

**STATE EMPLOYEES' RETIREMENT SYSTEM**

ITEM 34 of the Budget Bill

Budget page 31

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

Amount requested in Budget Bill.....		\$22,500
Budget request before identified adjustments.....	\$25,000	
Increase to recognize full workload change.....	None	
	<hr/>	
Budget as adjusted for workload change.....	\$25,000	
Adjustment—undetailed reduction (10 percent).....	2,500	

**RECOMMENDED REDUCTION FROM WORKLOAD BUDGET**..... None

**BALANCE OF UNDETAILED REDUCTION—REVIEW PENDING** \$2,500

**ANALYSIS AND RECOMMENDATIONS**

The discussion of this item is contained in the analysis of Items 35 and 36.

**STATE EMPLOYEES' RETIREMENT SYSTEM**

ITEMS 35 and 36 of the Budget Bill

Budget page 31

**FOR SUPPORT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM FROM THE STATE EMPLOYEES' RETIREMENT AND CONTINGENCY RESERVE FUNDS**

Amount requested from the State Employees' Retirement Fund (Item 35) .....		\$2,365,891
Amount requested from the State Employees' Contingent Fund (Item 36) .....		274,571
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Total requested .....		\$2,640,462
Estimated to be expended in 1966-67 fiscal year.....		2,647,729
	<hr/>	
Decrease (0.3 percent) .....		7,267

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

**GENERAL PROGRAM STATEMENT**

The principal program of the State Employees' Retirement System is implementation of the legislation establishing the system (Title II, Division 5, Parts 3 through 6, Sections 20000-22841 of the Government Code) for the purpose of effecting economy and efficiency in government by providing procedures for the retirement of employees without hardship or prejudice and to provide retirement compensation to retirees and death benefits to survivors. Coupled with this overall responsibility are ancillary programs related to (1) providing, under contract, for the participation in the system of employees of other public or local jurisdiction, (2) providing services under a master contract with the Federal Social Security Administration for participation in the OASDI benefits programs for those state employees who are in the coordinated plan as well as other public employees whose employers elect to make this program available to their employees, (3) providing for the administration and operation of the health benefits program for state employees who elect such coverage, and (4) providing for the administration of the Legislators' Retirement System.

The system is administered by a statutory policy-setting board of eight members through an executive officer who directs the activities

State Employees' Retirement System—Continued

of the system's three organizational units which employ a total staff of 289. The eight-member board is composed of the Director of Finance, a State Personnel Board member, a University of California member, three members elected from the membership of the system, and two members appointed by the Governor, one an official of a life insurer, the other an officer of a bank. In addition, when the board is considering matters under the State Employees Medical and Hospital Care Act, they are joined by three public members appointed by the Governor.

To accomplish the objectives of its program the retirement system is organized into three operational units: the Administrative unit with a staff of 256 which has the responsibility for implementation of board policy and administration of the statutes related to the system, including but not limited to membership, accountability for funds received from members and employers, determination of retirement benefits, actuarial studies and investment of funds under the system's control; the Health Benefits unit with a staff of 12.3 responsible for the administration of the Meyers-Geddes State Employees Medical and Hospital Care Act, under which all state employees may participate in any one of 11 approved health plans; and the Social Security unit with a staff of 17.8 which administers participation by the state and other political subdivisions and their employees in this federal program.

The growth of the system from fiscal year 1963-64 in total man-years of employment, membership, expenditures and reimbursements from political subdivisions other than the state are shown below.

	<i>Man-years employment</i>	<i>Total membership</i>	<i>Expenditures</i>	<i>Reimbursements</i>
1963-64-----	237.8	342,652	\$1,793,476	\$465,087
1964-65-----	253.4	361,317	2,044,630	466,843
1965-66-----	266.6	388,513	2,308,562	530,990
1966-67-----	290.9	408,700	2,672,729	431,537
1967-68-----	286.1	427,700	2,665,462	418,188

ANALYSIS AND RECOMMENDATIONS

Total expenditures of the State Employees' Retirement System proposed workload budget is \$3,083,650. This amount is derived from the four sources shown below.

General Fund -----	\$25,000
Administrative costs, OASDI for state employees	
State Employees' Retirement Fund-----	2,365,891
Administrative costs of system	
State Employees' Contingency Reserve Fund-----	274,571
Administrative costs of health benefits program	
Reimbursements -----	418,188
Administrative costs, public agencies	
<b>Total -----</b>	<b>\$3,083,650</b>

Administration

This unit's budgeted costs include increased workload and no adjustments are required. The increased personal service costs include 4 new

**State Employees' Retirement System—Continued**

positions which were established administratively during the current year to handle demonstrated workload increases in the system's mail-room, accounting section and benefits section, and the regular merit increases granted the staff. One position in the investment unit was abolished.

*We have reviewed the justification for the requested new positions and recommend their approval.*

Operating expenses for this unit are budgeted at the same level as in the current year except for significant reductions in those functions which are not regularly budgeted on an annual basis. These reductions totaling \$36,000 are partially offset by a \$5,240 increase in rent.

The equipment schedule has been reviewed and is considered justified.

Reimbursements reflect the completion of the elections for OASDI coverage and the increased administrative costs for services rendered.

**Health Benefits**

The support costs of this unit are funded entirely by the State Employees' Contingency Reserve Fund which was established under the Meyers-Geddes Act. The statute governing the fund limits the maximum amount contributed by the state for these expenses to 2 percent of the total premiums paid for the health plans of state employees and annuitants. The rate of the state's contribution for this purpose is set by the board and in fiscal year 1967-68 it will be 0.8 percent.

No new positions have been requested by this unit and the reduction of 0.8 of a position has more than offset the increases due to merit salary adjustments. Operating expenses are carried at approximately the current year levels. Equipment expenditures for the budget year are substantially below the current year's figure. Total support expenditures are budgeted \$14,044 below the current year as a result of these reductions.

**Social Security**

The support costs of this unit, except for the proposed General Fund amount of \$25,000, are fully reimbursed by assessments on all political subdivisions participating in the federal social security program (OASDI) with their employees. Upon application of a 10 percent reduction the Budget Bill proposes an appropriation of \$22,500 for the state's share of the administration of the program for employees who participate therein.

**DEPARTMENT OF GENERAL SERVICES**

ITEM 37 of the Budget Bill

Budget page 37

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

Amount requested in Budget Bill	-----	\$4,924,250
Budget request before identified adjustments	-----	\$5,069,553
Increase to recognize full workload change	-----	401,836
	-----	
Budget as adjusted for workload change	-----	\$5,471,389
Adjustment—undetailed reduction (10 percent)	-----	547,139

**General Services****Item 37**

Department of General Services—Continued

RECOMMENDED REDUCTION FROM WORKLOAD BUDGET----	\$333,422
BALANCE OF UNDETAILED REDUCTION—REVIEW PENDING	\$213,717

**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Delete 212.5 janitors-----	\$1,242,375	38	37
Reduce reimbursements for janitorial services-----	-1,189,761	39	24
Reduce adjustment for workload change-----	280,808	37	43

**GENERAL PROGRAM STATEMENT**

The Department of General Services was created effective October 1, 1963, by Chapter 1768, Statutes of 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 the Central Records Depository in the office of the Secretary of State, the last named effective January 1, 1967.

Table 1 is a summary of the total support expenditure program of the Department of General Services for the four-year period ending with 1967-68, using data comparable to that shown in the printed budget on page 37, line 14, and on budget page 60, line 68, for reimbursements.

Appropriations from revolving funds and reimbursements, which together comprise 89 percent of the total expenditure program of this agency for 1967-68, the remaining 11 percent representing direct appropriations to this agency are, in effect, the earmarking in summary form of expenditures for services performed for other state agencies, the basic authorization for which is included in the Budget Act appropriations of the agencies using the services. Examples for the Service Revolving Fund appropriations are printing and use of state cars from the state automotive pool, for the Architecture Revolving Fund appropriation, the preparation of plans and supervision of construction of state office buildings included in capital outlay appropriations, and for reimbursements, janitor services and other building maintenance costs. To include appropriations from revolving funds and reimbursements in an overall statement of state expenditures would of course result in double counting but it is necessary that they be included in any review of the total expenditure program of the Department of General Services in order to present a complete picture of that agency's operations.

Of the substantial \$2,540,184 increase in reimbursements for General Fund activities for 1967-68, indicated in Table 1, \$2,220,064 is in Building Maintenance and protection and represents rent charged General Fund activities in General Fund buildings, including certain space in the State Capitol. Charging such rent is contrary to the practice in prior years, and of course has the effect of increasing the appropriations by a like amount to the individual agencies which occupy the buildings.

Table 2 is a summary of the total expenditures of \$69,782,419 shown in Table 1 as proposed for 1967-68, by program, in the order in which these programs appear in the printed budget, pages 38 to 60. While it is true that the Department of General Services is primarily engaged in activities which constitute bits and parts of programs, the basic respon-

## Department of General Services—Continued

sibilities for which rest with other agencies, from the standpoint of the Department of General Services these activities constitute its own separately identifiable programs, and are discussed in detail in succeeding sections of our analysis in the order indicated in Table 2.

Table 1

## Department of General Services

## Total Expenditures, by Source of Funds, 1964-65 to 1967-68

Source of funds	1964-65	1965-66	1966-67	1967-68
<b>Direct Support Appropriations:</b>				
General Fund	\$5,859,877	\$5,971,468	\$7,329,635	\$5,069,553
State School Building Aid Fund	886,418	951,398	1,012,535	1,051,573
Architecture Public Building Fund	1,393,913	1,488,865	1,570,723	1,570,707
Street and Highway Disaster Fund	--	17,881	14,211	14,469
<b>Total</b>	<b>\$8,150,208</b>	<b>\$8,429,612</b>	<b>\$9,927,104</b>	<b>\$7,686,302</b>
(Percent of total)	(14.7%)	(15.0%)	(13.8%)	(11.0%)
<b>Appropriations from Revolving Funds:</b>				
Service Revolving Fund, Printing	\$13,385,340	\$10,817,439	\$21,671,136	\$19,892,104
Service Revolving Fund, other activities	15,592,487	16,919,732	19,293,076	18,808,920
Architecture Revolving Fund	8,768,903	8,806,381	9,004,224	8,654,702
<b>Total</b>	<b>\$37,696,730</b>	<b>\$36,543,552</b>	<b>\$49,968,436</b>	<b>\$47,455,726</b>
(Percent of total)	(67.8%)	(65.2%)	(69.4%)	(68.0%)
<b>Total Appropriations</b>	<b>\$45,846,938</b>	<b>\$44,973,164</b>	<b>\$59,895,540</b>	<b>\$55,142,028</b>
<b>Reimbursements:</b>				
General Fund activities	\$9,358,575	\$10,581,067	\$11,479,510	\$14,019,694
Architecture Revolving Fund activities	366,787	527,528	625,190	620,697
<b>Total</b>	<b>\$9,725,362</b>	<b>\$11,108,595</b>	<b>\$12,104,700</b>	<b>\$14,640,391</b>
(Percent of total)	(19.8%)	(19.8%)	(16.8%)	(21.0%)
<b>Total Expenditures</b>	<b>\$55,572,300</b>	<b>\$56,081,759</b>	<b>\$72,000,240</b>	<b>\$69,782,419</b>
(Percent of total)	(100.0%)	(100.0%)	(100.0%)	(100.0%)

Table 2

## Department of General Services

## Total Expenditures by Source of Funds and Program, 1967-68

Program	(1) Direct support appropriations	(2) Revolving fund appropriations	(3) Reim- bursements	(4) Total expenditures
<b>Property Management</b>				
1. Building Maintenance and Protection	\$700,000	--	\$10,410,881	\$11,110,881
2. Telephone Services	--	\$5,721,359	--	5,721,359
3. Transportation Services	135,200	5,033,554	129,000	5,297,754
4. Communications Maintenance and Services	128,030	2,009,323	--	2,137,353
5. Central Office Services	81,352	731,813	10,407	823,572
6. State Records Service	186,127	--	--	186,127
7. Rented Buildings	--	124,544	--	124,544
<b>Total</b>	<b>\$1,230,709</b>	<b>\$13,620,593</b>	<b>\$10,550,288</b>	<b>\$25,401,590</b>
<b>Physical Facilities Planning and Development</b>				
8. Property Acquisition Service	\$10,000	--	\$1,261,245	\$1,271,245
9. Office of Architecture and Construction	1,570,707	\$8,654,702	620,697	10,846,106
10. Facilities Planning Service	300,336	--	59,000	359,336
<b>Total</b>	<b>\$1,881,043</b>	<b>\$8,654,702</b>	<b>\$1,940,942</b>	<b>\$12,476,687</b>
<b>Technical Services</b>				
11. Office of Procurement	\$1,203,260	\$4,830,143	\$21,260	\$6,054,663
12. Office of State Printing	--	19,892,104	--	19,892,104
13. Office of Administrative Procedure	122,401	--	985,066	1,107,467
14. Office of Local Assistance	1,113,066	--	--	1,113,066
15. Systems Analysis	812,421	--	490,096	1,302,517
16. Building Standards Commission	95,779	--	--	95,779
17. Merit Award Board	70,120	--	--	70,120
18. Insurance Office	65,759	--	--	65,759
<b>Total</b>	<b>\$3,482,806</b>	<b>\$24,722,247</b>	<b>\$1,496,422</b>	<b>\$29,701,475</b>

Department of General Services—Continued

Table 2—Continued

Department of General Services

Total Expenditures by Source of Funds and Program, 1967-68

Program	(1) Direct support appropriations	(2) Revolving fund appropriations	(3) Reim- bursements	(4) Total expenditures
Executive and Administrative Services				
19. Executive Office	\$177,926	—	—	\$177,926
20. Management Planning	210,543	\$458,184	\$9,200	677,927
21. Legal Services	236,654	—	126,338	362,992
22. Administrative Services	466,621	—	517,201	983,822
Total	\$1,091,744	\$458,184	\$652,739	\$2,202,667
Grand total	\$7,686,302	\$47,455,726	\$14,640,391	\$69,782,419

Table 3 is a summary of staff, by programs, for the four-year period ending with 1967-68.

It should be noted that the data in Tables 1 and 2 for 1967-68 does not include the increase to recognize full workload change of \$401,836, shown on budget page 37 line 43. This is summarized in Table 4.

It also should be noted that there are three other General Fund appropriations referred to in the summary in the printed budget on page 37 which are not included in Tables 1 and 2, or the total support expenditures shown on budget page 37 line 14. These are as follows and are further commented upon under the appropriate item in our analysis:

Item No.	Subject	Amount
39	Auto liability insurance	\$283,347
40	Operation of executive airplane	204,800
41	Augmentation of Service Revolving Fund	475,465

Table 3  
Department of General Services  
Staff, by Programs, 1964-65 to 1967-68

Program	Filled positions Man-years		Authorized positions Actual	Authorized positions Proposed
	1964-65	1965-66	1966-67	1967-68
<b>Property Management</b>				
1. Building Maintenance and Protection	1,280.6	1,272.3	1,390.5	1,390.5
2. Telephone Services	47.2	37.9	38.5	38.5
3. Transportation Services	143.7	132.0	149.4	149.4
4. Communications Maintenance and Services	117.9	128.1	159.2	159.2
5. Central Office Services	59.8	63.8	84.9	84.9
6. State Records Service	—	—	12.4	12.4
7. Rented Buildings	—	—	—	—
Total	1,649.2	1,634.1	1,834.9	1,834.9
<b>Physical Facilities Planning and Development</b>				
8. Property Acquisition Service	77.9	84.3	99.0	99.0
9. Office of Architecture and Construction	798.6	752.6	768.5	747.4
10. Facilities Planning Service	16.1	16.8	25.2	25.2
Total	892.6	853.7	892.7	871.6
<b>Technical Services</b>				
11. Office of Procurement	161.0	161.8	171.1	171.1
12. Office of State Printing	860.2	737.0	1,007.3	1,037.8
13. Office of Administrative Procedure	64.9	63.6	64.5	64.5
14. Office of Local Assistance	90.7	93.3	97.6	97.6
15. Systems Analysis	19.8	22.6	68.2	68.2
16. Building Standards Commission	4.6	4.5	6.0	6.0

## Department of General Services—Continued

Table 3—Continued  
 Department of General Services  
 Staff, by Programs, 1964-65 to 1967-68

Program	Filled positions Man-years		Authorized positions	
	1964-65	1965-66	Actual 1966-67	Proposed 1967-68
17. Merit Award Board-----	5.7	5.8	6.0	6.0
18. Insurance Office-----	5.0	4.9	5.0	5.0
Total-----	1,211.9	1,093.5	1,425.7	1,456.2
Executive and Administrative Services				
19. Executive Office-----	9.8	10.2	11.0	11.0
20. Management Planning-----	47.2	45.1	60.3	60.3
21. Legal Services-----	19.0	20.3	25.0	25.0
22. Administrative Services-----	111.3	127.1	106.8	107.8
Total-----	187.3	202.7	203.1	204.1
Grand total-----	3,941.0	3,784.0	4,356.4	4,366.8

Auto liability insurance is handled by the Insurance Office in the Department of General Services and we believe should be presented and budgeted as a part of the program of that office, rather than as a separate item; notwithstanding that it is a separate Budget Act appropriation item.

The appropriation for operation of the executive airplane, which has been used almost exclusively by the Governor's office in the past should, in our opinion, be transferred to that office.

The appropriation for augmentation of the Service Revolving Fund is not a support item but a request for additional capital in that fund to purchase certain equipment, chiefly for the printing plant, which cannot be financed otherwise.

The Service Revolving Fund finances a number of activities on a basis comparable to that of a private enterprise in that the needed working capital and fixed assets are furnished by an appropriation from the General Fund in the first instance, and augmented from time to time to provide for needed expansion. Accounting for all operations is likewise comparable to that in a private enterprise in that billings are made for services rendered and depreciation is calculated and included as an element of cost in such billings, where appropriate.

The essential differences between the Service Revolving Fund operation and that of a comparable private enterprise are that working capital requirements are met by an appropriation, rather than by contributions from proprietors, or borrowings, and operations are conducted on a break-even basis, to provide services at cost, rather than to make a profit.

It is proposed to expend \$2,021,740 for equipment for Service Revolving Fund activities during 1967-68. This represents the total of all expenditures for equipment shown in activities financed by that fund on budget pages 40 to 58. This total purchase is to be financed as follows:

Depreciation charges to be included in billings for services rendered during 1967-68-----	\$1,421,275
Proceeds from sale of obsolete fixed assets-----	165,000
Subtotal-----	\$1,586,275
Portion of appropriation, Item 41 related to equipment-----	435,465
Total-----	\$2,021,740

Department of General Services—Continued

Equipment items included in the total, to which we take exception, are commented upon under the program to which they relate.

Increase to Recognize Full Workload Change

Table 4 gives all available details of the increase to recognize full workload change.

We have reviewed those items which are identified by programs, and all appear justified on a workload basis. The same applies to the price increase in operating expenses of 2.5 percent.

We have no basis for any evaluation of the unidentified increase of \$280,808 and accordingly *recommend that \$280,808 be deleted, budget page 37, line 43.*

Table 4  
Increase to Recognize Full Workload Change

Program	No. of positions	Amount	
		Details	Total
3* Transportation Services:			
Senior typist clerk -----	1	\$5,364	
Senior stenographer -----	1	5,496	
Related costs -----		2,286	\$13,146
4 Communication Services:			
Communications analyst -----	1	\$8,952	
Related costs -----		995	9,947
5 Central Office Services:			
Junior-intermediate clerk -----	1	\$4,638	
Related costs -----		1,064	5,702
10 Facilities Planning:			
Intermediate stenographer -----	1	\$5,046	
Related costs -----		1,105	6,151
13 Office of Administrative Procedure:			
Printing, to cover increased demand for California Administrative Code -----			28,000
16 Building Standards Commission:			
Building code analyst -----	1	\$11,142	
Related costs -----		1,364	12,506
22 Administrative Services:			
Accountant I -----	1	\$6,522	
Intermediate account clerk -----	2	9,988	
Related costs -----		2,451	18,961
Subtotal -----	9		\$94,413
Price increase, operating expenses 2.5% -----			26,615
Unidentified -----			280,808
Total -----			\$401,836

\* Numbers refer to list of programs as identified in Tables 2 and 3.

Statutory Responsibilities

The Department of General Services is basically a service organization providing services to other state agencies, and as such is concerned primarily with the quality and cost of services performed rather than



**Department of General Services—Continued**

the need for or the extent of the services required. These latter are the responsibility of the using agencies, subject to review and control by the Department of Finance and the Legislature as part of the overall budgetary control process.

The responsibilities of the Department of General Services are enumerated in some detail in Sections 14600 to 14973 of the Government Code; Sections 11005 and 11005.2 also assign important responsibilities to the department with respect to approval of contracts for the acquisition or hiring of real property and the conveyance of real property, with certain exceptions, such as transactions involving the state highway system.

Section 14600 of the Government Code provides that the department shall develop and enforce policy and procedures and shall institute such investigations and procedures as it deems proper to assure effective operation of all functions performed by the department, while Section 14615 provides that the department has general powers of supervision over all matters concerning the financial and business policies of the state in regard to the duties specifically vested in the department. The extent of the exercise of these responsibilities appears to have been confined to the publication and systematic periodical revision of the State Administrative Manual (SAM) and its related management memos, as a part of the Management Planning program.

While the foregoing provisions of Government Code Sections 14600 and 14615 have never been officially interpreted it appears to us that under them the agency has the authority to exercise a more vigorous program to secure compliance with its directives in such fields as misuse of state cars, for example, than has been the case in the past.

Government Code Section 14618 provides that the department may require financial reports from all state agencies handling public money while Section 14619 provides that the department may audit all state agencies handling public money. These provisions duplicate responsibilities of the Department of Finance, have never been implemented, and in our opinion should be repealed.

Government Code Section 14626 provides that "The department shall devise, install, supervise and at its discretion revise and modify a modern and complete accounting system for each agency of the state permitted or charged by law with the handling of public money. . . ." This function is assigned to Systems Analysis.

We believe this responsibility belongs to the Department of Finance, since an accounting system is an essential tool in the budgetary control process and the Department of Finance is also the agency which is staffed to audit the financial transactions of other state agencies.

We also believe that any other functions now exercised by the Department of General Services through its Management Planning program, which are closely related to the budgetary control process should be transferred to the Department of Finance. These are commented on in the sections of our analysis relating to these programs.

Department of General Services—Continued

ANALYSIS AND RECOMMENDATIONS

(1) Building Maintenance and Protection (budget page 38)

	1967-68			
	1965-66	1966-67	Amount	Change from 1966-67
Expenditures:				
Appropriation, Item 37-----	\$2,752,996	\$3,031,831	\$700,000	\$-2,331,831
Reimbursements, Item 37-----	7,424,712	8,190,817	10,410,881	+2,220,064
Total -----	\$10,177,708	\$11,222,648	\$11,110,881	\$-111,767
Staff -----	1,272.3	1,390.5	1,390.5	

This program involves furnishing janitorial services, operation and maintenance of heating and cooling equipment, general repairs, police protection, elevator operation, and necessary supervision and coordination of these activities in state office buildings maintained by the Department of General Services. As of December 2, 1966, this included 55 buildings comprising 7,535,881 square feet, located in eight cities. It also includes maintenance of any adjoining grounds, including Capitol Park in Sacramento.

Costs are billed to the agencies using the buildings and appear as "rent-building space" in the budget of using agencies and as reimbursements to Building Maintenance and Protection. The increase of over \$2 million in reimbursements during 1967-68 over 1966-67, offset by a comparable decrease in the General Fund appropriation results from the fact that during 1967-68 General Fund agencies in "General Fund" buildings will for the first time be billed for "rent," with the exception of space occupied in the State Capitol by the Legislature, its committees, the bill room and the press. It can be assumed therefore that the \$700,000 General Fund appropriation for this program for 1967-68 represents the cost of maintaining the aforementioned space in the State Capitol, plus the cost of maintaining Capitol Park.

"General Fund" buildings for this purpose are those where no debt repayment is involved, such as the State Capitol, Library and Courts Building and Office Building No. 1 in Sacramento and the old state buildings in Los Angeles and San Francisco. It does not include buildings constructed from what amounts to loans from the State Employees' Retirement Fund where debt repayment is involved, such as the Resources Building in Sacramento the Junipero Serra Building in Los Angeles and the State Building Annex in San Francisco, tenants in which, regardless of funding have always been billed for rent, including an element for debt service.

The rental rate for space in the "debt service" buildings for 1967-68 is 40 cents per square foot while that for the "General Fund" buildings is 21 cents per square foot.

It is stated that the reason for the new policy is to obtain more complete costs on a program basis. It appears to us that failure to charge rent for all space in the State Capitol is inconsistent with such a concept. Another inconsistency in the overall picture appears to be that comparable space in "debt service" buildings costs almost twice what it does in a "General Fund" building, and this distorts program costs as between tenants of each.

## Department of General Services—Continued

Of the total building maintenance and protection program proposed for 1966-67, approximately \$9.2 million represents personal services of which approximately one-half is for janitors and janitor foremen.

As of December 2, 1966; the agency reported that 664.5 janitors (exclusive of foremen) were assigned to 55 buildings, located in eight cities with total custodial square feet of 7,535,881 as follows:

<i>City</i>	<i>Number of buildings</i>	<i>Square feet</i>	<i>Janitors assigned</i>
Sacramento—major buildings -----	17	4,384,920	383
Sacramento—small buildings -----	17	145,510	16
Los Angeles -----	7	1,081,410	98.5
San Francisco -----	9	1,238,600	112
Oakland -----	1	178,818	14
San Diego -----	1	183,000	14
Fresno -----	1	165,263	15
San Bernardino -----	1	99,700	8
Stockton -----	1	58,660	4
<b>Total -----</b>	<b>55</b>	<b>7,535,881</b>	<b>664.5</b>

Agency justification indicates that the need for janitors is calculated on the average at one janitor for each 11,000 square feet and that to this is added a 10-percent factor to cover vacation and sick leave.

In our 1966-67 analysis at pages 53 and 54 we pointed out that the application to state buildings of standards used by the Federal General Services Administration for assignment of its janitors would result in a substantial reduction in state costs and accordingly recommended a reduction of 82 janitors. The Legislature did not accept our recommendation but requested that a study be made by the Legislative Analyst, the Department of Finance and the Department of General Services with a report to the 1967 Legislature. This section of our analysis is intended to cover our portion of such a report. As a result we have been reviewing federal installations in California, and in October 1966 a member of our staff visited Washington, D.C., conferred with federal officials, including the Commissioner of Public Building Services and his staff and staff of the Bureau of the Budget, and inspected a number of buildings in the area. Members of the staff of the State Department of General Services also visited Washington, D.C., at the same time.

Our staff has concluded that the federal buildings are as well maintained as comparable state buildings, with substantially less staff.

The federal procedure is to assign standard production rates, based on time and motion studies and standard frequencies to each individual operation involved in the overall cleaning process and to relate these to actual workload, in square feet, or number of units, such as lavatory fixtures, elevators, flights of stairs etc., in order to determine the manpower needed to do the job, at a given level of service. A survey report, Form GSA 469, is prepared for each building which includes calculations resulting in manpower needs. Currently the so-called "Level VI" form is used which gives the manpower needed

Department of General Services—Continued

to maintain the building at a 70-percent level of service. This is the level which has been used for some time past, although the "Level VI" form as such was not issued until July 22, 1966, and all buildings inspected by our staff had been cleaned at this level.

Table 5 is a simplified version of the federal Level VI form, containing data needed for an application of federal standards for janitor staffing to the Resources Building in Sacramento. The measured quantities are those supplied by the State Department of General Services in a report transmitted to the Director of Finance on October 6, 1966, while the calculations are our own. The actual federal form provides for a different method of making the calculations but the end result is the same.

The required man-years are derived by dividing the measured quantity in square feet or number of items, as the case may be, by the standard production rate, which is expressed in like terms, and multiplying the result by the fraction which expresses the frequency.

We have made similar calculations for nine other buildings, using the same federal form and the measured quantities as supplied by the Department of General Services in the report previously mentioned and another furnished us at our request on October 20, 1966, the results of which, together with a comparison of actual staff assignments are summarized in Table 6.

The buildings shown in Table 6 represent 44.2 percent of all space in buildings served by Department of General Services janitors at November 22, 1966, to which were assigned 43.3 percent of the total janitorial staff, excluding foremen.

The data in Table 6 indicates the total budgeted man-years for these buildings, including a 10-percent leave factor, is 316.80 while the total required by federal standards at the Level VI or 70-percent level, including a 10-percent leave factor, is 224.59, an excess budgeted of 92.21 or 29.11 percent.

*We recommend a reduction of 29.11 percent or 212.5 janitors, \$1,242,375, during 1967-68.*

**Table 5**  
**Building Cleaning Survey**

(Based on Federal Form GSA 469 used for calculating man-years of work required)  
Level VI Form in effect 7/22/66

As applied to Resources Building, Sacramento, 9/23/66

Job Description (a)	Line No. (b)	Standards		Measured quantity (e)	Required man-years (e) ÷ (c) × (d) (h)
		Production rate (c)	Frequency (d)		
Floor maintenance:					
Buffing—corridor	1	38,200	1/5	78,501	.41
Buffing—room	2	21,400	2/63	478,237	.72
Mopping—main corridor	3	11,100	1/1	36,141	3.24
Mopping—secondary corridor	4	11,100	1/5	42,360	.76
Scrubbing—main corridor	5	36,100	1/1	36,141	1.00
Scrubbing—secondary corridor	6	36,100	1/5	42,360	.23
Sweeping corridor	7	167,700	1/1	78,501	.47
Vacuum tour	8	16,400	1/2*	9,500	.29*
Waxing—corridor	9	6,000	1/63	78,501	.21
Waxing—room	10	4,500	1/63	478,327	1.73
Lobby and entrance—cleaning	11	118,900	1/1	4,835	.04
Lobby and corridor—servicing	12	117,300	1/1	4,835	.04

\* Indicates changes in frequencies or production rates in effect 7/22/66.

Department of General Services—Continued

Table 5—Continued  
Building Cleaning Survey

(Based on Federal Form GSA 469 used for calculating man-years of work required)  
Level VI Form in effect 7/22/66

As applied to Resources Building, Sacramento, 9/23/66

Job Description (a)	Line No. (b)	Standards		Measured quantity (e)	Required man-years (e) + (c) X (d) (h)
		Production rate (c)	Frequency (d)		
<b>Room cleaning:</b>					
Conference room -----	19	30,900*	1/1	17,977	.58*
Executive -----	21	11,600	1/1	9,500	.82
General office—sweep floor -----	26	27,600	1/2*	478,327	8.67*
General office—trash and dust -----	28	42,100*	1/1	478,327	11.36*
<b>Toilet:</b>					
Cleaning -----	33	85*	1/1	405	4.76*
Servicing -----	34	645	1/1	405	.63
<b>Miscellaneous:</b>					
Elevator, passenger -----	35	25	1/1	10	.40
High cleaning -----	36	10,200	1/90*	656,691	.66*
Paper and trash collection -----	38	645,000	1/1	656,691	.99
Stairway cleaning—sweep and dust -----	39	60	1/1	50	.83
Stairway cleaning—mopping -----	40	22	1/10*	50	.23
Utility work -----	41	1,000,000	1/1	656,691	.66
Sub total -----					39.73
Add 10 percent for leave -----					3.97
Total -----					43.70

NOTES

\* Indicates changes in frequencies or production rates in effect 7/22/66.

The standard production rate (Col. (c)) is the work to be completed per man-day. Standard production rates, Col. (c) and measured quantities, Col. (e) are expressed in terms of square feet except for the following:

- Toilets, lines 33 and 34; number of fixtures
- Passenger elevators, line 35; number of elevators
- Stairway cleaning, lines 39 and 40; number of flights

Frequencies represent the following:

- 1/1: every day
- 1/2: every second day
- 1/5: every fifth day
- 1/10: every tenth day
- 2/63: twice each 63-day period
- 1/63: once in each 63-day period
- 1/90: once in each 90-day period

The total authorized janitor staff for 1966-67, excluding foremen but including a 10-percent leave factor is 729.9. This staff is projected at the same level for 1967-68. A reduction of 29.11 percent, the indicated overstaffing by federal standards, amounts to 212.47 positions.

The purpose of this reduction is to apply federal standards to state operations which we believe is justified on the basis of facts set forth in the foregoing discussion.

The amount is calculated at the average salary budgeted for janitors, statewide, for 1967-68, of \$5,315 plus an estimated 10 percent for staff benefits, or total personal service costs of \$5,846 per man.

Of the total reduction, \$52,614, representing a reduction of 9 man-years of janitor time assigned to the unreimbursed areas in the State Capitol, would apply to the direct support appropriation for General Services, Item 37, while the remainder of \$1,189,761 would constitute a reduction of reimbursements to Building Maintenance and Protection from the tenants of the 55 buildings cleaned by that agency, with a consequent reduction in the rent item for each such agency. While no precise data are readily available we estimate that approximately 60 percent of this reduction would apply to budgets of General Fund agencies during 1967-68.

\* Indicates changes in frequencies or production rates in effect 7/22/66.

**Table 6**  
**Department of General Services—Building Maintenance and Protection**  
**Janitors Assigned and Staff Required at Federal Standards, Level VI, in Selected Buildings, as of 11/22/66**

Buildings	(1)	(3)		(4)	(6)		(7)	(8)
	Custodial square feet	Assigned staff at November 22, 1966		Total budgeted man-years (Col. 2 + Col. 3)	Staff at federal standards Level VI		Total man-years (Col. 5 + 6)	Excess budgeted (Col. 4 — Col. 7)
		Permanent janitors	10% leave factor (.10 X Col. 2)		Direct man-years	10% leave factor (.10 X Col. 5)		
Resources Building, 1416 9th St. Sacramento -----	626,625	52	5.20	57.20	39.73	3.97	43.70	13.50
Junipero Serra Bldg., 107 South Broadway, Los Angeles	543,000	51.5	5.15	56.65	28.82	2.88	31.70	24.95
Employment Bldg., 800 Capitol Mall, Sacramento ----	493,440	41	4.10	45.10	30.83	3.08	33.91	11.19
State Building Annex 445 Golden Gate Ave., San Francisco -----	384,393	34	3.40	37.40	20.61	2.06	22.67	14.73
Business and Professional Building and Annex, 1020 N St. Sacramento -----	308,770	25	2.50	27.50	17.31	1.73	19.04	8.46
State Bldg., 217 W. 1st St., Los Angeles ----	270,903	21	2.10	23.10	16.83	1.68	18.51	4.59
State Bldg., 350 McAllister St., San Francisco	190,852	21.5	2.15	23.65	12.85	1.29	14.14	9.51
State Bldg., 1350 Front St., San Diego -----	183,000	14	1.40	15.40	14.99	1.50	16.49	-1.09
State Bldg., 1111 Jackson St., Oakland -----	178,818	14	1.40	15.40	12.71	1.27	13.98	1.42
Education Bldg., 721 Capitol Mall, Sacramento --	151,529	14	1.40	15.40	9.50	.95	10.45	4.95
<b>Total -----</b>	<b>3,331,330</b>	<b>288</b>	<b>27.80</b>	<b>316.80</b>	<b>204.18</b>	<b>20.41</b>	<b>224.59</b>	<b>92.21</b>

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## Department of General Services—Continued

## Building Engineers, Grounds Maintenance and Crafts

The duties and responsibilities of each of these functions is 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.

The federal Public Building Service is now developing standards for these three sections similar to the custodial standards. Preliminary reports from the Public Building Service indicate that this federal report will result in even more substantial upgrading of standards of performance in these three areas than was the case in custodial services. The feasibility of applying these federal standards to state operations will be explored.

## Protection

Protection function of Building Maintenance and Protection provides state policemen to patrol and protect state occupied buildings, grounds, and parking lots. These policemen perform the same duties that plant guards perform in private industry. Workload information for this section is extremely weak. We recommend that Building Maintenance and Protection be directed to develop better workload standards for this section.

The budget, page 38, indicates the conversion of 30 man-years of special work orders into 21 permanent positions (8 craftsmen and 13 state policemen) and 9 man-years of temporary help, with no geographical shift in manpower. It also indicates elimination of one plumber in Sacramento during 1966-67 offset by establishment of an office building engineer in San Bernardino during 1967-68, a position previously omitted through oversight.

## (2) Telephone Services

<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Telephone services -----	Item 44	\$5,721,359	38.5	39

Telephone services includes the operation of central state switchboards in Sacramento, San Francisco, Oakland, Los Angeles, San Bernardino, San Diego, Fresno and Stockton. It provides billing services for telephone exchange systems serving state buildings in these areas.

## (3) Transportation Services

<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Transportation services -----	Item 37	\$135,200	13.5	39
Reimbursements -----	Item 37	129,000		
Transportation services -----	Item 44	5,033,554	135.9	40
Total -----		\$5,297,754	149.4	

## Transportation Services

The fleet management section of Transportation Services contains 13.5 positions in the current year. It is financed by a General Fund

Department of General Services—Continued

appropriation. Its main function is to provide overall supervision of the General Services garages and vehicle pools, the automotive inspection system and the preventive maintenance program. Fleet management also receives and disposes of confiscated vehicles. This function has operated at a loss due to factors beyond Transportation Services' control. Workload information exists which justifies Transportation Services staffing at 13.5 people.

Three separate units comprise the Transportation Services section of the Service Revolving Fund.

1. Vehicle Inspection. Vehicle inspectors perform routine inspections of state-owned automobiles. They review and approve repair needs, monitor adherence to maintenance schedules and determine the adequacy of prescribed maintenance schedules. Vehicle inspectors perform an annual review at 70,000 miles for each car to determine whether a vehicle should be retained or disposed of at that mileage. Workload standards for vehicle inspectors are 900 inspections per man per year.

2. Garage Operations. This includes the storage of automobiles, sale of gasoline and oil, car washes, operation of the state pool, sale of vehicles and daily maintenance of garage buildings. The workload standard is 6,655 car movements per man per year. One car washer position was deleted during the current year. One garage attendant was established administratively during the current year and is proposed for the budget year. This position is to staff the newly opened San Diego garage.

3. Preventive Maintenance Shops. This unit provides needed maintenance on state pool and other agency vehicles ranging from relatively minor work to heavy repairs. The workload standard for this section is 674 repair orders per year. This workload standard justifies the Preventive Maintenance Shops' current staffing pattern.

(4) Communications Maintenance and Service

<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Communications maintenance	Item 37	\$128,030	10	41
Radio maintenance -----	Item 44	2,009,323	149.2	41
Total -----		\$2,137,353	159.2	

Communications Maintenance

The Communications Maintenance and Service Section provides overall administration for the radio maintenance operation of the Service Revolving Fund. 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. Communications equipment and services include all wire communications such as telephone, teletype, facsimile, closed circuit television, and sound systems, and all forms of electromagnetic transmission such as radio telemetering, television, broadcasting, and microwave. Communications service also provides 24 hour emergency repair service and routine preventive maintenance for the state agencies' radio and microwave equipment. This section also provides technical advice



Department of General Services—Continued

to the budgets division of the Department of Finance in reviewing communications equipment budget requests, and all purchase estimates for communications equipment are reviewed by this unit.

This section contains 10 people in the current year. Workload standards are based on historical ratios of one clerk for every 28 technicians.

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 12 new communications technicians positions have been requested for the budget year. All 12 of these positions were established administratively during the current year. These positions are justified on the basis of workload increases.

(5) Central Office Services				
<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
a. Central Office Services ---	Item 37	\$81,352	12.7	42
Reimbursements -----	Item 37	10,407	--	42
b. Office Machine Repair ----	Item 44	363,572	37.0	42
c. Reproduction Services ----	Item 44	368,241	35.2	42
Total -----		\$823,572	84.9	

Central Office Services contains three units under common supervision. They are: (1) interagency mail and messenger service, (2) office machine repair service and (3) reproduction services. The interagency mail and messenger service and the general administration of Central Office Services are supported by a General Fund appropriation. Reproduction services and office machine repair are supported by the Service Revolving Fund and are wholly reimbursed by the using agencies.

Workload information is based on historical data which are randomly compared to industry standards to substantiate their validity.

The 12.7 positions authorized for the current year include the Chief of Central Office Services and one clerk who provide overall administration for Central Office Services and 10.7 positions engaged in interagency mail delivery. The workload standard for interagency mail delivery is 37,250 stops per year per man. This is a historical standard which justifies their present staffing pattern.

Office Machine Repair

Office Machine Repair has 37 positions authorized for the current year. The table below shows the distribution of these people into repair units and the staffing standards for each particular unit.

<i>Unit</i>	<i>No. of People</i>	<i>Staffing Standard</i>
Calculators -----	10	360 machines/man year
Electric Typewriters -----	16	370 machines/man year
Standard Typewriters -----	11	620 machines/man year
Total -----	37	

Department of General Services—Continued

Office machine repair has refined its staffing standards as recommended in our 1966-67 analysis. Their workload standard now justifies their current staffing pattern.

Reproduction Services

Reproduction services provides services to agencies which are unable to support independent units because of too small a workload. Reproduction services also performs supplemental services for other agencies as required. Reproduction services has 35.2 positions authorized during the current year. The workload staffing standard for reproduction services is 63,000 units per man-year. Their workload standards justify the authorized staff.

(6) State Records Service

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
State Records Service-----	Item 37	\$186,127	12.4	43

The State Records Service was originally established in the Secretary of State's office in 1947 under the name of Central Records Depository. The General Services Act of 1963 provided for the transfer of the Central Records Depository from the Office of Secretary of State to the Department of General Services effective January 1, 1967.

One position has been transferred from Management Planning to this unit. This position has been classified Chief, State Records Service. This person will coordinate the statewide forms management program as well as administer the state's records program. The current authorized staff is 12.4 people. No workload standards exist at the present time but the department assures us that they will be forthcoming.

(7) Rented Buildings

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Rented Buildings -----	Item 44	\$124,544	0	44

The Department of General Services will begin leasing the Herbst Building, 1407 Market St., San Francisco on July 1, 1967. The department acts as the rent collector and sublets the building to various state agencies.

(8) Property Acquisition Service

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Property Acquisition -----	Item 37	\$10,000	99	44
Reimbursements -----	Item 37	1,261,245		
Total -----		\$1,271,245		

The overall objective of the Property Acquisition Service is the acquisition of real property for the use of state agencies. This includes all state agencies except the Divisions of Highways, Department of Water Resources, Reclamation Board and the University of California. Property Acquisition Service includes five functions which are (1) administration, (2) appraisal, (3) negotiation, (4) property manage-

## Department of General Services—Continued

ment and (5) transactions. 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 this office seem to be very adequate. The standards are based on historical information but indicate use of proven information to indicate workload capabilities. The importance of the orderly and expeditious purchase of lands under the Bond Acquisition Park Program in the interests of maximizing the available funds reflects on the adequate staffing standards of this organization.

## (9) Office of Architecture and Construction

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
General Activities -----	Item 45	\$8,654,702	656.4	45
Reimbursements -----	Item 45	620,697		
Supervision of Public school Construction -----	Item 46	1,570,707	91.0	47
Total -----		\$10,846,106	747.4	

These programs are discussed under our analysis of Items 45 and 46 which make appropriations from the Architecture Revolving Fund and the Architecture Public Building Fund respectively.

## (10) Facilities Planning Service

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Facilities Planning -----	Item 37	\$300,336	25.2	47
Reimbursements -----	Item 37	59,000	--	--
Total -----		\$359,336	25.2	

Facilities Planning Service is composed of the following three units:

1. Advance Planning. This section develops short-term and long-range estimates of space requirements; it also helps develop occupancy requirements for various agency needs. Workload standards for this section are still in the tentative stage.

2. Space Utilization. This unit, which consists of 9 planners and 4.5 clerks, provides services to all agencies in the planning and layout of office space. This is the only section of Facilities Planning Services that is reimbursed by the using agencies. Workload information for this section is still tentative.

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. The Leasing Section also analyzes when it is more economical and practical to build new state-owned buildings rather than to lease additional space. This section contains seven planners and one clerk. The workload standard for this section is 80 active leases per planner.

Department of General Services—Continued

(11) Office of Procurement

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Office of Procurement-----	Item 37	1,203,260	123	48
Reimbursements-----	Item 37	21,260		
Central Stores-----	Item 44	4,409,890	32.9	49
Documents-----	Item 44	420,253	15.2	49
Total-----		6,054,663	171.1	

Office of Procurement

The Office of Procurement purchases all supplies and equipment in excess of \$25 for all state agencies except the University of California.

The office also has the responsibility for developing specifications, requesting bids and awarding contracts. The office is divided into six units, two of which appear in the Service Revolving Fund with the remainder supported in the General Fund. The costs of procurement services for special fund agencies are included in fiscal pro rata changes. Workload standards exist in varying degrees for the Office of Procurement.

Central Stores

Central Stores provides state agencies with common use items at maximum discount. Under this method even the smallest state agency can get a maximum discount on this material. Workload standards are not fully developed for this unit. Those that are developed seem to be historic in nature. Central Stores has 32.9 employees in the current year, 26.9 positions are warehousemen and 6 positions consist of the support staff.

Documents Section

The Documents Section provides a single outlet for the public to purchase state published documents. This section contains 15.2 people supported by the Service Revolving Fund. Workload standards exist in this section, and appear to be developed on a historical basis.

(12) Office of State Printing

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Office of State Printing-----	Item 43	\$19,892,104	1037.8	49

The work of the printing plant encompasses three major areas. Legislative printing includes special reports and the printing of bills, forms, and journals necessary to the legislative process. State agency printing includes all the forms, directives, and pamphlets needed by the various agencies. Textbook printing includes production of the majority of elementary textbooks specified by the Board of Education.

Workload staffing standards appear to justify present staffing patterns. One clerical position was administratively established during the current year. It is proposed in the budget year to meet increased billing requirements.

In our 1966-67 analysis we noted that the printing plant had trouble with excessive accidents and an excessive usage of sick leave. We are

## Department of General Services—Continued

pleased to report that the printing plant has introduced new safety and sick leave programs which have substantially reduced accidents and sick leave usage. Disabling injuries dropped from 57 in 1965 to 21 in 1966. Sick leave usage dropped from 8.4 days per employee in fiscal 64-65 to 7 days per employee in calendar 1966.

The State Printer proposes to replace a 52x76, 2 color rotary letter press originally purchased in 1955 at a cost of \$140,000 with a 2 unit web offset press with auxiliary equipment costing \$312,000. The main use of the new press would be the printing of textbooks. The reason given for replacing the rotary press is that it is obsolete.

The State Printer claims that the new press would have a \$25 per hour cost less than the rotary press, and that it would permit printing textbooks that are now being printed by private concerns. He estimates that the press would save the state approximately \$189,200 a year, based on work available during the current year.

The State Printer states that he only has one web press that is able to print textbooks at the present time. We point out that the present web press is operating at only 80 percent of capacity and in November 1967 a second 4-unit web press will be installed. This press was authorized at a cost of \$800,000 in June 1966, but the long delivery time will cause the funds to be spent in fiscal 1967-68. It appears at this time that the actual cost of this press will be \$705,860. This second web press will substantially increase the plant's capacity for printing of textbooks.

It should be noted that a third press if authorized would not be operating until fiscal 1968-69 because of a 16- to 18-month delivery wait, based on past experience. The textbook budget for fiscal 1968-69 is expected to be 40 percent less than that for the budget year, thus reducing the Printer's anticipated savings to approximately \$113,500. A table reflecting textbook printing is shown under Item 273 of this analysis. In November 1967, as stated above, a second web press will be installed. This press alone should greatly reduce the amount of work going to outside firms. In view of the fact that textbook printing will drop substantially in fiscal 1968-69, we believe that an additional web press is unnecessary at this time. *Therefore, we recommend that the 2-unit web press be deleted for a saving of \$312,000.*

The printing plant also proposes replacing the 43/60 Harris color offset press purchased in 1958 with a new model press which will cost \$405,600. This press has been used on an overtime basis and would cost \$200,000 to rebuild. The State Printer feels that it would not be worthwhile to rebuild because it would still have operating deficiencies and would not incorporate the latest features which would allow for more efficient operation. He maintains that the new press would save the state \$30,500 a year.

The savings predicted by the State Printer would amount to \$244,000 over the eight-year life of the machine (based on present machine life). We believe that the anticipated savings is not enough to justify the expenditure of \$405,600 for a new press, since a cost differential of \$205,000 could be achieved if the printer had the present equipment

Department of General Services—Continued

repaired at the cost of \$200,000 instead of purchasing the new press for \$405,000.

*We recommend that the Harris Offset Press be deleted and that repairs be made on the current press for a saving of \$205,000 in the budget year.*

The equipment request also includes \$120,000 for additional equipment, \$60,000 each for an in-line trimmer for the gathering machine and an in-line trimmer for the perfect binder.

The savings in staff time which would result from these two items would appear to us to justify their purchase.

(13) Office of Administrative Procedure

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Reimbursements -----	Item 37	\$985,066	62.5	51
Codification -----	Item 37	122,401	2	51
Total -----		\$1,107,467	64.5	

The Office of Administrative Procedure provides hearing officers to those public agencies conducting hearings under the administrative procedure act and other laws. This section is wholly reimbursable. The codification section, which publishes the California Administrative Code, is supported by the General Fund.

Administration

The workload staffing standard for the Office of Administrative Procedure is 194 cases per attorney. The workload justifies the staff of 21 hearing officers, 20 hearing reporters, 18.5 clerks and 3 administrators.

Codification

Two persons currently comprise this section involved in publishing the California Administrative Code which consists of agency rules and regulations.

(14) Office of Local Assistance

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Office of Local Assistance-----	Item 38	\$1,031,573	95.6	52
Office of Local Assistance-----	Item 37	67,024	2.0	53
Office of Local Assistance----- <sup>1</sup>		14,469	--	53
Total -----		\$1,113,066	97.6	

Item 38, State School Building Aid Fund.

<sup>1</sup> Street and Highway Disaster Fund; allocated pursuant to Section 186.95 (a) and (b), Streets and Highways Code.

The Office of Local Assistance administers the allocation of funds to eligible school districts for school building construction, administers the Flood Relief Program, and several minor programs of financial assistance to local public agencies. The Office of Local Assistance also contains the office of Television Coordinator.

Administration

The major activity of the Office of Local Assistance is the administration of the State School Building Aid Law of 1952. This law allows school districts which are unable to finance necessary school facilities

## Department of General Services—Continued

with their own resources to obtain state loans for the acquisition and development of school sites, construction of school buildings, and purchase of school furniture and equipment. The Office of Local Assistance is responsible for: veterans temporary housing, the Earthquake Relief Act of 1952, state aid on water pollution control, and legal aid to indigents. Legal aid to indigents is supported by a General Fund appropriation which amounts to \$15,543 in the budget year.

The School Building Aid Section represents the primary responsibility of this unit. This section is broken down into the six following program units: (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.

The Office of Local Assistance has developed and uses a functional time and production data presentation for purpose of budget justification and support. These data provide an excellent working base for workload analysis and also indicates that this office has made an extensive examination of their staffing patterns.

## Television Coordinator

The Television Coordinator and his clerical assistant provide staff support for the Television Advisory Committee. The main objective of this office is to plan for an integrated, statewide, educational television network. The office assists, when requested, in local educational television station applications.

This office has published the document "Educational Television for California" which is a summary report of a study by Hammett and Edison, "Educational Television in California: Existing Facilities, Future Needs and a Plan for Development". This report outlines a plan for the development of an integrated statewide ETV system. The office is now primarily concerned with implementing this plan.

Workload staffing standards do not exist for this office, which contains two people.

The 1966 Legislature directed our office to review the proper placement of this activity in the state organizational structure.

It does not appear to us that this activity is related to that in any state agency, including the Department of Education, and that therefore it should remain where it is.

## (15) Systems Analysis

	1965-66	1966-67	Budget page 53	
			1967-68	Change from 1966-67
			Amount	
Appropriations, Item 37:				
Systems staff -----	\$350,089	\$474,904	\$461,224	\$-13,680
Service center -----	19,013	85,838	80,194	-5,644
Statewide federated information service		280,826	271,003	-9,823
Reimbursements, Item 37:				
Systems staff -----	29,341	45,000	60,000	15,000
Service center -----		147,000	430,096	283,096
Total Expenditures	\$398,443	\$1,033,568	\$1,302,517	\$268,949

Department of General Services—Continued

(15) Systems Analysis—Continued

	1965-66	1966-67	Amount	Budget page 53 1967-68 Change from 1966-67
Authorized Staff:				
Systems staff -----	28.2	35.2	35.2	
Service center -----	7.0	22.0	22.0	
Statewide federated information service		11.0	11.0	
	<u>35.2</u>	<u>68.2</u>	<u>68.2</u>	

ANALYSIS AND RECOMMENDATIONS

The increase in staff of 33, and the increase in total expenditures of \$635,125 for 1966-67 over 1965-66 is due in large part to approval by the Legislature at its 1966 session of Budget Act Item 307 which appropriated \$271,260 and authorized a staff of 11 in the Department of General Services for the statewide federated information system and Item 317 which provided for allocation to the systems staff in this agency of \$87,693 and 7 positions for automatic data processing. The increase is also due to the fact that during 1966-67 it is proposed to establish 15 positions administratively in the service center, effective March 1, 1967, to be continued during 1967-68 on a wholly reimbursable basis. We are informed that the reimbursements are to come from existing appropriations for data processing services in the appropriations of other agencies now using other facilities, and in effect will represent transfers of already existing activities to the new service center at no overall increase in costs to the state.

The staff of the Systems Analysis Office as proposed for 1966-67 and 1967-68 includes 68 permanent positions in the following general classifications:

Administrative -----	2
General clerical -----	7
Administrative analysts, accounting systems -----	9
Operating personnel, data processing service center -----	22
Data processing systems analysts -----	28
Total -----	<u>68</u>

The composition of this staff clearly indicates the orientation of the office toward data processing activities.

SCR 34 of the 1966 1st Extraordinary Session (Resolutions Chapter 120) directed the Joint Legislative Budget Committee to study and report to the 1967 session by February 1, 1967, on the matter of data processing installations in the state service. This report, *Automated Data Processing in California Government*, which was issued on January 30, 1967, recognizes the need for continuance of the existing staff in the systems analysis office of the Department of General Services in order to provide proper planning, review and coordination for future data processing installations as well as the most economical and effective usage of existing facilities. The findings and recommendations of this office are set forth in considerable detail in that report.



## Department of General Services—Continued

The permanent staff of 53, as it existed on January 9, 1967 which, of course, did not include the 15 additional positions for the service center to be established March 1, 1967, was distributed as follows, by organizational units.

Organizational unit	Technical	Clerical	Total
1. Administration -----	2		2
2. Clerical pool -----		3	3
3. State data processing service center -----	6	1	7
4. Accounting and fiscal management systems -----	9	1	10
5. Information systems development -----	13	2	15
6. Planning and research -----	6		6
7. Analysis -----	9	1	10
Total -----	45	8	53

The service center, headed by a Manager of Data Processing (\$951-\$1,156) is not functioning on an operating basis as this is written; its activities to date have been limited to the planning stage. It is contemplated that it will become operational about April 1, 1967.

The accounting and fiscal management unit, headed by a Supervising Administrative Analyst, Accounting Systems (\$1,156-\$1,406) includes all of the accounting systems analysts on the staff of the Systems Analysis Office. Its major responsibility stems from Section 14626 of the Government Code which provides that "The Department shall devise, install, supervise and at its discretion revise and modify a modern and complete accounting system for each agency of the state permitted or charged by law with the handling of public money. . . ."

We believe this responsibility belongs in the Department of Finance, since an accounting system is an essential tool in the budgetary control process and the Department of Finance is also the agency which is staffed to audit the financial transactions of other state agencies.

*We recommend that the law be amended to transfer this responsibility to the Department of Finance.*

The remaining units, each headed by a Supervising Data Processing Systems Analyst (\$1,156-\$1,406) have been mainly concerned, during the current fiscal year with the following, as reported by the agency in its "Operations Manual" as of January 9, 1967:

(1) Under information systems development the primary effort has been investigatory within the area of the Statewide Federated Information System (SFIS) as authorized and directed by the Legislature through the fiscal year 1966-67 Budget Act with emphasis on the development of a file structure guide and a standards manual.

The SCR 34 report recommends that the activities in this program be shifted from development of SFIS to the design and coordination of interdepartmental information systems in cooperation with the operating departments. Continued efforts to achieve standardization and compatibility are recommended.

(2) Planning and research has obtained specialists in operations research and systems analysis and is primarily responsible for accomplishing research and development projects in data processing and in coordinating office planning activities. A library of technical informa-

Department of General Services—Continued

tion is maintained and State Administrative Manual publications relative to data processing are prepared and revised as necessary.

(3) The analysis program has the responsibility for accepting departmental ADP plans in lieu of a formal ADP equipment acquisition procedure as detailed in the State Administrative Manual, Section 4880, reviewing budget requests for systems analysis and/or data processing activities, and approving contracts for systems analysis and/or data processing.

The Systems Analysis Office has contracted for 5½ man-years of consultant services to fulfill leadership functions until all supervising analysts are employed and as augmentation to staff, particularly in the areas of file structures and standards. An inventory of file contents in 12 large departments was accomplished in this regard.

While the emphasis in activities of the Systems Analysis Office is mainly on leadership and consultation in the field of Automatic Data Processing it exercises one function which is definitely of a control or policing nature. Section 14780 of the Government Code requires approval by the Department of General Services of all contracts of the type which among other things would involve the leasing or purchasing of data processing equipment as well as any related services including those of consultants. This approval function, insofar as it relates to data processing activities has been assigned to the Systems Analysis Office and has been effective, to date, in controlling unwarranted expansion in certain areas.

(16) State Building Standards Commission

Organizational Unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Building Standards Commission	Item 37	\$95,779	6	55

The State Building Standards Commission is engaged in codifying all building regulations previously issued by various state agencies. This work will result in a uniform building standards code. The commission also has authority to hear appeals and to interpret regulations when requested by affected agencies, firms or organizations. The commission proper is composed of 10 appointed members; staff support is provided by four professional and two clerical positions.

The immediate objective of the commission is to write complete and comprehensive standards for mechanical, plumbing and electrical installations.

It is our understanding that as soon as these three sections are added the State Building Standards Code will become a comprehensive document. The commission staff reports that this will occur during the budget year.

We believe that a substantially reduced staff can keep the finished code updated. It appears that the commission can perform its duties with a staff of one technical advisor and a clerk. Therefore, we recommend that four positions be authorized only until June 30, 1968.

Department of General Services—Continued

(17) Merit Award Board

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Merit Award Board-----	Item 37	\$70,120	6	56

The Merit Award Board administers the state employee suggestion system. This section solicits suggestions, evaluates these suggestions and recommends appropriate awards for the suggestions adopted by the various state agencies. During the 1965-66 fiscal year, 3,094 suggestions were submitted for consideration; a total of \$14,072 in awards was paid for suggestions accepted. Agencies reported a first year saving of \$160,973 as a result of the suggestions adopted in 1965-66. The office is authorized six positions for the current year. These positions include two administrative, two technical and two clerical. All positions are well supported by adequate workload documentation.

(18) Insurance Office

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Insurance Office -----	Item 37	\$65,759	5	56

The Insurance Office renders advice concerning purchase of insurance policies, reviews and administers insurance claims, administers the recovery of loss and damage claims made by the state, and reviews contracts to insure the adequacy of insurance provisions. This office is authorized a staff of five people for the current year. The staff consists of an Insurance officer, two assistant insurance officers, and two clerks. Workload standards exist to justify the positions, and are based on historical experience.

This office administers the Automobile Liability Insurance Program which is the subject of a separate Budget Act item, and is discussed further under Item 39 in this analysis.

(19) Executive Office

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Executive Office -----	Item 37	\$177,926	11	57

This office consists of the director and his immediate staff. The staff includes two exempt deputy directors and two civil service assistant directors. One deputy director 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 this office appear in the Administrative Services section of the Department of General Services.

(20) Management Planning

<i>Organizational Unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Management Planning -----	Item 37	\$210,543	18	57
Reimbursements -----	Item 37	9,200	--	--
Data Processing -----	Item 44	458,184	42.3	58
<b>Total -----</b>		<b>\$677,927</b>	<b>60.3</b>	

Department of General Services—Continued

Management Planning

Management Planning serves as an “in-house” management consultant to the Department of General Services. This office reports directly to the director’s staff; it is used primarily to provide assistance in solving management problems and to promote departmental administrative improvements.

The current staff of Management Planning consists of 18 people. One programmer II was transferred to the unit from the Office of Architecture and Construction. One associate data processing analyst was transferred to the unit from Data Processing.

We believe that this unit could provide consulting services to more than just the Department of General Services. It is our opinion that this unit is incorrectly located in the Department of General Services. This unit should be located in a department that is most concerned with the financial management of the state. Management Planning has no relationship to the other units that comprise the Department of General Service.

*We recommend that the major portion of the staff of the Office of Management Planning be returned to the Department of Finance, leaving in General Services only that staff directly related to its in-house needs, such distribution to be determined jointly by the two agencies involved.*

Data Processing

This section provides basic data processing services to the various units within the Department of General Services. The bulk of its workload consists of providing services for the State Printing Plant.

This section is currently authorized 42.3 people. Present workload standards justify that number of people. No new positions are requested for the budget year.

Data processing is requesting \$8,341 in additional equipment for the budget year. This equipment consists of wires and control panels that are necessary for the operation of the section’s computer. These items were inadvertently left out of the current year’s budget.

This year Data Processing was transferred from the Administrative Services Section of the Department of General Services to the Management Planning Section. Management Planning is strictly a staff organization and has no experience nor any reason to operate a strictly operating unit such as data processing.

*We recommend that Data Processing be transferred back to the Administrative Services section effective July 1, 1967.*

(21) Legal Services				
Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Legal Services -----	Item 37	\$236,654	25	59
Reimbursements -----	Item 37	126,338		
Total -----		\$362,992	25	

The function of this unit is to render legal advice to the Department of Finance, the Department of General Services and the various boards

**Department of General Services—Continued**

and commissions organizationally related to the departments. The section provides central review and approval of a wide variety of contracts, leases, property transactions and legal documents. The office of Legal Services is divided into four units (1) chief counsel, (2) general legal services, (3) property acquisition legal services and (4) state contract act legal services.

Staffing standards and workload data have existed in Legal Services for several years and have indicated that this office has been understaffed. Legal Service proposes 4.5 new positions that were established administratively during the current year. These include 2 counsels, 1.5 student legal assistants and one stenographer. All positions appear to be justified by their workload standards.

(22) Administrative Services				
<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Administrative Services-----	Item 37	\$466,621	107.8	59
Reimbursements -----	Item 37	517,621		
Total -----		\$983,822	107.8	

This office coordinates and conducts the administrative service activities of the Department of General Services.

The staff proposed for 1967-68 will be assigned as follows:

<i>Unit</i>	<i>Staff</i>
Personnel office -----	15
Training office -----	1
Budget office -----	4
Accounting office -----	73
Records management unit -----	6
Central mail and files unit -----	5.8
Devonshire Downs maintenance -----	3
Total -----	107.8

Administrative Services also supplies personnel, accounting and budgetary services under contract, on a wholly reimbursable basis, for the Department of Finance and certain small state agencies.

One position, a training officer II, will be transferred from the office of Architecture and Construction to staff the training office.

**Devonshire Downs**

Devonshire Downs is the designation applied to state-owned property comprising 60 acres in the San Fernando Valley formerly used as fairgrounds by the 51st District Agricultural Association. Chapter 1733, Statutes of 1959, added Section 80.5 to the Agricultural Code which, as amended in 1965 to substitute General Services for Department of Finance, reads as follows:

“The 51st District Agricultural Association is abolished. All property, both real and personal, of the district is transferred to the Department of General Services to be held by it until the Legislature determines, by appropriate act, that the property should be used to meet the educational needs of San Fernando Valley State College or

Department of General Services—Continued

devoted to some other urgent educational use. Pending the determination by the Legislature pursuant to this section, the Department of General Services may lease or otherwise use such property, on such terms and conditions as the Director of General Services deems to be in the best interests of the state.”

As a result of this legislation the Controller’s office reports that \$53,175, representing the cash balance of the 51st District Agricultural Association on December 31, 1959, was transferred to an account in the Special Deposit Fund, which had a balance of \$26,729 on January 26, 1967.

This account receives rental income from the property and pays maintenance costs incurred by the Department of General Services. The fact that the balance has decreased by \$26,446 in seven years time would indicate that the property has been operated at a loss, stated by the Department of General Services as amounting to \$2,133 during 1965-66.

*We recommend that appropriate action be taken to dispose of the property.*

DEPARTMENT OF GENERAL SERVICES

ITEM 38 of the Budget Bill

Budget page 37

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

Amount requested .....	\$1,031,573
Estimated to be expended in 1966-67 fiscal year.....	1,012,535
	-----
Increase (1.9 percent).....	\$19,038

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 in our analysis of Item 37.

Department of General Services  
AUTOMOBILE LIABILITY INSURANCE

ITEM 39 of the Budget Bill

Budget page 69

FOR SUPPORT OF AUTOMOBILE LIABILITY INSURANCE  
FROM THE GENERAL FUND

Amount requested .....	\$283,347
Estimated to be expended in 1966-67 fiscal year.....	283,347
	-----
Increase .....	None

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS AND RECOMMENDATIONS

	1965-66	1966-67	1967-68
Appropriation .....	\$269,880	\$283,347	\$283,347
Reimbursements .....	676,960	710,853	710,853
	-----	-----	-----
Total expenditures .....	\$946,840	\$994,200	\$994,200

**Automobile Liability Insurance—Continued**

This item represents automobile liability insurance covering operation of all state-owned motor vehicles except those of the University of California and the State Compensation Insurance Fund.

The program is administered by the Insurance Office in the Department of General Services and in our view could more appropriately be presented as a part of the program of that office than as a separate item, regardless of the fact that it is the subject of a separate budget act appropriation.

The coverage which is negotiated on the basis of competitive bids consists of a retrospective rating plan with a private carrier, the premium cost of which is established by the loss ratio over prior periods. The current limits for public liability are \$250,000 for any one person and \$500,000 for any one accident. For property damage it is \$100,000 for any one accident.

Of the total expenditure for the program 71.5 percent is reimbursed from special funds, which represents the coverage on vehicles operated by these funds. Overall costs are directly related to the number of vehicles owned. Special fund agencies operate the major portion of state-owned vehicles and include the Division of Highways (State Highway Fund) California Highway Patrol (Motor Vehicle Fund) and the state automotive pool (Service Revolving Fund).

**Department of General Services  
OPERATION OF EXECUTIVE AIRPLANE**

ITEM 40 of the Budget Bill

Budget page 61

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

Amount requested in Budget Bill-----		\$184,320
Budget request before identified adjustments-----	\$204,800	
Increase to recognize full workload change-----	none	
	<hr/>	
Budget as adjusted for workload change-----	\$204,800	
Adjustment—undetailed reduction (10 percent)-----	20,480	

**RECOMMENDED REDUCTION FROM APPROPRIATION  
REQUEST ----- \$184,320**

**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
Delete entire item-----	\$184,320	61	27

**ANALYSIS AND RECOMMENDATIONS**

The state purchased an airplane for \$422,000 in November 1963 from an appropriation from the General Fund of \$475,000 in augmentation of the Service Revolving Fund (Item 41.5, Chapter 8/1963, 1st Extraordinary Session) primarily for the use of the Governor's Office. For bookkeeping purposes this plane is treated as an asset of the Service Revolving Fund. Its operating expenses are paid out of that fund and the fund is reimbursed by an appropriation from the General Fund, such as that proposed by Item 40.

Operation of Executive Airplane—Continued

We have two recommendations regarding this item.

1. *We recommend that the item be deleted in its entirety and that any appropriation for air travel by the Governor or any other state agency, in state-owned aircraft or otherwise, be presented as a part of the budget request of that agency, rather than as an obscure expenditure item in the Department of General Services. We have made this recommendation in previous analyses.*

2. *We recommend that the plane be sold and that necessary air travel by the Governor's Office and others be provided by use of private charter planes or regular commercial flights.*

The justification on Budget page 61 indicates that the plane is used by agencies other than the Governor's office, and in such instances such agencies are billed. However, in 1964-65 and in 1965-66, such billings amounted to only 2.2 percent and 3.9 percent of total operating costs, respectively.

The plane, a 19-passenger Convair CV 340/440 was manufactured in 1952, used by United Airlines in commercial passenger service until 1960, and by a private individual until 1963. It had 4,000 flying hours when purchased by the state.

Including depreciation of \$51,000 per year the plane cost \$193,978 to operate for 285 hours of flying time in 1964-65 and \$232,364 for 281 hours in 1965-66. Thus the cost per hour of flying time was \$681 in 1964-65 and \$877 in 1965-66, including depreciation and \$505 and \$644 respectively, excluding depreciation.

A press release from the Governor's office dated January 20, 1967, indicated that the plane carried an average of only 4.8 passengers per trip in 1965-66, as compared to its total capacity of 19. It also pointed out that if a six-passenger jet had been chartered for the same amount of flying mileage in 1965-66, a saving of \$127,385 would have been realized.

DEPARTMENT OF GENERAL SERVICES

ITEM 41 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 .....	\$475,465
Estimated to be expended in 1966-67 fiscal year .....	1,841,567
Decrease (74.2 percent) .....	\$1,366,102

**TOTAL RECOMMENDED REDUCTION** ..... \$475,465

Summary of Recommended Reductions

	Amount	Budget Page	Line
Delete entire item .....	\$475,465	37	37

ANALYSIS AND RECOMMENDATIONS

This item proposes to augment the Service Revolving Fund by an appropriation from the General Fund to finance purchases of equipment of \$435,465, and an increase in deferred charges relating to operations of the State Printing Plant of \$40,000, or a total of \$475,465,



## Department of General Services—Continued

which cannot be financed from other sources. Table 1 shows comparable items in prior years.

Table 1  
Augmentations to Service Revolving Fund

Item No.	Budget act	Total appropriation	Expended	Not used
274	1962	\$169,571	none	\$169,571
291	1963	611,168	none	611,168
41.5	1963—Supplement	475,000	\$475,000	none
297	1964	954,416	\$60,010	94,406
39	1965	731,456	581,717	149,739
42	1966	1,889,844	1,841,567 <sup>1</sup>	48,277 <sup>1</sup>
Total		\$4,831,455	\$3,758,294	\$1,073,161

<sup>1</sup> Estimated.

The fact that appropriations have exceeded actual requirements during the five-year period from 1962–63 to 1966–67 by \$1,073,161 would appear to indicate that estimates for the need for augmentations of this kind have not been particularly accurate in the past.

Table 2, based on data shown in the Summary of Augmentation Requirements on Budget page 65, shows the proposed equipment purchases by the organizational units involved and the method of financing. The depreciation is that proposed to be included as a component in amounts to be billed for services rendered to various state agencies during 1967–68, which does not represent a cash expenditure by the Service Revolving Fund and thus has the effect of accumulating a cash reserve for use in purchase of equipment. These amounts bear no direct relationship to the needs of a particular organizational unit for equipment purchases in any given year, but over a period of years tend to approximate such needs. Sales of assets represents amounts to be realized from sales of obsolete equipment. Equipment purchases represent replacements in all instances except the Office of State Printing and Data Processing, which include \$120,000 and \$8,341 for additional equipment, respectively. These are commented upon in previous sections of our analysis relating to these activities.

Table 2  
Proposed Equipment Purchases—Service Revolving Fund Activities,  
1967–68 by Organizational Unit and Method of Financing

Program	Organizational unit	Equipment purchases	Method of financing		
			Depreciation	Sales of assets	Augmentation
2	Telephone Services	---	\$1,350	---	\$-1,350
3	Transportation Services	\$955,800	815,000	\$141,000	-200
4	Radio Maintenance	45,996	186,000	4,000	-144,004
5	Office Machine Repairs	2,037	1,900	---	137
	Reproduction Services	12,122	11,125	---	997
11	Central Stores	6,647	15,000	---	-8,353
	Documents Section	1,597	1,500	---	97
12	Office of State Printing	987,104	385,000	20,000	582,104
20	Data Processing	10,437	4,400	---	6,037
Total		\$2,021,740	\$1,421,275	\$165,000	\$435,465

Department of General Services—Continued

We recommend deletion of the entire amount of \$475,465 proposed in Item 41 since our recommended reduction of \$517,600 for two presses for the State Printing Plant discussed under Item 37, will more than offset the need for any augmentation.

The augmentation of \$475,000 for 1963-64 shown in Table 1 covered the purchase of the executive airplane, which, we are informed, is to be sold. If this sale takes place during 1966-67 it will reduce the amount required to be allocated for equipment purchases under Item 42, Budget Act of 1966, currently estimated at \$1,841,567, as shown in Table 1, by the amount realized from the sale and thus constitute a savings to the General Fund of a like amount.

DEPARTMENT OF GENERAL SERVICES

ITEM 42 of the Budget Bill

Augmentation of Service Revolving Fund by Transfer

ANALYSIS AND RECOMMENDATIONS

This item is identical to Item 43 of the Budget Act of 1966. 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 43 of the Budget Bill

Budget page 37

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

Amount requested .....	\$19,892,104
Estimated to be expended in 1966-67 fiscal year .....	21,671,136
Decrease (8.2 percent) .....	\$1,779,032
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>\$517,000</b>

Summary of Recommended Reductions

	Amount	Budget Page	Line
Equipment:			
2 unit web press .....	\$312,000	50	63
Harris offset press .....	405,000	50	63
Operating expense:			
Increase repairs, existing press .....	200,000	50	59
<b>Total .....</b>	<b>\$517,000</b>		

This item provides support for the Office of State Printing and its analysis is included with that for Item 37.

**DEPARTMENT OF GENERAL SERVICES**

ITEM 44 of the Budget Bill

Budget page 37

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

Amount requested .....	\$18,908,920
Estimated to be expended in 1966-67 fiscal year .....	19,293,076
Decrease (2.0 percent) .....	\$334,156

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

**ANALYSIS**

This item provides the support for functions financed by the Service Revolving Fund, other than the Office of State Printing. Analysis of these functions are included in our analysis of Item 37.

**Department of General Services**

**OFFICE OF ARCHITECTURE AND CONSTRUCTION**

ITEM 45 of the Budget Bill

Budget page 45

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

Amount requested .....	\$8,654,702
Estimated to be expended in 1966-67 fiscal year .....	9,004,224
Decrease (3.9 percent) .....	\$349,522

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

**GENERAL PROGRAM STATEMENT**

Early statutes, and subsequently the Government Code, have for many years required the State of California to provide its own architectural, engineering and construction inspection service for facilities needed by state agencies. During this time there has been one notable exception in that the University of California has been constitutionally exempt from these statutory requirements 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 architects for any or all of their projects. In practice they employ private architects for about 45 percent of the dollar value of their work with the balance going to the Office of Architecture and Construction, although from 1961 through 1966 the actual number of projects placed with the Office of Architecture and Construction has been at a ratio of about 3 to 1. The implication of this, in our estimation, is that the Office of Architecture and Construction has received many of the small, difficult and inherently high service cost jobs while the private architects have tended to receive the large, clean, relatively straight forward jobs. All other state agencies, whether supported by special funds or the General Fund are required to use the services of the Office of Architecture and Construction which functions as a division of the Department of General Services.

## Office of Architecture and Construction—Continued

The architectural agency operates both as a service organization in the sense of providing creative architectural planning, consultation and advice and as a regulating or "policing" agency with respect to public school agencies throughout the state. Among its many services the office provides site selection and survey work, the preparation of preliminary plans for budget proposal purposes, the preparation of working drawings for contract construction purposes, contract administration during construction 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 as directed and funded.

The costs of services rendered to state agencies are largely direct charges against funds appropriated by the Legislature for specific projects whether they be for working drawings only, construction, general studies or site acquisitions. The exception is that the Legislature provides lump-sum amounts to the state college system and to the Department of Finance, to be allocated by the department for the benefit of the appropriate state agencies to prepare preliminary plans for budget proposals and information.

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 Architectural Revolving Fund into which are placed the individual project appropriations or allocations. 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 and operating expenses of the then Division of Architecture for the budget year 1960-61 based on anticipated staffing levels and operating expenses. 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, as such, concerning it had gone before the Legislature. Thus the Legislature could weigh the staffing and costs against the presumed level of capital outlay expenditures.

The services of the office may be broken down into three broad categorical functions, with the exception of the services provided to local school districts for safety purposes. The first category, and probably the least in dollar volume, encompasses 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, concerns the preparation of actual working drawings and detailed specifications of such quality and completeness that they may be used for submission to prospective contractors for bidding purposes and subsequently to control actual construction to point of completion. 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 phase because

**Office of Architecture and Construction—Continued**

these are not prepared until there has been specific approval and appropriation by the Legislature. The third category concerns the operation of a staff of qualified and trained construction inspectors, many of whom have engineering backgrounds, who function as direct representatives of the state in dealing with the contractors during the construction period. The major purpose here is to assure that all specifications which are part of the contract are met and that all details as shown in the working drawings are accomplished, in accordance with the requirements of the contract documents. 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 called for and expected. In effect, these inspectors function as police to see that the state receives exactly what it has contracted and paid for.

A relatively small portion of the total construction work performed under the authority of the Office of Architecture and Construction is accomplished 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 and restorations which are very difficult to put on a contract basis because of the elasticity and open-ended nature of the work. In terms of construction funds paid out, this rarely represents more than 2 to 3 percent of the total.

The one activity that goes beyond those mentioned above 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 function does not include in any way the preparation of plans and drawings but merely the review of the drawings of private architects throughout the state who are working privately for the various school districts to assure that they meet all of the safety and health statutes and regulations of the state. This service is fully reimbursed by the school districts and is the subject of a separate appropriation item and will be discussed in connection with it.

**ANALYSIS AND RECOMMENDATIONS**

The Budget Act of 1966 appropriated \$8,920,614 for an authorized 691.4 positions. The appropriation represented an estimated net amount required after giving effect to anticipated reimbursements. At this point, it should be pointed out that the reimbursement factors result principally from the fact that for those construction projects which are designed by private architects for the Trustees of the California State Colleges, the Office of Architecture and Construction provides, under contract, the inspection service and contract administration. The other principal amount of reimbursement represents the pro rata share of the overhead administrative services rendered by the Office of Architecture and Construction to its second special fund function dealing with the supervision of public school construction.

To the appropriation mentioned above, there was subsequently administratively added \$305,883 for salary increase authorizations based

## Office of Architecture and Construction—Continued

on the Legislature's approval of a general overall increase in state salaries. This provided a total availability of \$9,226,497 of which \$222,273 or nearly 2½ percent is estimated to be saved by the end of the current fiscal year. This would reduce the current year's total estimated expenditures to \$9,004,224. Practically all of these savings will result from an administrative reduction, during the year, of 14 positions plus an estimated man-year equivalent of 18 positions in salary savings which largely result from positions which are filled only part of the year or positions which are refilled at the beginning of a salary range whereas the previous incumbent may have been at the top of the salary range. It is interesting to note that when the budget for the 1966-67 fiscal year was first presented to the Legislature the total expenditures for this agency, in the area being discussed, was estimated at \$8,920,614 prior to giving any effect to possible salary increases. The ultimate total expenditure after giving effect to salary increases was only about \$80,000 higher.

The budget proposed for the new fiscal year is significantly lower than the estimated expenditures for the current fiscal year by nearly 4 percent or over \$349,000. This encompasses a further reduction in authorized manpower by 35 positions and an increase in the estimated salary savings from 18 man-years in the current year to 24 man-years in the budget year. In addition, operating expenses are reduced from over \$1,289,000 in the current year to over \$1,078,000 in the budget year. This latter change is largely the result of reductions in consulting services and contract architect and engineering services where for certain purposes outside architects and engineers are used because of special skills involved. All other operating expenses are generally projected at exactly the same level that is estimated for the current fiscal year.

The reductions, in personnel particularly, imply, if achieved, a significant improvement in efficiency. This conclusion is based on figures contained in the middle of page 45 of the Governor's Budget. It will be noted, for example, that in the area of schematic and preliminary design, in the completed fiscal year of 1965-66, the estimated construction value of the projects for which schematic and preliminary design was being undertaken was over \$177 million for which the costs of the office were something over \$1,628,000 or slightly less than 1 percent. In the budget year the value estimate of the projects is \$175 million with the service cost of slightly over \$1,588,000 or a still smaller percentage of approximately nine-tenths of 1 percent. In the area of working drawings for the 1965-66 fiscal year, the construction value was over \$63,894,000 with a working drawings service value including contract design costs of over \$5,423,000 or nearly 8½ percent. In the budget year the estimated construction value is \$70 million with a working drawings service cost of slightly over \$5 million including contract design costs, or nearly 7.2 percent, a rather significant reduction in percentage relationships. In the area of construction where the costs include contract administration and on-site inspection, in the 1965-66 fiscal year the construction value was over \$68,789,000 including work

Office of Architecture and Construction—Continued

for the state colleges and the State Fair, which is done on a contract basis. The total service costs were somewhat over \$2,273,000, or about 3.3 percent. In the budget year the estimate of construction value including the state colleges and the State Fair is \$107,500,000 with a service cost of over \$2,657,000, or slightly less than 2½ percent, which again is a very significant reduction in service costs.

While these projected costs show a gratifying downward percentage trend, we must question the basis for the relationship of schematic and preliminary design costs. As we have previously noted, the total construction value is projected at \$175 million. At the present time, this appears to be unrealistic in view of the current shortage of capital outlay funds for the budget year. We do not suggest at this time any specific reduction in staff and other expenses, principally because we assume that if capital outlay funding for the budget year develops at a lower level than is indicated administrative adjustments will be made in the work force to maintain the projected percentages. The other factors of working drawings and construction for the budget year appear to be reasonable since they are based on current availability of already appropriated funds.

Department of General Services

OFFICE OF ARCHITECTURE AND CONSTRUCTION

ITEM 46 of the Budget Bill

Budget page 45

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

Amount requested.....	\$1,570,707
Estimated to be expended in 1966-67 fiscal year.....	1,570,723
Decrease .....	\$16

TOTAL RECOMMENDED REDUCTION..... None

GENERAL PROGRAM STATEMENT

The Office of Architecture and Construction is charged, by statute, with the responsibility for assuring that new or significantly altered public school buildings throughout the state meet or exceed certain standards set for earthquake and storm stress resistance and fire and panic safety. This is accomplished by the requirement that all public schools submit to the Public School Construction Section of the office complete working drawings for all new buildings and for all major alteration work together with specifications and estimates of cost. This section of the office, which is staffed principally with engineers, then reviews these plans to assure themselves that they meet at least the minimum requirements under the various statutes and administrative regulations. Where they do not they are returned for redesign before approval can be obtained. No structure can be started without first obtaining the approval of the Office of Architecture and Construction.

The office performs no actual design work nor does it attempt in any way to directly influence design from any aesthetic or architectural standpoint. It merely determines that the structural characteristics

Office of Architecture and Construction—Continued

will or will not meet the minimum requirements of the law. In connection with fire and panic safety, it, in effect, performs the service for the State Fire Marshal who supplies specially trained people to work with the engineers of the office to make simultaneous checks of both the structural and fire safety adequacies of the designs.

The total operation is supported by fees assessed against each set of plans checked, based on a sliding scale of percentages against the estimated cost of the project. The fees which were adjusted by statute last in 1961, when the fund was starting to run into a deficit, now are keeping abreast of costs so that it is anticipated that in the budget year there will be a starting surplus of over \$87,000 and at the end of the budget year, barring unforeseen problems, the surplus will have risen to \$115,000. Under the circumstances the relatively small surplus appears to be entirely justified and the fees appear to be in line with actual service costs.

ANALYSIS AND RECOMMENDATIONS

The workload of this section of the Office of Architecture and Construction is, of course, dependent entirely upon the level of public school construction activity. This level has exceeded \$300 million for a number of years. In the completed fiscal year of 1965-66 construction value was \$380 million, in the current fiscal year it is estimated at \$370 million, and in the budget year the estimate is the same amount. Actually while there has been a rising dollar volume over the past 10 years, the workload itself has not risen at the same rate simply because the dollar volume reflects the increased construction cost index as well as increased actual activity. The workload of the staff is geared to the volume of square footage and its complexity rather than to the dollar value. This seems to be remaining fairly constant and it would appear that the proposed level of activity of this section is commensurate with the workload. *We recommend approval of the budget as submitted.*

Department of General Services  
STATE FAIR AND EXPOSITION

ITEM 47 of the Budget Bill

Budget page 69

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

Amount requested in Budget Bill.....		\$3,016,732
Budget request before identified adjustments.....	\$3,031,247	
Increase to recognize full workload change.....	17,225	
	<hr/>	
Budget as adjusted for workload change.....	\$3,048,472	
Adjustment—undetailed reduction (10 percent).....	31,740	

RECOMMENDED REDUCTION FROM WORKLOAD BUDGET\_\_\_ Unresolved

Summary of Recommended Actions

1. Increase concession revenues by \$100,000.
2. Broaden schedule of admission fees to increase revenues by \$150,000.
3. Defer further analysis until accurate cost information is available.
4. Reevaluate new State Exposition and Fair.
5. Eliminate support and capital outlay allocations to local fairs.



## State Fair and Exposition—Continued

## 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 horse show and a spring fair. In prior years, the spring fair has featured 22 days of quarter horse racing, but the quarter horse meet has been omitted in the current year because the Horse Racing Board declined to grant the requested spring racing dates. However, the quarter horse meet is included in the proposed 1967-68 workload budget and is scheduled to be held after the close of the 1967 fall fair. Recent expenditures for the year-round fair program are shown below.

Table 1

California State Fair and Exposition—Support Expenditures					
Source of funding	1963-64	1964-65	1965-66	1966-67 *	1967-68†
General Fund	\$255,334	\$390,402	\$426,025	\$590,131	\$285,668
State Fair Fund	2,520,985	2,468,884	2,489,114	2,084,799	2,731,064
Total as shown in Governor's Budget	\$2,776,319	\$2,859,286	\$2,915,139	\$2,674,930	\$3,031,247

\* Estimated.

† Appropriation request after 10-percent reduction in General Fund portion of workload budget.

## 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 48. The fair's total proposed budget from all three sources, after an increase of \$17,225 to recognize full workload change, is \$3,048,472. The General Fund portion of the budget, including the \$17,225 workload adjustment factor, is \$317,408. After applying the percentage reduction of 10 percent, the Budget Bill proposes a General Fund appropriation of \$285,668. The 10-percent reduction in the General Fund portion of the budget has not been evaluated because, to date, the administration has not detailed how the reduction is to be applied to the fair's activities.

A meaningful analysis cannot be made of the fair's proposed 1967-68 workload budget because the costs of administration and of the buildings and grounds maintenance function have not been distributed among the shows to portray their actual costs in relation to revenues. The Governor's Budget distributes none of the administration costs totaling \$220,255 and distributes only \$73,655 of the buildings and grounds costs, leaving \$452,286 in unallocated costs for this latter activity. As a result, the budget inaccurately portrays the cost-revenue relationships in the fair's programs. Thus, when the budget states that a program is self-supporting, it means only that it repays that portion of

## State Fair and Exposition—Continued

the maintenance costs assigned to it and not its full share of the year-round administrative and maintenance costs.

*Last year, we criticized the fair's budget for not allocating the operating costs among the various shows and recommended that the 1967-68 fiscal year budget be prepared to show accurately the operating costs of each show. Both houses of the Legislature directed that the 1967-68 budget be prepared on this basis, but, as stated above, this has not been done. Therefore, we have limited our analysis of the budget to a discussion of the fair's recurring deficit problems and a restatement of our concern (expressed last year) that similar fiscal problems may impede successful operation of the proposed new State Fair. We can make no meaningful analysis of the fair's costs until accurate cost data are presented.*

A realistic portrayal of the overall operating deficit of the present State Fair is provided simply by comparing the expenditures and revenues for each fiscal year. In 1965-66, the fair's operating deficit (excluding a carryover deficit of \$87,073) was \$730,903, since expenditures were \$2,915,389 and revenues were \$2,184,486. For the current year, the Governor's Budget indicates a prospective deficit of \$672,875, based on expenditures of \$2,674,930 and anticipated revenues of \$2,002,055. The estimated deficit in the budget year is \$641,048, with proposed expenditures of \$3,031,247 and estimated revenues of \$2,390,199. However, the actual deficit in the budget year may be underestimated by \$60,000 or more because the quarter horse meet, which is excluded in the current year but budgeted in 1967-68 on a proposed self-supporting basis, has not been self-supporting in prior years. In 1966, for example, the quarter horse meet incurred a deficit of \$60,418, and this deficit would be considerably higher if the meet were assigned its full share of the fair's year-round operating costs.

In one respect, however, the 1967-68 revenue estimate is *understated* \$100,000 or more because the fair management has increased the minimum bid on the midway concessions contract by \$100,000. To date, the midway concessions contract has not been let, but it is apparent that the successful bid will provide the fair at least \$100,000 more revenue than is contemplated in the 1966-67 revenue estimate. *We recommend, therefore, that the General Fund transfer for the fair's support under Item 48 be reduced by \$100,000.*

In view of the fair's high annual operating deficits, we recommended last year that the fair increase its revenues by broadening its schedule of admission charges to include a fee of \$0.50 for children between the ages of 12 and 16 and a fee of \$0.25 for children between the ages of 6 and 12. The fair management opposed this recommendation on the ground that it would reduce attendance and prevent some children from attending the fair. Thus, the traditional pattern of charging a \$1 admission only to people 16 years of age and older was continued in the current year.

We note, however, that the schedule of admission fees which has been adopted for the proposed new State Fair is considerably higher than the modifications we suggested last year in admission fees for the

**State Fair and Exposition—Continued**

present fair. The admission fees for the new fair will be \$1.50 for all people over the age of 12 and \$0.50 for children between the ages of 6 and 12. Even assuming more attractions at the new fair, it is difficult to understand the opposition of the fair management to increasing admission charges at the present fair when much higher fees will be charged at the new fair, presumably with no adverse effects on attendance; in fact, the economic feasibility of the new fair is predicated on a proposed very large increase in attendance.

*We recommend therefore that the State Fair implement the following schedule of admission charges for the 1967 Fall Fair: adults 16 years of age and older, \$1; children between the ages of 12 and 16, \$0.50; children between the ages of 6 and 12, \$0.25. Since on the basis of past attendance these additional admission charges should increase revenues by a minimum of \$150,000, we are recommending a reduction of \$150,000 in the General Fund transfer under Item 48 for the fair's support.*

**New State Fair**

The recurring deficit problems of the present State Fair may be indicative of equal or greater fiscal problems for the new State Fair which is now ready to enter its construction phase on the American River site purchased by the state 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 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.

Although the site preparation contract has been awarded and the first issue of \$6.5 million in revenue bonds to provide funds for construction of the new fair has been sold, no commitments have been made yet which firmly fix the nature and extent of the new fair facilities and operations. In January 1967, the State Public Works Board declined to approve the construction proposal for the new fair and indicated that construction activity should be deferred until the new administration reviewed the plans. This means not only that the administration will have an opportunity to review the progress to date and the future plans for the new fair, but also that a further opportunity for legislative review may be provided.

There are several considerations which appear to warrant reexamination. For example, the entertainment center is to be converted to a private operation under a concession agreement, and it is contemplated that a concession-constructed and operated youth center eventually may be added. However, if the concessionaire approach is to be emphasized, private construction and operation of the race track and grandstand features of the new fair should also be fully evaluated keeping in mind the problems of other private operations such as Del Mar. If these facilities are found to be unsuitable for concession operation because of high cost and low revenues, they should also be reevaluated to determine whether they are suitable for state financing, construction, and operation.

**State Fair and Exposition—Continued**

A second important consideration is that no effort has been made to coordinate the planning of the new fair with proposals of the City of Sacramento to develop a convention facility. The city recently has proposed two major bond issues for the construction of convention and entertainment facilities, but the voters did not approve these bond issues for various reasons of which the following are reported to be among the most significant: (1) concern over the costs of the facilities which would be added to the property taxes of the city, (2) a general feeling that the City of Sacramento would be providing, at city cost, facilities which would be used by and should be supported by the entire Sacramento urban area and, (3) a feeling that the new facilities at the State Fair would tend to duplicate the city's proposal for convention and entertainment facilities.

To date, the planning for the new State Fair has proceeded without regard to local needs and problems. Similarly, the City of Sacramento has not attempted to integrate its planning with the facilities to be provided at the new fair. In view of the high cost of the new fair, the reluctance of Sacramento's voters to approve new facilities because of the construction of the new fair, and in view of the Legislature's expressed concern that the state fair's facilities receive maximum utilization, whether local or otherwise, it is appropriate to reassess the plans for the new State Fair in terms of securing maximum local participation in the financing, construction, and operation of the fair facilities.

It is obvious that a joint undertaking with the City or County of Sacramento is not fully consonant with the concept of a state fair; however, it has long been recognized that the State Fair in Sacramento is essentially a regional fair with its major attendance coming from Sacramento, Stockton, and the San Francisco Bay area. This has been the principal planning hurdle to be overcome and is fully discussed in the original reports of Economic Research Associates on the feasibility of the new fair. Because of the regional nature of the new fair, its planners have attempted to secure greater attendance by attracting casual out-of-state attendance from tourists and visitors in the Sacramento area and by providing changing exhibits and recurring attractions such as fashion shows which would be directed largely to the local population. As a result, the new fair already is directed toward local as well as out-of-state attendance and it does not seem inappropriate to strengthen its financial support by increasing the local participation to secure additional mutual benefits.

Another factor that should be reviewed in relation to the development of the new State Fair is the future feasibility of the Sacramento County Fair. This county fair has utilized the premises of the present State Fair for a number of years for its annual fair program, but no provision has been made for accommodating the county fair at the new fair site. Thus, the Sacramento County Fair is considering returning to its former location at Galt where it owns 48 acres and several buildings, most of which would have to be replaced at an estimated cost of \$1,000,000. An alternate location being considered for the county fair

**State Fair and Exposition—Continued**

is in Folsom. We question the economic feasibility of relocating the Sacramento County Fair at a new site requiring capital investment in view of the fact that the fair would be within the major attendance area of the new State Fair with which it would have to compete.

The new State Fair is firmly committed to the principle that it will be self-supporting. However, it will not be fully self-supporting in the strict sense of the phrase because excess land belonging to the state will be leased to provide revenues for support of the fair. Moreover, the new fair will continue to receive a continuing appropriation of \$265,000 annually from the Fair and Exposition Fund pursuant to Section 19622(a) of the Business and Professions Code. This is a diversion of General Fund revenues, since moneys in the Fair and Exposition Fund which are not spent on the State Fair and the local fairs under various continuing appropriation provisions of the Business and Professions Code are transferred to the General Fund. If the new State Fair operation itself were fully self-supporting, the surplus lands at the site could be sold or leased with the rents being deposited in the state's General Fund, and the \$265,000 continuing appropriation provided by Section 19622(a), Business and Professions Code, could be eliminated instead of being used to support the fair.

There is still considerable uncertainty and confusion regarding the prospective obligation of money which would eventually be deposited in the General Fund to cover any operating costs or bond service requirements that might not be met by the fair's revenues. The official statement of the Public Works Board, under which the first issue of \$6.5 million in revenue bonds was sold, appears to be in conflict with the board's prior resolution authorizing issuance of the bonds. The official statement emphasizes that the unallocated balance of the Fairs and Exposition Fund (which normally is transferred to the General Fund) would be available to "pay the rentals of the tenant" in the event that the gross revenues of the fair are not sufficient for that purpose. The board's resolution, on the other hand, does not mention this possibility and states that the "bonds are revenue bonds payable solely from rentals under a lease from the State Public Works Board to the California State Exposition and Fair Executive Committee and the California Exposition and Fair Corporation. The bonds are not obligations of the State of California and the taxing power of the state is not pledged for their payment." Before the first bond issue was sold, the New State Fair Executive Committee was aware of the uncertain nature of the General Fund's prospective obligation to meet operating deficits of the new fair, but nothing was done to clarify this situation.

*It is recommended that the Legislature provide for a reassessment of the new State Fair to ascertain (1) the extent, if any, to which the General Fund bears ultimate responsibility for the fair's operating costs and bond service obligations, (2) the possibility of increasing the level of concession-developed and operated facilities at the fair, and (3) the feasibility of incorporating local requirements in the facilities financed by the state such as occurred in the financing and construction of Seattle World's Fair.*

## State Fair and Exposition—Continued

## Local Fairs

The Division of Fairs and Expositions in the Department of Agriculture supervises the fiscal affairs of 50 district agricultural association fairs, 24 county fairs, and 2 citrus fairs. The major function of this division is its annual allocation of \$6,930,000 in horseracing revenues which is earmarked in Sections 19627 and 19630, Business and Professions Code, for distribution to these fairs for support and capital outlay purposes. Any portion of the support money which is not allocated to the fairs, as well as the unappropriated final balance of the Fair and Exposition Fund, ultimately is transferred to the General Fund.

The present ceilings for support and capital outlay allocations to local fairs under Sections 19627 and 19630, Business and Professions Code, were established in 1959. Since that time, the Division of Fairs and Expositions has allocated more than \$37,000,000 to the fairs pursuant to these sections. The division is unable to assess the benefits that have accrued to the local fairs through these expenditures of state money, but it indicates that some of the fairs have excellent physical plants and are in good financial condition, while others occupy leased premises and have some obsolete facilities.

Last year, the Legislature appropriated \$1,649,975 (of which \$797,243 was on a loan basis) from the General Fund for modernization of the Cow Palace in San Francisco to make it more useful for local activities and to permit it to be more competitive with the new coliseum in Oakland. In addition, last session when approving a capital outlay augmentation of \$1,250,000 for allocation to the local fairs under Section 19630, Business and Professions Code, the Senate Finance Committee expressed a strong view that local fairs should be managed to secure maximum use of facilities at the local level. Although the local fairs have benefited from these support and capital outlay allocations for many years and some of them have acquired substantial capital improvements through the use of this money, we have serious reservations that the investment which many of these local fair facilities represent is economically justified when measured against the level of utilization which the facilities receive. Most of the local fairs receive optimum use only during the relatively short fair season and remain idle during the balance of the year except for occasional special events.

There are so many local fairs that some of them may not warrant continued existence. If a local fair must depend on allocations of state money in order to survive, this probably means that it does not adequately benefit or serve the needs of the local people and for this reason lacks a revenue base sufficient to meet operating costs.

We have recommended on numerous occasions that the money now going to support the fairs could be put to better use in the General Fund for support of education and other high-priority needs of the state. If some fairs could not continue to operate without state aid, their facilities could by legislative act be turned over to local government or to local schools that could utilize them more fully and effectively for educational purposes and thereby reduce local capital outlay needs.

State Fair and Exposition—Continued

We recommend that the support and capital outlay appropriations provided for the local fairs by Sections 19627 and 19630, Business and Professions Code, be eliminated to provide an additional \$6,930,000 annually for the General Fund. Elimination of these continuing appropriations to the fairs also would permit abolition of the Division of Fairs and Expositions in the Department of Agriculture for an additional General Fund saving of approximately \$207,000 annually.

Department of General Services  
STATE FAIR AND EXPOSITION

ITEM 48 of the Budget Bill

Budget page 69

FOR AUGMENTATION OF THE STATE FAIR FUND  
FROM THE GENERAL FUND

Amount requested in Budget Bill		\$285,668
Budget request before identified adjustments	\$300,183	
Increase to recognize full workload change	17,225	
	<hr/>	
Budget as adjusted for workload change	\$317,408	
Adjustment—undetailed reduction (10 percent)	31,740	

RECOMMENDED REDUCTION FROM WORKLOAD BUDGET\_\_\_ \$250,000  
(partial)

RECOMMENDED REDUCTION FROM APPROPRIATION  
REQUEST ----- Unresolved

Summary of Recommended Reductions

	Amount	Budget Page	Line
1. Reduce augmentation \$100,000 which will be offset by \$100,000 increase in concession revenues	\$100,000	69	4
2. Broaden schedule of admission fees to increase revenues by \$150,000 and reduce augmentation by \$150,000	150,000	69	4
3. Defer further analysis, until accurate cost information is available.			

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. An analysis of the State Fair's budget is presented in the preceding item. Pursuant to a recommendation made in that analysis, we recommend a reduction of \$250,000 in this item.

CAPITOL BUILDING AND PLANNING COMMISSION

ITEM 49 of the Budget Bill

Budget page 76

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

Amount requested in Budget Bill		\$2,250
Budget request before identified adjustments	\$2,500	
Increase to recognize full workload change	None	
	<hr/>	
Budget as adjusted for workload change	\$2,500	
Adjustment—undetailed reduction (10 percent)	250	

RECOMMENDED REDUCTION FROM WORKLOAD BUDGET\_\_\_ \$2,250

Capitol Building and Planning Commission—Continued

RECOMMENDED REDUCTION FROM APPROPRIATION  
REQUEST -----

\$2,000

Summary of Recommended Reductions

Reduce amount requested -----

\$2,000

**GENERAL PROGRAM STATEMENT**

The Capitol Building and Planning Commission was established by Chapter 1952 of the Statutes of 1959, for the purpose of developing a master plan covering the immediate and future development of the area surrounding the existing Capitol Park particularly on the east, west and south with L Street remaining as the north boundary of the state government oriented area. The commission was also required to keep the plan as current as possible, taking into account changing situations in the area and possible changing needs of the state and reporting such proposed revisions to the Legislature at each General Session or odd year.

The creating statute which became part of the Government Code consisted of Sections 8160 through 8171. Subsequently, there were some minor additions and amendments. Section 8162 directed a membership of 13 to be appointed by the Governor, 3 from a list of nominations by the Mayor of the City of Sacramento, 3 from a list of nominations by the Chairman of the Sacramento County Board of Supervisors and the balance at the Governor's discretion. The members serve at the Governor's pleasure. In this same section it was stipulated that the members would serve without compensation and without reimbursement for expenses. Consequently any costs incurred by the commission would be that of services rendered to it by outside organizations such as planners, architects, clerical help, etc. Since the adoption of the basic plan the activities of the commission have dropped to a relatively low level where for the past several years the total appropriation has been \$2,500 annually.

**ANALYSIS AND RECOMMENDATIONS**

The basic plan for the area surrounding the Capitol is now fairly well established and accepted. Changes to it would be relatively minor, if at all. Nevertheless we recognize that changing state needs and other circumstances in the area might at some time call for significant rearrangements of the plan, and for this reason it would appear justifiable to continue the existence of the commission. However, the plan has now reached a certain stability and financial circumstances are such that there may be no further construction on state-owned areas for several years, or until such time as the state can develop a financial plan which will permit the incremental implementation of the plan. For these reasons and because the commission is not required to make a report again to the Legislature until 1969 we find no justification for budgeting the same amount as in prior years. We suggest that only a token amount of \$250 be allowed principally as a reaffirmation that the commission should continue to express itself on questions which might require comment.



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

ITEM 50 of the Budget Bill

Budget page 76

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

Amount requested in Budget Bill -----		\$53,145
Budget request before identified adjustments -----	\$56,809	
Increase to recognize full workload change -----	2,241	
	<hr/>	
Budget as adjusted for workload change -----	\$59,050	
Adjustment—undetailed reduction (10%) -----	5,905	

**RECOMMENDED REDUCTION FROM WORKLOAD BUDGET**----- None

**BALANCE OF UNDETAILED REDUCTION—REVIEW PENDING** \$5,905

**ANALYSIS AND RECOMMENDATIONS**

The Commission on California State Government Organization and Economy was formed in 1962. It is composed of four legislative and seven citizen members. The objective of the commission is to provide the Governor and the Legislature continuing assistance in promoting efficiency and economy in state government.

This year the commission has studied and recommended changes in automobile purchasing. The commission's research resulted in an increased amount of competitive bidding for highway patrol cars. The commission has also recommended that a Department of Revenue be formed by consolidating the Franchise Tax Board, the Board of Equalization, and some portions of the Controller's office. Recommendations have also been made concerning program budgeting and the organization and procedures of the State Highway Commission.

A workload increase of \$2,241 has been added to this unit to recognize full workload change. This sum represents per diem increases and a 2.5 percent operating expense increase.

**COMMISSION ON INTERSTATE COOPERATION**

ITEM 51 of the Budget Bill

Budget page 77

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

Amount requested -----		\$74,620
Estimated to be expended in 1966-67 fiscal year -----		67,735
	<hr/>	
Increase (10.2 percent) -----		\$6,885

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

**GENERAL PROGRAM STATEMENT**

The Commission on Interstate Cooperation is composed of 19 members consisting of 7 legislators from each house of the Legislature and 5 officers of state government appointed by the Governor.

The commission's four statutory responsibilities are set forth in Sections 8003-8013 of the Government Code as follows: (1) to provide participation by the state as a member of the Council of State Governments on the regional as well as the national level, (2) to confer with officers of other states and the federal government, (3) to formulate

**Commission on Interstate Cooperation—Continued**

proposals for cooperation with other states and the federal government, and (4) to organize and maintain governmental machinery for such purposes.

The commission has exercised its permissive authority to contribute to the support of the Council of State Governments and thus participates with other states in maintaining the council's regional and central secretariats.

The council, through its central secretariat and affiliated organizations, publishes numerous reports on various aspects of state government organization operations and procedures and is a source of information which may be used by state government and its agencies in the resolution of problems which are common to state government.

**ANALYSIS AND RECOMMENDATIONS**

The program of this commission is the continuing support of the Council of State Governments and provision for funds for the attendance of at least two members at the annual meeting of the national council.

The total proposed increase of \$6,885 over the current year's estimated expenditure does not represent an increase in level of service but reflects the increased costs of accounting services (\$10) and the increase in the state's contribution for support of the Council of State Governments. This latter increase results from the adjustment made in the contribution formula applicable to all 50 states which is based upon and reflects, in this case, the population increase in the state.

*We recommend approval as budgeted.*

**STATE PERSONNEL BOARD**

ITEM 52 of the Budget Bill

Budget page 78

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

Amount requested in Budget Bill.....		\$4,580,019
Budget request before identified adjustments.....	\$4,838,734	
Increase to recognize full workload change.....	250,175	
	<hr/>	
Budget as adjusted for workload change.....	\$5,088,909	
Adjustment—undetailed reduction (10 percent).....	508,810	

**RECOMMENDED REDUCTION FROM WORKLOAD BUDGET.....** \$267,215

**BALANCE OF UNDETAILED REDUCTION—REVIEW PENDING** \$241,595

**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Budget</i>	<i>Page</i>	<i>Line</i>
<b>Board</b>				
Travel out of state, delete workload increase.....	\$60.	78	42	
<b>Personnel Services Division</b>				
Delete workload increase.....	55,547	78	42	
<b>Recruitment and Field Services Division</b>				
Delete workload increase.....	62,688	78	42	
<b>Standards and Surveys Division</b>				
Delete workload increase.....	8,719	78	42	
<b>Office Services Division</b>				
Delete workload increase.....	102,234	78	42	

## State Personnel Board—Continued

## Summary of Recommended Reductions—Continued

	Amount	Budget	
		Page	Line
Training Division			
Delete workload increase-----	11,277	78	42
Board			
Travel out of state-----	345	79	15
Administration Division			
Travel out of state-----	345	79	60
Standards and Surveys Division			
Handicapped worker placement function-----	22,000	82	47
Nonmetropolitan wage survey-----	4,000	82	47

## GENERAL PROGRAM STATEMENT

The State Personnel Board derives its authority from Article XXIV, Section 3a, of the Constitution and is responsible for administration and enforcement of all laws relating to the state civil service, most of which appear in Sections 18000-19768 of the Government Code. The board consists of five members who are appointed by the Governor for terms of 10 years. It establishes rules and regulations pertaining to the civil service system under the authority of the Administrative Procedures Act which are set forth in Title II of the California Administrative Code. The board meets at two-week intervals throughout the year for two-day periods to deliberate on such matters as may properly be brought before it and performs those functions which, under the Constitution, cannot be delegated.

To assist the board in carrying out its programs and fulfilling its responsibilities it is supported by a staff of 535.4 authorized positions who operate under the direction of the board's appointive civil service Executive Officer.

The mission and objectives of the board's program are to promote and increase efficiency and economy in the state service and to provide a comprehensive personnel system for the state civil service through competitive examinations.

To achieve these objectives and accomplish its mission, the board implements five broad programs: recruitment, selection and placement, classification and salary administration, hearing and review of employee appeals, and training.

To implement these programs, the staff is organized into seven divisions. Five divisions are assigned tasks directly related to the accomplishment of the board's mission; one other division provides staff type services to the five operating divisions. The seventh division provides technical services of a personnel nature to public employers on a fully reimbursed basis.

The growth of this agency since fiscal year 1963-64 in staff and total expenditures in relationship to the actual man-year of civil service employment in state government is as follows:

	Actual 1963-64	Actual 1964-65	Percent increase	Actual 1965-66	Percent increase	Estimated 1966-67	Percent increase	Four-year increase
Personnel Board Staff -----	466.7	481.8	3.2	503.1	4.4	543.3	8.0	16.4%
Personnel Board Budget -----	\$3,537,615	\$3,773,718	6.7	\$4,070,847	7.9	\$4,612,895	13.3	30.4%
Man-years Civil Service Employment ---	95,807.9	101,387.2	5.8	109,446.8	7.9	115,274.4	5.3	20.3%

## State Personnel Board—Continued

## ANALYSIS AND RECOMMENDATIONS

For the 1967-68 fiscal year the State Personnel Board proposes a workload budget of \$5,088,909, which includes \$250,175 for full 1967-68 workload change. The proposed budget is \$476,014, or 10.3 percent, more than is estimated to be expended during the current year. Upon application of a 10 percent reduction, the Budget Bill proposes an appropriation of \$4,580,019. The budget includes a rent increase of \$181,467 for space occupied by the agency in General Fund supported buildings and other increases, primarily those related to personal services, totaling \$44,372. The proposed adjustment for workload increases of \$250,175 includes 29.6 new positions for a personal services cost of \$179,404, operating expenses of \$57,971 and equipment costs of \$12,800.

## Board

The board, in carrying out its policy, rule making and appellate functions, proposes an adjusted expenditure program totaling \$151,977. The increases for workload amount to \$2,995 and are attributed to increased hearing services (\$2,000) and increased travel costs (\$995).

The schedule for out-of-state travel indicates that two board members and the executive secretary are to attend the Conference of the Public Personnel Association. *We recommend that the schedule reflect the attendance of one board member and the out-of-state travel as augmented for workload be reduced by \$405, thus denying the total workload augmentation for this purpose and reducing the out-of-state travel (budget page 79, line 15) to \$345.*

## Administration

This organizational division coordinates and administers the execution of the board's plans and policies by providing executive direction and control to the remainder of the organization.

Prior to adjustment for workload increases the proposed support expenditure of \$163,129 for this unit reflects the termination of the division's participation in the fully reimbursed federally funded program under the Agency for International Development to the government of Thailand. Ongoing support costs are presented at the current year level except for merit salary and associated staff benefit increases.

The budget adjusted for workload is \$169,304 and includes one new position, an intermediate typist-clerk, and related expenses totaling \$6,715. Justification offered by the agency is based upon the general workload increases attendant upon the growth of the agency in the personnel and accounting units.

*We recommend approval of this workload position.*

The out-of-state travel budgeted at \$690 (budget page 79, line 60) and the schedule behind it indicate this amount is requested for the executive secretary's proposed attendance at the Conference of the Public Personnel Association. This amount is the same as that requested for two board members to attend this conference. In both instances, the travel days and increments of cost are exactly the same.

*Inasmuch as the travel costs for one person are shown as the travel costs for two persons, we recommend that the out-of-state travel (budget*

## State Personnel Board—Continued

page 79, line 60) be reduced to \$345 to conform with the fact that only one board staff person will be traveling out-of-state.

## Personnel Services Division

This division is responsible for the performance of three major tasks: classification, examining and pay scale analysis within state service; centralized administrative services for the examination program; and evaluation of the adequacy of the state selection program. In addition there are two related functions which are accomplished in conjunction with each of the primary tasks.

To accomplish these tasks and perform these functions, the division is organized into three sections: Operations, Examining Services and Examining Standards.

The proposed adjusted expenditure supporting the activities of the division amount to \$1,202,550 and includes workload increases of 6.7 new positions with salary wage and related costs of \$55,547.

The 0.7 position is requested to provide pay for the public members of the qualification appraisal panels. The agency justification for the funds is a formula of 430 examinations interviewed per man-year and the estimated total number of examinations for fiscal year 1967-68 of 1,728. As the current year is budgeted at 3.31 man-years, the difference amounts to 0.7 of a position bringing the total man-years for this function to 4.0.

*We recommend deletion of this position resulting in a savings of \$6,857.*

The agency states that in fiscal year 1965-66 the formula resulted in a man-year requirement of 3.45 positions for the 1,482 examinations interviewed. The estimate for the current year is 3.31 positions and by the formula indicates a total of 1,423.3 examinations interviewed. The budget year estimate for the total examinations interviewed is 1,728, an increase of 305 or 21.4 percent in total examinations interviewed. We cannot reconcile this projected increase to the actual and current year experience.

The division has also requested three analysts and three clerical positions to accommodate workload increases based upon the last three years' actual experience in qualification appraisal panel interviews, written test construction and clerical support for the examining services unit related to examinations scheduled, panel arranged, appeals calendared and investigations performed.

*We recommend deletion of all of these new requested workload positions resulting in a savings of \$42,755.*

While it is true that the last three years' actual experience would indicate a continuing increase in workload if the budget year increases in state employment were to approximate the increases in those base years; however, these criteria are not present in the budget presented to the Legislature. In fact, just the opposite is true. With the level of expenditure proposed in the budget, there will most likely be a considerable reduction in the number of new employees hired by the state.

Associated with the 6.7 workload positions is an increase in operating expenses of \$5,935.

## State Personnel Board—Continued

*Consistent with our recommendations in respect to those positions, we recommend the deletion of \$5,935 in workload operating expenses.*

The total recommended workload reduction amounts to \$55,547.

## Recruitment and Field Services Division

This division is responsible for the total recruitment program for the state civil service. Its ultimate objective is to provide sufficient qualified personnel to meet all the requirements of state service.

It endeavors to achieve this objective by:

1. Advertising in various news media and technical journals and responding to inquiries generated thereby.
2. Direct contact through recruiting team efforts at technical institutions, colleges and universities, both in state and out of state.
3. Liaison, mail and contact with placement offices in all types of schools above the secondary level.
4. Operation of information counters at headquarters in Sacramento and field offices in San Francisco and Los Angeles.
5. Operating the continuous testing programs for job classifications in which there are critical shortages or constant demand at headquarters and in the field offices.

The workload budget for the division totals \$973,823 and the workload increment is \$62,688 which we are advised represents 7.5 new positions and their related costs in equipment and operating expenses.

The division has requested 0.5 position of assistant information officer on the basis of the estimated need for developing 63 new recruitment documents, the revision of 76 existing recruitment documents and the estimated increase of 197 column inches of new advertising to be written.

*We recommend deletion of this position resulting in personal services savings of \$4,468.*

We point out that the operating expenses allocated to advertising in the budget year are less than those allocated to this function in the current year; thus, an increase in the column inches of new advertising copy would be difficult if not impossible to achieve with reduced funds. In case of the revision of recruiting material, the staffing allocation for the current year by the workload formula used could handle 55 of the 76 proposed revisions and it is suggested that the difference (21 of the proposed revisions) be carried over to the following year. Similarly, the current staff can handle the drafting of 50 new pieces of recruiting material leaving a balance of 13 for accomplishment in the following year.

Within the workload adjustment is one position of recruitment representative justified on the basis of the estimated new appointments to technical (4,746) and other classifications (11,625). The justification uses the recruiting problems in the social work and rehabilitation fields to demonstrate a dramatic increase in state requirements in the past five years.

*We recommend deletion of this position resulting in a personal services saving of \$11,393.* Although this increase has taken place, it does

## State Personnel Board—Continued

appear that the growth has reached a plateau, at least for the 1967-68 fiscal year, and that an increase in the current staff of 17.5 positions is not warranted at this time. The board's justification states that 4,746 positions in "critical recruiting classifications" must be recruited in 1967-68 based on stated agency needs. At this time the recruitment needs of state service for the coming fiscal year are totally unknown.

The last 6 of the 7.5 positions included in the workload increase are in the clerical classification. One full position (at 0.5 each) is the staff support requested for the two technical positions previously discussed.

*We recommend this clerical position be deleted if the recommendations relative to the two technical positions are accepted, achieving a personal services saving of \$5,226.*

The five remaining clerical positions have been requested to provide additional workload staff to serve the functions of the information counters and continuous testing and placement services at the headquarters and field offices, the support of a technical position authorized in 1966-67 without such support and to perform the increased workload occasioned by the proposed four additional out-of-state recruiting team tours.

*We recommend deletion of these five clerical positions resulting in a saving of \$26,136 in personal services.*

We have reviewed the statistical reports of the board relative to the personal contact workload at the information counters and conclude there is no increase over the current year and therefore an increase in staff for this function is not warranted.

As there are no technical positions in the workload budget other than the two discussed above, there is no justification for additional clerical support for nonexistent positions. The technical position approved in the current year's budget was not identified and as the agency has been able to absorb the supporting workload without additional staff during the current year, no added increment is required.

The above discussed 7.5 positions, all of which are recommended for deletion, have \$11,152 of operating expense and \$4,313 equipment costs related to their establishment.

*We recommend that these related expenses totaling \$15,465 be deleted as they are direct costs of the positions in question.*

## Standards and Surveys Division

This division is responsible for the development of the annual wage and employee benefits surveys upon which the board bases its recommendations to the Governor and Legislature, the personnel management surveys of departments of state government, the development of physical standards for employment in various positions of state service and the encouragement of employment of the handicapped in state service, and the development of automated data processes for maintenance of personnel records.

The total workload budget for this division is \$379,816 and we are advised that it includes one additional analyst position and related costs totaling \$8,719.

## State Personnel Board—Continued

The justification offered for the position is related to the problem of completing compensation evaluation studies also referred to as special projects in a timely manner in accordance with divisional planning. Special projects are being accomplished but there is a continuing backlog representing 0.7 of a man-year that has existed for the past three years.

Further it is indicated that the Personnel Management Survey Section is picking up an additional 0.8 of a man-year over the planned 0.7 employed in this function, thus delaying the management survey cycle beyond the period recommended by the Department of Finance. The agency indicates that part of the problem is due to high priority special projects requested by the Governor, the Legislature and the board.

*We recommend deletion of this position resulting in a personal services and related costs savings of \$8,719.*

In this instance we believe a backlog of pending or uncompleted special projects amounting to 1.5 man-years workload is acceptable under the circumstances described in the justification. In truth, this backlog to date has amounted to 0.7 man-years workload as 0.8 has been accomplished at the expense of a delay of the personnel management studies which has resulted in lengthening of the cycle.

The function the division performs in regard to encouraging the employment of handicapped persons in state service is performed by a handicapped worker placement specialist supported by a single clerical position.

*We recommend that these positions be abolished and the function be performed by the Department of Rehabilitation resulting in an estimated annual General Fund savings of approximately \$16,500. Savings in this budget will amount to approximately \$22,000.*

These two positions are now budgeted at an estimated total cost of \$22,000 which includes \$19,522 in personal services and an estimated \$2,478 in related expenses.

The Department of Rehabilitation advises that this function and these positions would qualify for federal support on the basis of the three to one matching formula under which a number of programs operate.

Under this manner of funding, the General Fund share of the matching funds would be an estimated \$5,500 resulting in a reduction of expenditures from that fund of an estimated \$16,500.

The Department of Rehabilitation also advises, if assigned the function, and should the Personnel Board desire it, on the basis of an interagency agreement it would provide the same staff and services at the location within the Personnel Board building presently used for this function.

Historically the division has made an annual wage survey of non-metropolitan areas. *We recommend this survey be discontinued and the funds required for its support be deleted from the agency's budget. It is estimated these funds will amount to approximately \$4,000.*



**State Personnel Board—Continued**

This survey is not used in determining the staff recommendations to the board on state employee compensation and benefits but rather is referred to with respect to determining whether the trends of salaries in the nonmetropolitan areas are maintaining the same relationship to those in the metropolitan areas; it is also used as a training program for analysts prior to assignment to the metropolitan survey.

**Office Services Division**

This division is responsible for providing central office services for all operating divisions of the board. These activities include processing job applications, the examination function, statistics, state employee roster and other activities of a housekeeping nature.

The budget request for the division prior to workload adjustment is \$1,898,856 and the workload adjustment amounts to \$102,234, which we are advised includes 12.4 new clerical positions with personal service costs of \$64,895, operating expenses of \$29,652 and equipment costs of \$7,687.

*We recommend that the entire workload adjustment be deleted resulting in a savings of \$102,234.*

We have reviewed the documents prepared by the division in support of the workload increases upon which the justification of these new positions are based. After such a review, we conclude that either the workload factors used or the estimated workload or both are in doubt as we cannot reconcile the last actual year and the current year to the requested increase.

Based on the total state workload positions projected for state agencies in the 1967-68 Budget Bill, the workload in this division should diminish if anything. In any event, we cannot recommend an increase in funds for a program where the workload is so directly related to anticipated increases in total state manpower when the Governor's Budget projects an increase of only 28.9 positions out of 115,628.7, an increase of 0.025 percent, even prior to the application of a 10 percent reduction in General Fund expenditures.

**Training Division**

The responsibilities of this division include providing assistance to departments of state government in developing and executing departmental training programs, administering interagency training in fields of management, supervision, data processing, and safety.

In connection with the latter responsibility, the state safety coordinator is the single focal point over all state safety matters. Workmen's compensation costs are now diffused through all agencies' budgets for proper management control and the one centralized state control remaining is in the office of the coordinator. Due to this change in budgeting the costs of workmen's compensation within the departmental budgets, we believe it becomes increasingly important that state leadership and guidance in safety matters stem from this office. We believe that a change of emphasis within the division to safety matters in

**State Personnel Board—Continued**

general and workmen's compensation costs within the various departments in particular can achieve meaningful savings in manpower and funds, giving this program the weight and purpose it warrants so line management will act upon its recommendations.

*We recommend that the Personnel Board issue an annual report to the Governor and the Legislature, or include as a section of its regular annual report, detailing (1) the total aspects of state costs for workmen's compensation of state employees by department and rating them by experience, (2) sick leave use and experience for the state service, and (3) such recommendations as it deems necessary to achieve greater efficiencies and economies in state service through use of safer practices and procedure by the line management.*

The division's budget for 1967-68 before adjustment for workload is \$198,532 and after adjustment \$209,809. We are advised the workload adjustment of \$11,277 includes one clerical position with \$4,976 in personal services costs, \$5,801 in operating expenses and \$500 in new equipment.

The clerical position is justified on the basis that the current staffing level of clerical positions to technical positions existing within the division is now at the normal ratio of 1 to 2.

*We recommend deletion of the full amount for workload adjustment resulting in a savings of \$11,277.*

A review of the salaries and wages supplement will reveal that this division has an authorized strength of 10 professional personnel and 5 clerical personnel for the current year and as no new professional positions have been requested, the staffing ratio of clerical to professional is at the 1 to 2 level.

While the total increase of \$5,801 in operating expense in the workload adjustment cannot be entirely associated with the clerical position requested, no other detail is available and we cannot properly evaluate its needs and recommend it be deleted.

The increase in equipment expenditures is directly associated with the requested position and should be deleted if the position is denied.

**Cooperative Personnel Services Division**

This division is responsible for providing personnel services associated with the merit system of public employment, such as the conduct of examinations, testing applicants, installation of job classification and salary plans to city, county and other public employers, including some state agencies, on a contractual full reimbursement basis.

We are advised that the workload adjustment for this division is \$41,023 and includes 2 analyst and 2.6 clerical positions with personal services costs of \$28,299 and related expenses in operating expenses and equipment of \$3,860 and \$8,964 respectively.

As this division's entire support costs are fully reimbursed and the increased workload and levels of service are dependent upon the request for this service by public employers, no recommendation is required or necessary in this instance.

SECRETARY OF STATE

Item 53 of the Budget Bill

Budget page 85

FOR SUPPORT OF THE SECRETARY OF STATE FROM THE GENERAL FUND

Amount requested in Budget Bill		\$1,010,327
Budget request before identified adjustments	\$1,119,924	
Increase to recognize full workload change	2,661	
Budget as adjusted for workload change	\$1,122,585	
Adjustment—undetailed reduction (10 percent)	112,258	

RECOMMENDED REDUCTION FROM WORKLOAD BUDGET— None

BALANCE OF UNDETAILED REDUCTION—REVIEW PENDING \$112,258

GENERAL PROGRAM STATEMENT

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

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

As chief elections officer he compiles and authenticates the results of elections, compiles and distributes voters pamphlets dealing with state offices and measures; compiles a statewide list showing the number of registered voters in each city, assembly district, senatorial district, supervisorial district, and congressional district located in whole or in part within the county, by party affiliation and the number who declined to state party affiliation.

He maintains the archives of the State of California.

Another function was added to the office of the Secretary of State when the Legislature adopted the Uniform Commercial Code which became effective January 1, 1965. The duties and responsibilities of the Secretary of State are contained in Chapter 4, Division 9 of the Uniform Commercial Code. The principal duties are filing financial statements and furnishing information regarding these statements to interested parties. These statements are filed for the purpose of perfecting a security interest in a secured transaction.

The organizational structure to provide these services consists of a Division of Administration with 53 authorized positions, a Uniform Commercial Code Division with 30 positions and the State Archives with 7 positions.

The following table shows total expenditures and revenues for fiscal years 1965-66 through 1967-68.

Actual 1965-66	Expenditures			Change from 1966-67
	Estimated 1966-67	Proposed 1967-68		
\$1,018,216	\$1,150,202	\$1,010,327		\$-139,875

**Secretary of State—Continued**

	Revenues			Change from 1966-67
	Actual 1965-66	Estimated 1966-67	Proposed 1967-68	
Domestic corporation fees	\$814,331	\$822,760	\$822,760	--
Foreign corporation fees	521,816	489,846	489,846	--
Notary public fees	124,430	120,865	120,665	\$-200
General fees	132,844	138,000	138,000	--
Certificates and copies	90,445	120,018	130,056	10,038
Financing statements	330,767	289,554	304,277	14,723
Miscellaneous income	4,701	4,700	4,700	--
<b>Total Revenues</b>	<b>\$2,019,334</b>	<b>\$1,985,743</b>	<b>\$2,010,304</b>	<b>\$24,561</b>

**ANALYSIS AND RECOMMENDATIONS**

The amount requested for fiscal year 1967-68 is \$1,010,327 which is a decrease of \$139,875 over the estimated expenditures for the current year. This decrease is due in part to expenditures occurring in the current year and not recurring in the coming fiscal year. The amount of \$25,744, available from prior year balance in accordance with Chapter 1632, Statutes of 1965, is estimated to be expended in fiscal year 1966-67 for a records preservation program which is expected to be completed in the current year and is not included as an expenditure in the proposed budget for 1967-68. The functions of the Central Records Depository have been transferred as of January 1967 to the Department of General Services, and staff and operating expenses in the amount of \$46,964 estimated to be expended by the Secretary of State for fiscal year 1966-67 will be reflected in the budget of the Department of General Services.

There are no proposed new positions in the budget request for 1967-68. The amount of \$16,064 is being charged to the Secretary of State for rental of space occupied by Administration and Archives. This amount was formerly in the budget of the Department of General Services.

The amount of \$2,661, increase to recognize full workload change, is in operating expenses and consists of minor amounts needed for workload and price increases.

**DEPARTMENT OF AGRICULTURE**

**ITEM 54 of the Budget Bill**

**Budget page 90**

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

Amount requested in Budget Bill	\$11,863,125
Budget request before identified adjustments	\$13,056,258
Increase to recognize full workload change	124,991
<b>Budget as adjusted for workload change</b>	<b>\$13,181,249</b>
Adjustment—undetailed reduction (10 percent)	1,318,124

**RECOMMENDED REDUCTION FROM WORKLOAD BUDGET** --- \$2,072,862

**RECOMMENDED REDUCTION FROM APPROPRIATION REQUEST** ----- \$754,738