 1966-67
Expenditures -----	\$82,105	\$92,846	\$47,255
Less: Reimbursements ----	-1,513	-1,500	--
Net Expenditures -----	\$80,592	\$91,346	\$47,255
Positions -----	10.75	10.75	5.70
Man-hours -----	21,672	21,672	11,491

The amount of \$47,255 proposed to be expended in the 1966-67 fiscal year is for six months only. This program will be transferred to the Department of General Services as of January 1967.

*We recommend approval of the proposed expenditure.*

## Custody of Records

Pursuant to the law, the Secretary of State is charged with keeping official acts of the Legislature and executive offices of the state such as books, records, deeds, parchments, maps, etc.

	<i>Actual</i> 1964-65	<i>Estimated</i> 1965-66	<i>Estimated</i> 1966-67
Expenditures -----	\$13,707	\$13,246	\$14,383
Positions -----	1.80	1.69	1.74
Man-hours -----	3,628	3,407	3,508

The expenditure proposed for the fiscal year 1966-67 for this program is for the same level of service as the 1965-66 fiscal year. A slight increase in workload is reflected in a minor increase in expenditures for the 1966-67 fiscal year.

*We recommend approval of the proposed expenditure for the 1966-67 fiscal year.*

## Secretary of State—Continued

## Elections

The law requires the Secretary of State to prepare statements of votes cast and prepare various voter registration reports.

	Actual 1964-65	Estimated 1965-66	Estimated 1966-67
Expenditures -----	\$31,928	\$27,883	\$43,365
Positions -----	1.33	1.52	2.00
Man-hours -----	2,681	3,064	4,032

The increase in the proposed expenditures for the fiscal year 1966-67 for this program are due to the preparation of the statements of votes cast for the primary and general election of 1966 and other miscellaneous reports related to the general election.

*We recommend approval of the amount proposed to be expended.*

## Filing

Approximately 75 percent of the filing activities are related to articles of incorporation and certificates of actions of corporation. The remainder of the filing activities involves various miscellaneous documents such as claims to trademarks, names, laundry marks, manuscripts, court orders of name changes, officials bonds of state agencies, original copies of laws enacted by the Legislature, description of seals used by state offices, mortgaged personal property, deeds to state lands, etc.

	Actual 1964-65	Estimated 1965-66	Estimated 1966-67
Expenditures -----	\$283,511	\$292,570	\$307,975
Less: Reimbursements -----	—2,635	—2,635	—2,635
Net Expenditures -----	\$280,878	\$289,935	\$305,340
Positions -----	30.35	31.97	32.73
Man-hours -----	61,185	64,350	65,984

The estimated expenditure for 1966-67 is based on the same level of service as 1965-66.

*We recommend approval of the amount requested for this program.*

## CALIFORNIA HERITAGE PRESERVATION COMMISSION

ITEM 56 of the Budget Bill

Budget page 101

FOR THE SUPPORT OF THE CALIFORNIA HERITAGE  
PRESERVATION COMMISSION FROM THE  
GENERAL FUND

Amount requested -----	\$1,000
Estimated to be expended in 1965-66 fiscal year -----	None

Increase -----	\$1,000
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TOTAL RECOMMENDED REDUCTION -----	None
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## GENERAL PROGRAM STATEMENT

The California Heritage Preservation Commission is composed of representatives of four state agencies and a private college or university, six persons appointed by the Governor and two members of each

**California Heritage Preservation Commission—Continued**

house of the Legislature. The Secretary of State is the secretary of the commission.

Chapter 1383, Statutes of 1965, provides that the commission shall prepare plans for the restoration, preservation and display of historic documents of the State of California and report a plan to the Legislature by the 31st legislative day of the 1967 Regular Session.

The commission was created by Chapter 1938, Statutes of 1963, with a responsibility to report to the 1965 session of the Legislature. The first financing was provided by a budget act appropriation in the 1964 Budget Act which was not authorized in the 1965 Budget Act.

**ANALYSIS AND RECOMMENDATIONS**

The commission has requested \$1,000 for the 1966-67 fiscal year to perform the functions proposed by law. This amount is to be used for general expenses, in-state travel and out-of-state travel. Actual expenses for the 1964-65 fiscal year were \$1,811. There was no legal authority for the commission to function in the 1965-66 fiscal year.

*We recommend approval of the item as budgeted.*

**DEPARTMENT OF AGRICULTURE**

ITEMS 57, 59, and 60 of the Budget Bill

Budget page 102

**FOR SUPPORT OF THE DEPARTMENT OF AGRICULTURE  
FROM THE GENERAL FUND, THE DEPARTMENT OF AGRICULTURE FUND, AND THE FAIR AND EXPOSITION FUND**

Amount requested, General Fund (Item 57)-----	\$12,443,764
Amount requested, Department of Agriculture Fund (Item 59)-----	9,319,935
Amount requested, Fair and Exposition Fund (Item 60)-----	192,291

Total requested -----	\$21,955,990
Estimated to be expended in 1965-66 fiscal year-----	21,762,056

Increase (0.9 percent)-----	\$193,934
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<b>TOTAL RECOMMENDED REDUCTION</b> (General Fund)-----	\$26,802
(Agriculture Fund)-----	25,000

**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
1. Eliminate 1.7 positions of temporary help in plant quarantine program (General Fund)-----	\$10,410	113	12
2. Eliminate 2 agricultural chemist in pesticide residue program (General Fund)-----	16,392	108	76
3. Eliminate chief of Division of Dairy Industry and secretary (Agriculture Fund)-----	25,000	110	72

**Needed Administration Improvements**

1. Revise pesticide control program by tightening requirements for registration and placing greater emphasis on public safety.
2. Ascertain costs of miscellaneous dairy products inspection work and increase fees to make this work self-supporting.
3. Reduce ratio of district supervisors to dairy inspectors in the dairy service program.