

Office of the Lieutenant Governor—Continued

State Disaster Council, executive committee of the Intergovernmental Council on Urban Growth, and the Advisory Commission to the State Board of Education for the Teaching of the Bill of Rights.

ANALYSIS AND RECOMMENDATIONS

The proposed budget requests an appropriation of \$186,411 which is an increase of \$15,284 or 8.9 percent over the estimated expenditure of \$171,127 for the current year. This proposal would continue the present level of staffing of 11 positions in addition to the Lieutenant Governor. The total of \$8,781 of the increase is in the operating expense category. The largest portion of this increase results from Chapter 1533, Statutes of 1967, which provides constitutional officers with an expense account of \$5,000 above their compensation.

The request for equipment will not be a recurring item. The \$3,500 requested, a \$2,800 increase over last year, will be used to recarpet the Los Angeles office and standardize the typewriters in the Sacramento office.

We recommend approval of the budget as submitted.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

ITEMS 39, 40, and 41 of the Budget Bill

Budget page 36

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

Amount requested from the General Fund (Item 39) -----	\$22,500
Amount requested from the Public Employees' Retirement Fund (Item 40) -----	2,769,489
Amount requested from the State Employees Contingency Reserve Fund (Item 41) -----	400,832
Total requested -----	\$3,192,821
Estimated to be expended in 1967-68 fiscal year -----	2,982,058
Increase (7.1 percent) -----	\$210,763

GENERAL PROGRAM STATEMENT

Chapter 84 of the Statutes of 1967 changed the name of the State Employees' Retirement System to the Public Employees' Retirement System. This change in name only better reflects the composition of the membership of the system at the present time, with 157,608 state members and 208,952 members of contracting agencies as of June 30, 1967.

The mission of the system under the policy direction of its eight-member board of administration is to effect economy and efficiency in government by providing a means for the retirement of public employees without hardship or prejudice and to provide retirees with retirement pay and their survivors with death benefits.

The system's staff of 289.1 authorized positions under the direction of the executive officer is organized into three units: Administration, which has the responsibility for the basic retirement program including

Public Employees' Retirement System—Continued

the investment of contributions and is supported from the Public Employees' Retirement Fund and the State Employees Contingency Reserve Fund; Health Benefits, with responsibilities for the basic health benefits plan for state employees, supported from the State Employees Contingency Reserve Fund; and Social Security, with responsibilities for the federal social security program, supported from the General Fund (for state participation) and local governmental jurisdictions that have employees covered under the federal social security program.

The system's budget increases are due in part to legislation enacted at the 1967 session of the Legislature. The most important of these from a cost aspect was Chapter 1510 which authorized the system to invest in common stocks subject to certain limitations and conditions, and Chapter 1455 which has made available the health benefits plans program to contracting agencies' employees. The administrative costs of this latter program will be fully reimbursed by the contracting agencies.

The system is requesting a total of 20 new positions, 14 in administration and 6 in health benefits.

ANALYSIS AND RECOMMENDATIONS

The system has proposed a total expenditure program of \$3,624,469 which includes three support appropriations totaling \$3,192,821 and reimbursements in the amount of \$431,648. Including reimbursements for services rendered to local agencies the total expenditure program is \$219,569, or 6.4 percent above that estimated to be expended during the current year.

During both the last actual year and the current year emergency authorizations for additional amounts above the appropriations have been required to meet unforeseen costs. The \$91,627 authorization in the fiscal year 1966-67 was necessary to meet an unanticipated increase in the pro rata charges. A similar situation has developed in the current year relative to those same charges as a result of underbudgeting for that line item. In addition, provision is made for the costs of the staff and contractual services resulting from the passage of Chapter 1510 authorizing the common stock investment program. Thus, an emergency authorization of \$262,682 from the Public Employees' Retirement Fund for the 1967-68 fiscal year is necessary to provide sufficient funds to support these expenditures.

Retirement Program

The Division of Administration is responsible for the administration and operations of the system under the policy guidance of the Board of Administration of the Public Employees' Retirement System. The division staff of 259 authorized positions under the direction of the executive officer is organized into 10 sections assigned tasks of a functional nature related to the system's operations such as actuarial, investments, membership, accounting and benefits.

The system has requested a total of \$2,893,324 for the support of this division in the budget year which is \$156,017 above that estimated for expenditure in the current year.

Public Employees' Retirement System—Continued

The division has requested 14 new positions, 7 of which were established administratively during the current year at an estimated salary and wage cost of \$45,359 (eight months) for the purpose of implementing the provisions of Chapter 1510 of the Statutes of 1967 which authorized the system to invest in common stock. These positions are continued into the budget year at full-year salary cost of \$78,839. The seven proposed new positions associated with this activity are shown below.

2 Investment officers (budget page 37, line 24) -----	\$31,576
1 Special consultant (budget page 37, line 25)-----	15,036
1 Assistant investment officer (budget page 37, line 26)-----	11,688
1 General accountant II (budget page 37, line 27)-----	9,174
1 Accounting technician (budget page 37, line 28)-----	5,576
1 Senior stenographer (budget page 37, line 29)-----	5,789

In addition to this staffing required, a contractual cost due to this law for an investment consultant is shown in the current year at \$40,000 and in the budget year at \$70,000. These costs and staffing are within the annual costs projected by the system at the time the legislation was being considered by the legislative committees.

The proposed staffing is based upon recommendations made by a consulting investment firm and is similar to the staffs of major institutional investors which invest in common stocks in the magnitude anticipated by the system.

We recommend approval of the positions and additional costs as proposed.

1 Actuarial assistant (budget page 37, line 22)-----	\$9,852
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An actuarial assistant position is proposed to handle the increased workload generated by contracting agencies. The Public Employees' Retirement Law provides for various retirement formulas for which local agencies may provide their employees through contracts with the system. The proposed position will perform the valuations necessary when contract amendments are proposed which increase or change benefits. The cost for the position will be fully reimbursed by those agencies involved.

We recommend approval of the proposed actuarial assistant.

1 General accountant II (budget page 37, line 31)-----	\$5,222
1 Senior account clerk (budget page 37, line 33)-----	4,570
1 Intermediate typist-clerk (budget page 37, line 34)-----	2,785

Three new reimbursed positions (one professional and two clerical) are requested for establishment on December 1, 1968 in connection with the accounting functions associated with the implementation of Chapter 1455 of the Statutes of 1967 which extended the State Employees Medical and Hospital Care Act to employees of contracting agencies. The extension of this service to eligible public employees will be effective January 1, 1969. The costs of these positions will be borne by those agencies which have employees participating in the program.

Public Employees' Retirement System—Continued

We recommend approval of these proposed new positions.

1 Accountant trainee (budget page 37, line 32)-----	\$7,188
1 Intermediate account clerk (budget page 37, line 35)-----	4,860

Two positions are proposed for the accounting section to handle the increased workload resulting from the system's mortgage investment program and to process the increased refund workload. On June 30, 1967, \$414 million or 15 percent of the system's investment portfolio was in real estate mortgages as compared to 11 percent in the prior year. Also, the number of refunds to be processed during the 1968-69 fiscal year is estimated at 65,000 compared to 53,787 during the 1966-67 fiscal year.

We recommend approval of these proposed positions.

Temporary help (budget page 37, line 36)-----	\$5,000
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One man-year of temporary help with a salary cost of \$5,000 is requested to verify the reliability of the information on active and retired members contained in the files by sampling technique in order to prepare for the next quadrennial actuarial valuation. Experience with previous valuations has shown that time and funds can be saved by having an indication of the accuracy of the data contained in the files and in the data processing magnetic tape files.

We recommend approval of this one man-year of temporary help.

Health Benefits Program

The objective of this program is to make available basic health benefits plans to public employees on the same basis as provided in the private sector of employment. The program also recognizes the investment a public employer has in each employee and provides this means of promoting his good health.

The Division of Health Benefits with an authorized staff of 12.3 positions, has the responsibility of implementing the program within the scope and guidelines established by the system's Board of Administration. When acting on matters pertaining to the health benefits program the board is augmented by an additional three members.

The administrative costs of the program are funded from the State Employees Contingency Reserve Fund. The division has requested \$276,997 (Item 41) for the budget year, which is \$54,746 above the estimated current year expenditure.

The division has established two positions by administrative adjustment in the current year and is proposing their continuance through the budget year together with a request for four additional new positions as shown below:

2 Retirement officer III (budget page 38, line 55)-----	\$19,056
1 Retirement officer II (budget page 38, line 56)-----	8,952
1 Senior account clerk (budget page 38, line 57)-----	3,199
1 Intermediate clerk (budget page 38, line 58)-----	4,980
1 Intermediate stenographer (budget page 38, line 59)-----	5,226

Three of the above positions are requested to implement the legislation enacted at the last legislative session (Chapter 1455 of the Statutes of 1967) which authorizes participation of covered employees of public

Public Employees' Retirement System—Continued

agencies in the basic health benefits plans now available only to state employees. This expansion of the health plans will become effective on January 1, 1969.

The remaining three positions are requested on the basis of workload increases in the administration of the 11 basic and six supplemental plans now available to members and annuitants of the system and to obtain better control and knowledge of enrollments.

At the time the Meyers-Geddes program was established in 1962 a staff of three technical positions in addition to the division chief was provided. Since that time one additional technical position has been added. Within the past two years the initiation of the federal Medicare program with subsequent supplemental health plans available for retired state employees and the negotiation of major medical plans have added a responsibility and workload that cannot be met by the existing four positions. Since January 1, 1962, when the plans were first initiated with approximately 72,000 enrollees and a staff of 10, the enrollment has grown to 108,000 with a staff of 12.3 including clerical.

We recommend approval of these proposed six positions.

Social Security Program

The objective of this program is to provide the public employers (the state and its political subdivisions) with services, through a master agreement with the federal government, to permit their public employees to participate in the federal social security program (OASDI).

The program is administered by the Social Security Division with a staff of 17.8 positions. No new positions are requested.

The total expenditure program proposed is \$179,148 of which \$156,648 is reimbursed for services provided public employers other than the state. The cost of the service to the state is funded from the General Fund as Item 39 in the amount of \$22,500. This proposed appropriation is exactly the same as for the current year.

We recommend approval of Items 39, 40 and 41 as budgeted.

DEPARTMENT OF GENERAL SERVICES

ITEM 42 of the Budget Bill

Budget page 42

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

Amount requested	\$5,522,112
Estimated to be expended in 1967-68 fiscal year	5,512,944
Increase (0.2 percent)	\$9,168

TOTAL RECOMMENDED REDUCTION	\$254,230
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Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
1. Delete 19 janitorial supervisors	\$132,924	40	25
2. Reduce reimbursements for janitorial services	122,290	44	46

General Services

Item 42

Department of General Services—Continued

	Amount	Budget Page Line	
3. Building Standards Commission -----	\$51,836	63	67
1 Building code analyst -----	\$15,246		
1 Associate electrical engineer -----	15,246		
1 Construction office manager -----	14,520		
1 Intermediate stenographer -----	6,824		
	<u>\$51,836</u>		
4. Management Planning Office -----	69,470	66	21
1 Supervising management analyst -----	\$19,470		
Contract services -----	50,000		
	<u>\$69,470</u>		
5. Property Acquisition Division			
Hold for further review.			

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 latter is now called the State Records Service.

Table 1 is a summary of the total support expenditure program of the Department of General Services for the four-year period ending with 1968-69. This table shows that the majority of the funding for the Department of General Services comes from reimbursements and revolving funds. Service Revolving Fund appropriations include, for example, printing and the use of the state automotive pool. Architecture Revolving Fund appropriations include the preparation of plans and supervision of construction of state office buildings included in Capital Outlay appropriations. Reimbursements include services performed for other state agencies on a reimbursable basis, such as janitorial services and systems analysis consulting services.

Table 1

Department of General Services

Total Expenditures, by Source of Funds, 1965-66 to 1968-69				
Source of funds	1965-66	1966-67	1967-68	1968-69
Direct Support Appropriations:				
General Fund -----	\$5,971,468	\$7,193,097	\$5,512,944	\$5,522,112
State School Building Aid Fund -----	951,398	948,307	1,007,584	1,030,696
Architecture Public Building Fund -----	1,488,865	1,508,487	1,536,305	1,544,890
Street and Highway Disaster Fund -----	17,881	17,119	13,437	13,702
Total -----	<u>\$8,429,612</u>	<u>\$9,667,010</u>	<u>\$8,070,270</u>	<u>\$8,111,400</u>
Appropriations from Revolving Funds:				
Service Revolving Fund, Printing -----	\$10,817,439	\$17,160,140	\$19,175,104	\$19,807,622
Service Revolving Fund, other activities -----	16,919,732	18,806,330	17,749,542	20,866,965

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General Services

Department of General Services—Continued

Table 1—Continued
Department of General Services

Total Expenditures, by Source of Funds, 1965-66 to 1968-69				
Source of funds	1965-66	1966-67	1967-68	1968-69
Architecture Revolving Fund	8,806,381	8,725,334	8,073,221	8,669,595
Total	\$36,543,552	\$44,191,804	\$44,997,867	\$49,344,182
Total Appropriations	\$44,973,164	\$53,858,814	\$53,068,137	\$57,455,582
Reimbursements:				
General Fund activities	\$10,581,067	\$12,124,140	\$13,705,820	\$14,324,609
Architecture Revolving Fund activities	527,528	541,690	669,335	63,517
Total	\$11,108,595	\$12,665,830	\$14,375,155	\$14,388,126
Total Expenditures	\$56,081,759	\$66,524,644	\$67,443,292	\$71,843,708

Table 2 is a summary of the total program expenditures for the Department of General Services for fiscal year 1968-69. The Department of General Services is primarily engaged in activities which constitute elements of other departmental programs. However, from the standpoint of the Department of General Services these activities constitute their own separately identifiable programs and are discussed in detail in succeeding sections of our analysis in the order indicated in Table 2.

Table 2
Department of General Services
Total Expenditures by Source of Funds and Program, 1968-69

Operating Unit	(1) Direct support appropriations	(2) Revolving fund appropriations	(3) Reimbursements	(4) Total expenditures
1. Buildings and Grounds	\$795,000		\$9,239,807	\$10,034,807
2. Telephone Services		\$6,423,093		6,423,093
3. Transportation Services	100,505		22,700	123,205
Transport. Serv. (Garage)		4,789,750		4,789,750
4. Communications Maintenance and Services	133,277			133,277
Radio Maintenance		2,159,178		2,159,178
5. Central Office Services	85,623		16,000	101,623
Office Machine Repair		443,700		443,700
Reproduction Services		407,383		407,383
6. State Police Division	298,000		1,045,473	1,343,473
7. State Records Office	280,695			280,695
8. Property Acquisition Service	10,000		1,278,216	1,288,216
9. Office of Architecture and Construction:				
State building program		8,669,595	63,517	8,733,112
Super. pub. bldg. const.	1,544,890			1,544,890
10. Facilities Planning Division	315,717		59,000	374,717
11. Office of Procurement	1,117,688		21,000	1,138,688
Central Stores		5,234,007		5,234,007
Documents		701,335		701,335
12. Office of State Printing		19,807,622		19,807,622

General Services

Item 42

Department of General Services—Continued

Table 2—Continued
Department of General Services
Total Expenditures by Source of Funds and Program, 1968–69

<i>Operating Unit</i>	(1) <i>Direct support appropriations</i>	(2) <i>Revolving fund appropriations</i>	(3) <i>Reim- bursements</i>	(4) <i>Total expenditures</i>
13. Office of Administrative Procedure -----			\$977,516	\$977,516
Codification -----			30,504	30,504
14. Office of Local Assistance -----	\$64,688			
	1,044,398			1,109,086
15. Systems Analysis -----	653,491		219,000	872,491
16. Building Standards Commission -----	108,030			108,030
17. Insurance Office -----	403,630		791,151	1,194,781
18. Executive Office -----	191,005			191,005
19. Management Planning -----	220,134		60,000	280,134
Data processing -----		\$489,425		489,425
20. Legal Office -----	237,431		122,691	360,122
21. Administrative Services -----	507,198		441,551	948,749
22. Rented Buildings -----		219,094		219,094
Total -----	\$8,111,400	\$49,344,182	\$14,388,126	\$71,843,708

Table 3 is a summary of staff, by programs, for the four-year period ending with 1968–69. This table shows that between fiscal year 1967–68 and fiscal 1968–69 the Department of General Services is asking for 68.3 additional positions in the budget year. Sixty-three of these positions are being requested by Buildings and Grounds to staff Office Buildings No. 8 and No. 9 beginning January 1, 1969.

Table 3
Department of General Services
Staff, by Programs, 1965–66 to 1968–69

<i>Program</i>	<i>Filled positions man-years</i>		<i>Authorized actual</i>	<i>Positions proposed</i>
	<i>1965–66</i>	<i>1966–67</i>	<i>1967–68</i>	<i>1968–69</i>
1. Buildings and Grounds -----	1,272.3	1,257.8	1,079.5	1,142.5
2. Telephone Services -----	37.9	36.9	34.5	34.5
3. Transportation Services -----	132.0	126.7	131.9	131.9
4. Communications Maintenance and Services -----	128.1	142.2	150.2	150.2
5. Central Office Services -----	63.8	69.1	77.0	87.6
6. State Police -----	—	—	151.0	152.0
7. State Records Service -----	—	6.2	14.4	17.4
8. Property Acquisition Service -----	84.3	91.1	94.0	94.0
9. Office of Architecture and Construction -----	752.6	717.8	699.4	699.4
10. Facilities Planning Service -----	16.8	22.4	25.2	25.2
11. Office of Procurement -----	161.8	164.9	153.1	140.8
12. Office of State Printing -----	737.0	865.3	1,039.8	1,042.8
13. Office of Administrative Procedure -----	63.6	60.9	60.5	60.5
14. Office of Local Assistance -----	93.3	88.3	88.6	88.6
15. Systems Analysis -----	22.6	40.6	52.2	52.2
16. Building Standards Commission -----	4.5	5.4	6.0	6.0
17. Insurance Office -----	4.9	5.0	5.0	5.0
18. Executive Office -----	10.2	9.9	11.0	11.0

Department of General Services—Continued

Table 3—Continued
 Department of General Services
 Staff, by Programs, 1965-66 to 1968-69

Program	Filled Positions man-years		Authorized Positions actual proposed	
	1965-66	1966-67	1967-68	1968-69
19. Management Planning -----	45.1	51.1	59.8	59.8
20. Legal Services -----	20.3	22.1	24.0	24.0
21. Administrative Services -----	127.1	135.5	101.6	101.6
22. Rented Buildings -----	—	—	—	—
Total -----	3,778.2	3,919.2	4,058.7	4,127.0

The mission of the Department of General Services is to provide all state agencies with centralized facilities which provide adequate service at a lesser cost than is available from individual state agency or private facilities. The State Motor Pool is a good example of this concept. If each agency had a motor pool, duplication would exist with respect to facilities, mechanics and automobiles. The state pool provides the same service to all agencies at a minimum cost and obtains maximum utilization of the facilities and vehicles.

Any cost reduction that is achieved in General Services through improved management or better use of facilities is naturally reflected statewide because of the nature of the department's work. These cost reductions may or may not change the level of service or redirect the type of service that is currently being performed. The ideal, of course, is reduction of cost without reduction in the level of service.

Many state agencies continue to duplicate the type of work that the Department of General Services can perform more efficiently. For example, agencies continue to provide their own janitorial services, property appraisal services, leasing services, transportation services, and reproduction services. There is also considerable duplication in highly technical and therefore costly activities. Electronic computing installations, data communications networks, and systems analysis, programming and operations research specialists are examples of resources that continue to be spread throughout individual departments and agencies when greater consolidation would improve efficiency and reduce expenditures. *We recommend that there be a continuing effort to reduce the cost of state government by the combining of facilities, personnel resources, and services to obtain maximum benefit from the funds allocated for these support activities.*

Statutory Responsibilities

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.

Department of General Services—Continued

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.” This authority appears to be exercised only in the publication and systematic or periodical revision of the State Administrative Manual (SAM) and related memos.

While the foregoing provisions of Government Code Sections 14600 to 14615 have never been officially interpreted, it appears that these sections give the Department of General Services considerable authority with which to secure compliance with its directives. During the past year, we have seen the Department of General Services exercise a definite control function over departments of state government as well as act as a service agency. Emphasis has been placed on reducing the amount of space occupied by state agencies, encouraging purchase from Central Stores, reducing the misuse of state cars, curtailing the number of telephones available and attempting to provide for efficient utilization of equipment such as electronic computers and copying machines.

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 the Accounting and Fiscal Management Division of the Systems Analysis Office.

Government Code Section 14792 states that, except for the University of California, every purchase of supplies or equipment in excess of \$25 for any state agency shall be made under the supervision of the Department of General Services.

Workload Standards

At the request of the Assembly Subcommittee on Standards, Procedures, and Reporting, the Department of General Services issued a report, *Workload Measurement and Staffing Standards*, on October 20, 1965. When this book was compiled it was assumed to be an annual publication, and in October 1966 the second edition was released. However, this year publication has been discontinued, and we therefore have little or no documentation for evaluating the new and existing positions within the Department of General Services.

The discontinuation of the report at this particular time is difficult to understand. In view of the attempts that have been made during the past year to utilize manpower efficiently as well as achieve cost reductions, it would appear that the publication of such standards this year would be of increased importance. This document provides a measurement of how efficiently the department is operating and how much increased or decreased workload is being performed by personnel

Department of General Services—Continued

within each division of the department. The workload information also facilitates legislative review of the department's budget.

We therefore recommend that the department resume publication of the Workload Measurement and Staffing Standards document, improving where possible the validity of the information by verification using prescribed industrial engineering methodology.

ANALYSIS AND RECOMMENDATIONS

(1) Buildings and Grounds Division

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Buildings and grounds -----	Item 42	\$795,000	1,142.5	43
Reimbursements -----	Item 42	9,239,807	-----	-----
Total -----		\$10,034,807	1,142.5	

This program furnishes janitorial services, operation and maintenance of heating and cooling equipment, general repairs, and necessary supervision and coordination of these activities in state office buildings maintained by the Department of General Services. This unit also provides maintenance of adjoining grounds such as the Capitol Park in Sacramento.

The federal General Services Administration Standards for Janitors, which were originally recommended by this office in 1966 and adopted by the Department of General Services in 1967, resulted in the deletion of 141 janitors from the staff of the Buildings and Grounds Division. In an August 6, 1967, report to this office from the Personnel Office of this Department of General Services it is stated that no layoffs were required to effect this reduction and all janitors were transferred to new positions in other state agencies. Twelve positions have been deleted from this unit to reflect actual staffing.

Sixty-two new positions are proposed for the operation and maintenance of the new Office Buildings No. 8 and No. 9 in Sacramento. Forty-four of these positions are janitorial positions. In line with our recommendation of last year that the State of California adopt the federal standards, a Federal Form 469 should be completed to verify the need for these positions. This form cannot be completed until the interior construction of Office Buildings No. 8 and No. 9 has been completed. Therefore, *we recommend that the Department of Finance be directed to withhold final approval of the number of positions until the Federal Form 469 has been submitted to them, verifying the need for 44 janitorial positions.* All of the other positions except those noted below are justified on the opening of Office Buildings No. 8 and No. 9.

Six new positions are requested for janitorial supervisors for Office Buildings No. 8 and No. 9. In our 1967-68 analysis of the modified budget we noted that the federal government was preparing the same type of standards for janitorial supervisors that it had developed for janitors. Our office has now received these standards. Table 1 determines the number of supervisors required relative to the number of applicable square feet according to the new federal standards. Table 2 shows a comparison between the federal standards and the state standards (as reflected in position requests).

Department of General Services—Continued

Table 1
Federal Custodial Supervisor Staffing Standard Guide

<i>Building or group size in gross square feet</i>	<i>Squad supv.</i>	<i>Shift supv.</i>	<i>Asst. shift supv.</i>	<i>Force supv.</i>	<i>Force supv.</i>	<i>Other supv.</i>	<i>Total supv.</i>
0 to 16,999	0	0	0	0	0	†	†
17,000 to 33,999	0	0	0	0	0	.17	.17
34,000 to 50,999	0	0	0	0	0	.34	.34
51,000 to 67,999	0	0	0	0	0	.51	.51
68,000 to 84,999	0	0	0	0	0	.68	.68
85,000 to 99,999	0	0	0	0	0	.85	.85
100,000 to 161,999	1	0	0	0	0	*	1
162,000 to 278,999	1	1	0	0	0	*	2
279,000 to 453,999	1	1	0	1	0	*	3
454,000 to 733,999	2	1	0	1	0	*	4
734,000 to 1,013,999	3	2	0	1	0	*	6
1,014,000 to 1,295,999	4	2	0	1	0	*	7
1,296,000 to 1,592,999	5	2	0	1	0	*	8
1,593,000 to 1,884,999	6	2	0	1	0	*	9
1,885,000 to 2,174,999	7	2	0	1	0	*	10
2,175,000 to 2,384,999	8	2	0	1	0	*	11
2,385,000 to 2,466,999	8	2	1	1	0	*	12
2,467,000 to 2,753,999	9	2	1	1	0	*	13
2,759,000 to 3,048,999	10	2	1	1	0	*	14
3,049,000 to 3,340,999	11	2	1	1	0	*	15
3,341,000 to 3,612,999	12	2	1	1	0	*	16
3,613,000 to 3,915,999	13	2	1	1	0	*	17
3,916,000 to 4,208,999	14	2	1	1	0	*	18
4,209,000 to 4,488,999	15	2	1	1	0	*	19
4,489,000 to 4,884,999	16	2	1	1	0	*	20
4,885,000 to 5,180,999	17	2	1	1	0	*	21
5,181,000 to 5,355,999	18	2	1	1	0	*	22
5,356,000 to 5,367,999	18	2	1	1	1	*	23
6,545,000	22	2	2	2	1	*	29
7,000,000	24	2	2	2	1	*	31

Table 2
Federal vs. State Janitorial Supervising Standards

<i>Area existing</i>	<i>Sq. feet in area</i>	<i>State supervisors</i>	<i>Federal supervisors</i>	<i>Difference (—) = less federal (+) = more federal</i>
Sacramento Area 1 -----	836,781	5	6	+ 1
Area 2 -----	999,865	8	6	— 2
Area 3 -----	1,133,857	11	7	— 4
Area 4 -----	866,448	8	6	— 2
Area 5 -----	133,627	3	1	— 2
Area 6 -----	636,691	5	4	— 1
Unallotted -----		1	0	— 1
San Bernardino -----	119,773	1	1	0
San Francisco -----	1,406,185	13	8	— 5
Los Angeles -----	1,159,962	11	7	— 4
Oakland -----	178,659	1	2	+ 1
Fresno -----	165,645	1	2	+ 1
San Diego -----	174,884	1	2	+ 1
Stockton -----	68,200	1	1	0
Total existing -----	7,880,577	70	53	—17
Proposed				
OB 8 and OB 9 -----	604,680	6	4	— 2
Total proposed and existing -----	8,485,257	76	57	—19

Department of General Services—Continued

The two tables above show the basic differences between the staffing level for state janitorial supervisors and federal janitorial supervisors. As we indicated earlier, no formal workload standards exist for state supervisors. The federal standards have been prepared by industrial engineers using accepted time study methods.

According to Table 2, the state has 19 more janitorial supervisors than the federal government would have under similar circumstances. The Department of General Services has adopted the Federal Standards for Janitors without a drop in the level of service, and it appears logical that the same could be accomplished with respect to janitorial supervisors. Therefore, *we recommend that the 6 new positions for janitorial supervisors be deleted from the budget; page 44, line 15, for a savings of \$21,142 in the budget year. We also recommend a reduction of 13 existing janitorial supervisor positions for a saving of \$111,782; budget page 44, line 47.* These two reductions would bring the state in line with the federal standards during the 1968-69 fiscal year.

Building Engineers, Grounds Maintenance and Crafts

The duties and responsibilities of each of these functions are as follows: (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 developing standards for crafts and building engineers. These standards will be similar to the custodial standards. We will continue to evaluate the work of these sections and will review the federal standards for crafts as soon as they become available.

(2) Telephone Services

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Telephone Services -----	Item 47	\$6,423,093	34.5	44

Telephone Services' program is to provide telephone exchange systems serving state buildings in metropolitan areas and an efficient, consolidated telephone communication system through the state leased line system.

The program statement for this budget reports that as a result of the telephone industry's survey of state telephone services a savings of \$250,000 has been achieved. This savings is not reflected in the budget for telephone services. The budget figure for this year is the same as last year's. The telecommunications survey team of the Pacific Telephone and Telegraph Company in a report dated January 5, 1968, shows a 20-month reduction in billings of \$216,640.

It is our opinion that the budget proposed for Telephone Services could be inadequate for the budget year. The telephone company has applied to the FCC for a substantial rate increase that could more than

Department of General Services—Continued

double the cost of leased line service by April 1, 1968. There is also the possibility of a statewide rate increase prior to the end of the budget year. The adoption of these two proposals would result in a substantial increased cost to the state which is not anticipated by the present budget, nor as a practical matter can it be budgeted. Thus, a deficiency appropriation for this purpose may be required.

(3) Transportation Division

<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Transportation Division -----	Item 42	\$100,505	13.5	45
Reimbursements -----	Item 42	22,700		
Transportation Division -----	Item 47	4,789,750	131.9	
Total -----		\$4,912,955	145.4	

The Transportation Division provides statewide automotive services for state agencies including centralized management of almost 2,900 pool vehicles.

Administration

This unit provides overall direction and management for the division. It is involved primarily with the overall supervision of the General Services garages and vehicle pools, the automotive inspection system, and the preventive maintenance program. The unit also receives and disposes of confiscated vehicles.

Garage Operations

State garages give the daily service that is required to accommodate state-owned equipment. It also receives, inspects, and accepts delivery of newly purchased vehicles.

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 disposed of at that mileage.

Preventive Maintenance Shops

Preventive Maintenance provides repairs and adjustments on state pool and on other agency vehicles, ranging from relatively minor work to heavy repairs. The major objective of this program is to schedule the maintenance before the need for correction causes additional repairs or replacement of the vehicle.

(4) Communications Division

<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Communications maintenance -----	Item 42	\$133,277	10	47
Radio maintenance -----	Item 47	2,159,178	140.2	47
Total -----		\$2,292,455	150.2	

Department of General Services—Continued

The Communications Division assists state agencies in the development of appropriate communications systems for efficient agency operations. The Communications Division transferred three positions from the radio maintenance program (Service Revolving Fund) to Wire Systems Engineering. This provides for increased emphasis on evaluating existing and proposed telephone equipment installations. Three positions have also been transferred from the administrative support services program (General Fund) to the radio maintenance program (Service Revolving Fund). These positions were transferred to reflect actual workload. We believe that these changes represent an effort to reflect accurate staffing patterns relative to technical need. The transfer of the three engineering positions to the wire section will increase the emphasis on telecommunications and should enable this division to concentrate on agencies' telephone and data communication problems.

Design Engineering

Design Engineering provides plans and recommendations for all types of new communications systems, new microwave routes and other communication projects. This unit's primary objective is to furnish technical assistance to agencies having communications problems or having need for new communications facilities.

Maintenance Engineering

Maintenance Engineering provides personnel, instructors and technical equipment for the installation and modification of state communications equipment.

Communications Maintenance

This unit provides emergency service and routine preventive maintenance for state-owned radio communications equipment.

Wire Systems

Wire Systems provides consulting services to state agencies on operating, planning and procuring teletype and telephone systems.

(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>
Central Office Services -----	Item 42	\$85,623	12.7	48
Reimbursements -----	Item 42	16,000		48
Office Machine Repair -----	Item 47	443,700	41.6	48
Reproduction Services -----	Item 47	407,383	30.3	49
Total -----		\$952,706	84.6	

Central Office Services contains three units under common supervision. They are: (1) Interagency Mail and Messenger Service, (2) Office Machine Repair Services, and (3) Reproduction Services. The general administration of Central Office Services and the Interagency Mail and Messenger Service unit are supported by a General Fund appropriation. Reproduction Services and Office Machine Repair Services are supported by the Service Revolving Fund and are wholly reimbursed by the using agencies.

Department of General Services—Continued
Office Machine Repair

Office Machine Repair is requesting 10.6 new positions in the budget year which include six typewriter repairmen, two reproduction machine repairmen, two calculator repairmen and six-tenths of a position for overtime. On page 40 of this analysis we noted that the Department of General Services no longer publishes a book on staffing standards and work measurement. Thus no formal workload figures exist for this unit. The program statement for this unit states that the new positions are based on anticipated workload increase. We presume this to mean that more office machines will need to be maintained and repaired during the budget year. It does not appear feasible that an increased need to repair office equipment would develop during the budget year that would require a staff increase of 32 percent. *We therefore recommend the deletion of the following positions: three typewriter repairmen I, three typewriter repairmen II, two reproduction repairmen, one calculator repairman I, one calculator repairman II, and six-tenths of overtime for a saving of \$90,191; budget page 48, line 65.*

Reproduction Services

Reproduction Services provides complete services to agencies with small workloads and specialized and partial services to agencies with workloads large enough to support reproduction units.

(6) State Police Division

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
State Police Division -----	Item 42	\$298,000	152	49
Reimbursements -----	Item 42	1,045,473		
Total -----		\$1,343,473	152	

This unit was formed in April of 1967. It was formerly a part of the Building Maintenance and Protection Division. This group performs the same duties that plant guards perform in private industry.

Five policemen positions have been established in the current year and are proposed for the budget year. These positions provide 24-hour security at the Byron Pumping Station, a part of the State Water Project.

The State Police Division's budget indicates that \$298,000 of the current year's budget will not be reimbursed. We believe that this division should be a completely self-supporting activity. At the present time a vast majority of the emergency service provided by this unit is never billed to the using agencies and becomes a charge to the General Fund.

We recommend that the Department of General Services be directed to bill all using agencies for any services provided by the State Police Division.

(7) State Records Service Division

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
State Records Service -----	Item 42	\$280,695	17.4	50

Department of General Services—Continued

State Records Service's primary program is one of developing and coordinating a statewide records program. They are active in consulting and advising all state agencies in establishment and maintenance of their individual agency or departmental programs. This unit also exercises control over agency purchases of filing equipment by evaluating and auditing agency records disposition programs and certifying to the Office of Procurement those agencies which meet existing standards.

One records management analyst was transferred from Administrative Services to this unit effective January 1, 1968. One clerk was administratively established during the current year, and 3 additional clerical positions are requested during the budget year. These positions are justified on the basis of placing 35 percent of agencies records in low-cost filing space by 1970.

(8) Property Acquisition Division

<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Property Acquisition -----	Item 42	\$10,000	94	51
Reimbursements -----	Item 42	1,278,216		
Total -----		\$1,288,216		

The Property Acquisition program provides a centralized operation which purchases private land for state purposes. This unit manages these lands prior to their use by the state and assures the state that it has clear title to the property. It disposes of surplus lands and reviews the real estate transactions of other state agencies when General Services' approval is required.

Property Acquisition has enough workload to sustain its activities during the 1968-69 fiscal year. During the 1969-70 fiscal year, there is serious question whether workload will exist to support a staff of 94 people. This decline in workload results from a decrease in land acquisition in the Recreation Bond Act of 1964 and a decrease in land acquisition by the State of California generally. The amount of reduction cannot be determined at this time because the amount of land acquisition to be appropriated by the 1968 Legislature is not available.

We recommend that the amount proposed be held for further review as to the appropriate staffing requirements for the Property Acquisition Division in the 1969-70 fiscal year.

(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 48	\$8,669,595	611.4	52
Reimbursements -----	Item 48	63,517		
Supervision of Public School Construction -----	Item 49	1,544,890	88	
Total -----		\$10,278,002	699.4	

These programs are discussed under our analysis of Items 48 and 49 which make appropriations from the Architecture Revolving Fund and the Architecture Public Building Fund respectively.

General Services

Item 42

Department of General Services—Continued

(10) Facilities Planning Division

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Facilities Planning -----	Item 42	\$315,717	24.9	55
Reimbursements -----	Item 42	59,000	--	--
Total -----		\$374,717	24.9	

Facilities Planning has three basic programs. These are Advance Planning, Leasing, and Space Utilization.

Advance Planning

Advance Planning is responsible for determining the probable short-term and long-term requirements of all state agencies. The planning and development of parking facilities has been a responsibility of this unit for the past two years. Previously, it was the responsibility of the Transportation Division of the Department of General Services.

We have seen no evidence of the continuation of the basic planning that was initiated by the Transportation Division before the transfer of responsibility. The opening of new office facilities in Sacramento coupled with unmet parking needs in other parts of the state make it imperative that parking facilities be given high priority. We feel that the workload permits the full attention of personnel to the adequate planning of parking facilities and therefore *recommend that the unit be directed to update the original parking facilities master plan.*

Space Utilization

Space Utilization plans for the use of available space in both state-owned and leased buildings. It also provides consulting services in planning and layout of existing space. This unit is responsible for the new space standards which will result in less space being allocated to individual state agencies.

Leasing

The leasing section reviews space requests, locates suitable space and generally provides guidance in development of leasing policies to all state agencies. The unit also determines when it is more economical and practical to build new state-owned buildings rather than lease additional space.

(11) Office of Procurement

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Office of Procurement -----	Item 42	\$1,117,688	94	57
Reimbursements -----	Item 42	21,000	--	57
Central Stores -----	Item 47	5,234,007	30.6	58
Documents -----	Item 47	701,335	16.2	58
Total -----		\$7,074,030	140.8	

The Office of Procurement purchases all supplies and equipment in excess of \$25 for all state agencies except the University of California. Procurement has the responsibility for developing specifications, requesting bids and awarding contracts.

Department of General Services—Continued

During the current year the Office of Procurement has closed the San Francisco area office and Central Stores outlet. This and other reorganizations should facilitate consolidated buying and bring about a review of statewide inventory and warehousing practices. This action has resulted in the reduction of 11 clerical positions in the current year and 27 clerical positions in the budget year.

We have observed a significant change to consolidated buying practices and an attempt to reduce the state's inventory, both of which should result in savings during the budget year. We will continue to analyze the decision to close the San Francisco office in order to determine the savings and see if there has been any change in the level of service to agencies in the bay area.

Central Stores

Central Stores enables all state agencies to purchase common use items at a minimum cost made possible by volume purchasing. Effective quality control of all items is a related goal of the unit. The use of Central Stores was especially noticeable during last year's budget reductions because more agencies purchased items from Central Stores instead of purchasing from outside vendors. It is estimated that approximately \$1.8 million of extra merchandise was purchased than was anticipated before the budget reductions. It is our belief that if state agencies would concentrate their small-item purchasing through Central Stores, further savings could be realized.

Central Stores proposes two new positions, and seven-tenths of one position to work as supervisor and assistant in inventory control. Seven-tenths of one position is requested for overtime work on inventory procedures. These positions appear to be justified by the amount of savings potential that could be realized from inventory reduction.

Documents

The Documents and Publications' program is the public sale outlet for publications of state agencies. It acts both as a publisher of certain documents and as a consignee for public sale of documents printed by other agencies.

One new position is proposed for this unit to help during peak workload situations. Eight-tenths of one position is requested for temporary help and two-tenths of a position is requested for overtime. Because of the extreme fluctuations of workload, this proposal is justified.

(12) Office of State Printing

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Office of State Printing -----	Item 46	\$19,807,622	1,042.8	58

The State Printing Plant provides printing services for the legislative, judicial, and executive branches of government. Legislative printing includes special reports, 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 State Board of Education.

Department of General Services—Continued

The State Printer proposes to replace a 43x60 Harris offset 4-color press purchased in November 1958 at a cost of \$234,000 with a new model costing \$315,000. The printer states that the existing press is inefficient and that the new model will perform more effectively. The printer indicates that the primary work that will be done by this press is textbook printing. Since textbook printing will be the primary work done by the press, the justification of the press should logically be based on the amount of textbook printing that will be accomplished in the ensuing years. The added efficiency of a certain press is not relevant when there is insufficient workload to make use of this increased efficiency.

The Department of Education estimates that the amount of money to be expended for textbook adoptions for the current year will total \$21,485,649. This amount will not be substantially increased until fiscal year 1972-73. In 1970-71 the amount of adoptions will drop 30 percent from the current year and in 1971-72 they will drop 53 percent from the current year. If the State Printer were to receive this press during the budget year, he would be staffing the plant to reflect a peak workload situation.

In April 1968 a second web press will become operational. This press will almost double the printing plant's capacity to print textbooks. This press which was authorized in the 1966 Budget Session of the Legislature should adequately take care of the textbook production needs at the State Printing Plant.

In view of the preceding information *we recommend that the Harris offset press be deleted for a saving of \$315,000 in the budget year.*

(13) Office of Administrative Procedure

<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Reimbursements -----	Item 42	\$977,516	60.5	60
Codification -----	Item 42	30,504		
Total -----		\$1,008,020	60.5	

The Office of Administrative Procedure has two programs—hearings and codification which involve conducting adjudicatory hearings and the adoption and publication of the California Administrative Code.

Hearings

The Office of Administrative Procedure provides hearing officers to public agencies, primarily licensing agencies, who conduct proceedings under the Administrative Procedure Act and other laws. The office conducts hearings in all sections of the state. The majority of hearing officers are stationed in Los Angeles with smaller groups in Sacramento and San Francisco.

Codification

This group compiles and publishes the California Administrative Code, which consists of state agencies rules and regulations, and conducts studies in administrative law and procedure.

Item 42

General Services

Department of General Services—Continued

(14) Office of Local Assistance

<i>Organizational unit</i>	<i>Source of funds</i>	<i>Proposed expenditures</i>	<i>Proposed staff</i>	<i>Budget page</i>
Office of Local Assistance -----	Item 43	\$1,030,696	88.6	61
Office of Local Assistance -----	Item 42	64,688	2.0	
Office of Local Assistance ¹ -----		13,702	0	
Total -----		\$1,109,086	90.6	

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

This unit's main program is that of allocating funds to eligible school districts for school building construction. It administers the Flood Relief Program and several minor programs. The office of the Television Coordinator is contained within this unit administratively and budgetarily.

State School Building Aid

This is the major activity of the Office of Local Assistance. The State School Building Aid Law of 1952 provides that school districts which are unable to finance necessary school facilities with their own resources may obtain state loans for the acquisition and development of school sites, construction of school buildings, and purchase of school furniture and equipment.

Emergency Flood Relief

The program provides grants and/or loans to local agencies for the restoration of local roads, streets, and bridges damaged by floods.

Legal Aid for Indigents

Legal Aid for Indigents provides counties with a partial reimbursement for providing counsel to indigents charged with violation of state criminal law.

Lake Tahoe Sewage Disposal

This program provides for the construction of facilities to transport waste out of the South Lake Tahoe Basin.

Assistance for Community Redevelopment

The program provides a \$1 million loan to the Crescent City Redevelopment Agency to augment a federal loan and grant for restoration of facilities damaged by the tidal wave of 1964.

Television Coordinator

The Television Coordinator and his clerical assistant provide staff support for the Television Advisory Committee. This unit's basic program for the prior year has been to implement the state's Educational Television Plan and coordinate future development in educational television. The office also provides television information to other using agencies.

A new program of this office is processing applications for federal grants to educational television stations. The passage of the federal Public Broadcasting Act during the last session of Congress has made

Department of General Services—Continued

It is very evident that electronic computers are costly, and the state should therefore utilize this equipment 24 hours per day, 365 days a year for a monthly average of 730 hours of possible use. The ADP master plan report estimates that on the basis of a survey of 42 of the 71 computer systems, overall utilization based on 730 hours a month was 46 percent of available time utilized.

This first draft of the ADP master plan recommended equipment consolidation and maximum utilization as two initial measures designed to improve the efficiency and economy of ADP within the state. We concur with this approach and called for similar action in our 1967 report to the Legislature. It is a commonly accepted principle within the modern ADP community that computing facilities utilizing large equipment can be as much as 50 percent more economical to operate and 100 percent more efficient in terms of speed of operation than small computing installations.

The organization and flow of information to facilitate the most efficient operation and management of the state has been another subject of much study and discussion. Under the concept of the Statewide Federated Information System, originally proposed in a report, *The California Statewide Information System Study*, prepared by the Lockheed Missiles and Space Company and released in July 1965, the computers of state and local governments would be physically connected through an information central or switching center which would contain an index of where all data in the state was stored. We contended in our ADP report that within the current environment of lack of standardization and compatibility, a more reasonable solution would be to integrate state and local government units with functionally compatible subsystems organized around logical subject-matter areas. Initial planning for an SFIS including development of a standards manual and file structure guide was funded by the Legislature through the 1966-67 Budget Act in the amount of \$271,260. A March 1967 *Interim Status Report on Statewide Federated Information System* provided a review of SFIS. A major conclusion reached by the Systems Analysis Office in this report was that SFIS should be developed along functionally related groupings and not as one giant catchall network. This recommendation has been termed the cluster concept.

As a logical extension of the SFIS project, the ADP master plan report recommended the consolidation of ADP equipment and personnel in the Sacramento area into eight functional data processing centers as follows: business services, health and welfare, revenue, vehicle control, fiscal, resources, transportation, and a crime information data processing center. By the consolidation of existing equipment and personnel, the release of unneeded equipment, and the utilization on a 24-hour, 7-day-a-week basis, a savings of more than \$5 million was estimated as being possible in a relatively short time span. It is apparent that many details would have to be resolved, and revision of the original plan would naturally be expected as the process evolves.

Department of General Services—Continued

However, for the first time a comprehensive solution has been proposed and we urge that the appropriate policy bodies carefully consider this approach.

The Legislature has recommended since 1965 the establishment of a state data processing service center through special reports and Budget Act appropriations. It was the expectation that such a center would help inhibit the remarkable and unorganized proliferation that has been experienced in the past 10 years. Such a center was also expected to sharply curtail the amount of ADP services that were obtained from sources outside the state, an amount determined to be \$4,301,000 in fiscal year 1966-67. Appropriations of \$19,013, \$85,838 and \$80,194 were included in the Budget Acts beginning in 1965-66. In December 1966 a section 28 letter to the Joint Legislative Budget Committee proposed a mid-year budget adjustment of \$233,299 for the service center, such funds to come from reimbursements to the Department of General Services from departments receiving ADP service from the center. A total of 16 positions were administratively established and a letter of intent issued for the rental of ADP computing equipment to be delivered in October 1967.

According to budget narrative, the State Data Processing Service Center concept has been changed by management from a service-bureau-type operation to a consolidation of data processing operations within the state (as described earlier). Sixteen of the 22 positions are reduced in the current year to reflect this change in concept. It is our opinion that a state data processing service bureau continues to be an urgent need of the state. Such a center, operated as a true service-bureau-type center and not just as a consolidation of departmental installations, would fill a definite need that exists within the state to serve small agencies, preclude the acquisition of unneeded computers, serve as an auxiliary ADP source for agencies with inadequate equipment for peak workloads, pretest potential ADP applications, provide programming services, and serve as a model training center. Contracts for procurement of outside ADP service totaled \$1,631,442 for the first two months of 1967-68 and it is probable that this one source could more than justify such a center.

The experience of New York State is particularly revealing with respect to ADP service centers. The Office of General Services in New York established centralized computer services in December 1964. Starting with two small computers and three agencies as customers, the service center has grown to where 25 departments and agencies utilize this service and four third-generation computers are employed. In addition to the obvious advantages of full equipment utilization, i.e., availability of large, powerful computers, better control of inefficient operations and multiple uses of the same data among departments, the ADP expenditures of New York also appear to be substantially lower. With a state budget of \$4.7 billion, New York expends approximately \$19.5 million for ADP and operates 29 computers in 10 centers. The full utilization of the service center concept appears to have effected a substantial reduction in total expenditures for ADP.

Department of General Services—Continued

We recommend that the service center concept be reactivated and funds transferred from existing ADP allocations to support this activity.

The need for a centralized office of technical personnel to provide systems analysis and ADP services to the state has been established. Current staffing of the Systems Analysis Office is as follows:

Section	Filled positions	Vacancies
Plans and Programs -----	5	5
Accounting and Fiscal Management Systems -----	8	2
ADP Operations -----	11	3
Information Systems Development -----	7	4
Operations Research -----	6	3

It is expected that the workload increase of the office may be extensive because of the responsibility for operations and implementation of approved ADP policy.

We therefore recommend that the reduced support of \$155,000, which was to be replaced by estimated reimbursements from agencies purchasing the special expertise available in this office, be changed to a program of guaranteed support of the office by a transfer of funds available because of achieved savings realized through more efficient utilization of automatic data processing.

(16) Building Standards Commission

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Building Standards Commission -----	Item 42	\$108,030	6	63

The State Building Standards Commission is engaged in codifying all building regulations. This commission also has the authority to hear appeals and to interpret regulations when requested by state agencies, private firms, or other organizations. The commission proper is composed of 10 appointed members with staff support provided by 4 professional and 2 clerical positions.

The commission will conclude its work on the State Building Standards Code by June 1968. The commission had originally planned to complete this document almost two years ago, and it is our opinion that this work should have been completed in 1966.

We believe that a substantially reduced staff can keep the final code updated, and it appears that the commission can perform its duties with a staff of one technical advisor and a clerical assistant. Therefore, *we recommend the deletion of the building code analyst, associate electrical engineer, construction office manager and intermediate stenographer positions; budget page 63, line 67, for a savings of \$51,836.*

(17) Insurance Office

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Insurance Office -----	Item 42	\$62,054	5	64

The Insurance Office attempts to minimize the financial risk to the state by the use and purchase of insurance. Specifications to meet the

Department of General Services—Continued

various insurance needs of state agencies are prepared and assistance is rendered in obtaining the best possible insurance carriers.

The currently authorized staff is one insurance officer, two assistant insurance officers and two clerks. The functions include: making recommendations on insurance policies; reviewing contracts for adequacy of insurances; reviewing accident reports; and collecting, classifying and analyzing loss data.

The Department of General Services buys automobile liability insurance for all state vehicles. Special fund agencies are charged for the insurance costs of their vehicles. We have reviewed the current retrospective rating plan which the state has with a private carrier and have explored the feasibility and economies to be realized from the state becoming self-insured in the automobile liability area.

The State of California became self-insured in the general liability area in 1964 as a result of conclusions reached in a study prepared by a private insurance consulting firm. This same study recommended that automobile liability be analyzed to determine the feasibility of self-insurance in this area. The policy that is currently in force carries limits of \$250,000 and \$500,000 for public liability and \$100,000 for property damage. Retrospective insurance is best described as "cost plus" insurance in that the cost of judgments, the insurance company's associated costs, plus an additional service charge of 14.8 percent of the combined total is deducted from the state's prepaid premium. No service charge is levied against any claim in excess of \$50,000, and the maximum cost of the premium cannot exceed 27 percent of the original standard premium.

The amount of state money that is held in reserve by the insurance companies can be assumed to be invested and earning interest for the company. Such interest would of course accrue to the state if these moneys were to be held in reserve and invested pending settlement of outstanding claims against the state. At least \$1 million would probably be in such a fund, resulting in a \$50,000 yearly return if interest were earned at 5 percent.

The Department of Justice and the Department of Public Works currently have a legal staff and insurance investigators handling the tort claims under the self-insurance general liability program that is now in operation. It has been estimated that, with minor augmentation, the additional workload due to assumption of automobile liability on a self-insurance basis could be absorbed by these two departments.

The state's experience for the 13-year period from July 1, 1952 through June 30, 1965, reveals that the total losses incurred were \$7,458,481.74. Total premiums paid for this period were \$7,605,878.14, resulting in a cost to the state of \$147,397 which amounts to \$11,333 a year for the cost of insurance protection over and above the actual losses incurred.

A number of unknowns exist at this time, such as the degree of duplication involved when state attorneys must cross-file a complaint in cases where there is doubt as to which party is at fault or where state property has been damaged. We also do not know what added econo-

Department of General Services—Continued

mies might be secured if the state handled claims with self-interest in mind rather than by insurance companies on a "cost plus" basis.

A number of the larger states and municipalities throughout the country are self-insured in the area of automobile liability as well as general liability.

We recommend that the state take immediate steps to develop a self-insurance program with respect to automobile liability. Plans must be developed to implement this program before July 1, 1968, when the existing automobile liability insurance policies expire. No reduction in appropriation is recommended, but the \$1,126,000 originally intended for payment of premiums for automobile liability insurance should be transferred to the Tort Liability Claims item to be incorporated as a reserve against possible losses.

We further recommend that automobile liability risk insurance covering losses of from \$500,000 to \$1 million be purchased from this appropriation and that the tort liability risk insurance policy covering losses from \$1 million to \$50 million be rewritten to include losses incurred as a result of automobile liability.

(18) Executive Office

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Executive Office -----	Item 42	\$191,005	11	65

This office consists of the director and his immediate staff which include two exempt deputy directors and two civil service assistant directors. One assistant director also serves as executive officer for the State Exposition and Fair Executive Committee on a reimbursable basis. The department's planning officer performs the same duties as a deputy director. 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.

(19) Management Planning

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Management Planning -----	Item 42	\$220,134	17	66
Reimbursements -----	Item 42	60,000		
Data Processing -----	Item 47	489,425	43.3	
Total -----		\$769,559	60.3	

Management Planning serves as an "in-house" management consulting group to the Department of General Services. It has been used primarily to survey problem areas within the department and to recommend administrative improvements. During the past two years, the unit has become directly involved in the development and operation of the Department of General Services' data processing operation.

Department of General Services—Continued

Within the Department of General Services, the Systems Analysis Office has responsibility for the application of modern management service techniques to statewide problems. We feel that the functions performed by the Management Planning Office for the department could appropriately be merged with the Plans and Program section of the Systems Analysis Office, thereby reducing the need for the existing supervising management position in the Management Planning Office. Therefore, we recommend the transfer of the Management Planning Office to the Systems Analysis Office of the Department of General Services and the deletion of the supervising management analyst position for a saving of \$19,470; budget page 65, line 77.

Data Processing

We feel that the Data Processing section of the Department of General Services has been incorrectly placed for some time within Management Planning, since this constitutes placing a line operation under the supervision of a staff services unit.

With the transfer of the other "in-house" management planning activities to the Systems Analysis Office, a similar transfer of data processing operations to the ADP operations section of this office would permit a utilization of the combined staff to serve the needs of the Department of General Services as well as the operational needs of other state agencies. The departmental ADP operation could also form a nucleus for the establishment of the State DPS Center which we have recommended in the analysis.

A request for \$50,000 for systems design and programming costs is included in the Management Planning Office budget. No documentation has been received to justify this request. There is sufficient capability within the Systems Analysis Office to provide these services to the department as they are required.

We recommend the transfer of the Data Processing section to the Systems Analysis Office, Department of General Services, and the deletion of the \$50,000 in contract services; budget page 66, line 10.

(20) Legal Office

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Legal Office -----	Item 42	\$237,431	24	66
Reimbursements -----	Item 42	122,691		
Total -----		\$360,122	24	

The Legal Office renders advice to the Department of Finance, the Department of General Services and the various boards and commissions organizationally related to the department. It provides central review and approval of a wide variety of contracts, leases, property transactions and legal documents. The program of this unit is divided into the following sections:

General Office

This group services the entire department and renders legal advice on a variety of subjects pertinent to Budget Act matters, drafting legislation and interpreting statutes.

General Services

Item 42

Department of General Services—Continued

Property Acquisition Services

Legal advice is provided to the Property Acquisitions unit within the Department of General Services relative to acquisitions and dispositions.

State Contract Act

Attorneys in this section primarily serve the Office of Architecture and Construction and render legal advice pertaining to state construction of buildings.

(21) 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 42	\$507,198	101.6	67
Reimbursements -----	Item 42	441,551		
Total -----		\$948,749		

This group coordinates and conducts the basic administrative service and business management activities of the Department of General Services.

The staff proposed for 1968-69 will be assigned as follows:

<i>Unit</i>	<i>Staff</i>
Personnel Office -----	13
Education and Training Office -----	1
Budget Office -----	5
Accounting Office -----	74
Central Mail and File -----	8.6
Total -----	101.6

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

Personnel Office

Responsibility for recommending, implementing and documenting the departmental personnel program is a function of this office.

Budget Office

This unit helps develop and implement a departmental budget and development plan. It also operates in an advisory capacity to management. Its primary function, however, is to coordinate, analyze and prepare the annual departmental budget.

Accounting Office

This unit records and accounts for departmental business transactions through property, budgetary, and cost records to provide accounting reports. This unit serves not only the Department of General Services but also the Department of Finance and other state agencies that do not provide this service for themselves.

Central Mail and File

This unit provides central mail pickup and delivery service for the Departments of Finance and General Services.

Items 43-44

General Services

Department of General Services—Continued Education and Training Office

This office, consisting of one person, is charged with developing a departmentwide training program for both the Departments of Finance and General Services and for other using agencies.

Devonshire Downs

In our 1967-68 analysis, pages 59-60, we recommended that this property be disposed of because it had been continually operated at a loss. The administration of the property has been transferred to the State College System.

(22) Rented Buildings

Organizational unit	Source of funds	Proposed expenditures	Proposed staff	Budget page
Rented Buildings	Item 47	\$219,094	0	68

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

DEPARTMENT OF GENERAL SERVICES

ITEM 43 of the Budget Bill

Budget page 42

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

Amount requested	\$1,030,696
Estimated to be expended in 1967-68 fiscal year	1,007,584
Increase (2.3 percent)	\$23,112

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 42.

DEPARTMENT OF GENERAL SERVICES

ITEM 44 of the Budget Bill

Budget page 42

FOR SUPPORT OF DEPARTMENT OF GENERAL SERVICES, EQUIPMENT AUGMENTATION TO THE SERVICE REVOLV- ING FUND, FROM THE GENERAL FUND

Amount requested	\$158,804
Estimated to be expended in 1967-68 fiscal year	None
Increase	\$158,804

TOTAL RECOMMENDED REDUCTION \$158,804

Summary of Recommended Reductions

	Amount	Budget Page	Line
Delete Entire Item	\$158,804	42	29

General Services

Items 45-47

Department of General Services—Continued

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of the entire amount of \$158,804 proposed in Item 44 since our recommended reduction of \$315,000 for one press at the State Printing Plant, discussed under Item 46, will more than offset the need for any augmentation.

DEPARTMENT OF GENERAL SERVICES

ITEM 45 of the Budget Bill

ANALYSIS AND RECOMMENDATIONS

This item is identical to Item 42 of the Budget Act of 1967. 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 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 46 of the Budget Bill

Budget page 42

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

Amount requested	\$19,807,622
Estimated to be expended in 1967-68 fiscal year	19,175,104
Increase (3.7 percent)	\$632,518
TOTAL RECOMMENDED REDUCTION.....	\$315,000

Summary of Recommended Reductions

	Amount	Budget	
Equipment:		Page	Line
Harris Offset Press	\$315,000	70	19

ANALYSIS AND RECOMMENDATIONS

This item is discussed in our analysis of Item 42.

DEPARTMENT OF GENERAL SERVICES

ITEM 47 of the Budget Bill

Budget page 42

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

Amount requested	\$20,866,965
Estimated to be expended in 1967-68 fiscal year	17,749,542
Increase (14.9 percent)	\$3,117,423

Item 48

General Services

Department of General Services—Continued

TOTAL RECOMMENDED REDUCTION----- \$90,191

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Central Office Services—Office Machine Repair -----	\$90,191	48	65
3 Typewriter repairmen I -----	\$24,814		
3 Typewriter repairmen II -----	25,504		
2 Reproduction machine repairmen -----	17,001		
1 Calculator repairman I -----	8,500		
1 Calculator repairman II -----	9,372		
Overtime -----	5,500		

ANALYSIS AND RECOMMENDATIONS

This item is discussed in our analysis of Item 42.

Department of General Services

OFFICE OF ARCHITECTURE AND CONSTRUCTION

ITEM 48 of the Budget Bill

Budget page 52

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

Amount requested -----	\$8,669,595
Estimated to be expended in 1967-68 fiscal year -----	8,073,221
Increase (7.38 percent) -----	\$596,374

TOTAL RECOMMENDED REDUCTION----- \$62,000

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
General expense -----	\$9,000	54	18
Communications -----	4,000	54	20
Traveling—in-state -----	24,000	54	21
General administrative services -----	25,000	54	28

GENERAL PROGRAM STATEMENT

In addition to functioning as an architectural and engineering office, the Office of Architecture and Construction provides a client-oriented construction inspection service for all state agencies with the exception of the University. This is done under a contract arrangement whereby the service is rendered on projects designed by private architects and/or engineers.

One of the most significant differences in the comparison between the service charges of the Office of Architecture and Construction and those of private architects is the manner in which they are assessed. In the case of the private architect, there is usually a negotiated percentage fee based on the estimated value of the project. This means that the amount ultimately paid to the private architect will vary in proportion to the final engineering estimate as mutually agreed by the client and the private architect, prior to the project being offered to bid. The contract with the private architect also includes certain stipulated additional charges which he may make for specified additional services rendered in accordance with the contract.

Office of Architecture and Construction—Continued

In the case of the Office of Architecture and Construction, while it does use a formula percentage in developing the prebudget estimate to cover its services for the client, in the final analysis it charges the project with its actual total out-of-pocket costs for each project. This is done because it cannot shift any costs from one project to another as would be possible in the office of a private architect, and this has often resulted in final service percentages that have been relatively high but also, on occasion, in percentages that have been below the general service market average.

The Office of Architecture and Construction also performs a service which is rarely rendered by a private architect. This is one in which day labor is employed on a direct reimbursable basis from the project appropriation covering actual construction in the field as well as all of the architectural, engineering and inspection services. In such instances, the office functions as a contractor as well as an architect and engineer. The volume of work so performed is relatively small and generally occurs in the very difficult and complex modernization, alteration, and restoration projects.

Finally, the office performs a service which is relatively unique in that it is not one of design or preparation of working drawings or actual construction work but one of checking the plans of private architects for the construction or reconstruction of public schools throughout the state. This service is a statutory requirement to assure that all designs will meet the minimum standards of the "Field Act" for seismic, wind and fire safety. The charges for these services are based on statutory percentages of the value of each project which are paid into a special fund for that purpose and from which the appropriation for the operation of the service is made by the Legislature. This is covered by the item immediately following.

ANALYSIS AND RECOMMENDATIONS

Comparison of the amount requested with the estimated expenditures for the current fiscal year is misleading. For years there has been carried in the budget of the Office of Architecture and Construction an item of reimbursement called "services to other agencies" which has always been a misnomer and should never have been shown as a reimbursable amount. It represents special fund agency amounts which have been transferred to the Architecture Revolving Fund in the same way as General Fund amounts. Therefore, it was in effect a double accounting, once when transferred and again as a reimbursement.

In the budget year, it is proposed to remove this misleading figure but in so doing it creates an apparent increase in the budget year over the present year. The appropriate comparison should be the totals of salaries and wages, operating expenses, equipment, abated by the reimbursement received from the Architecture Public Building Fund. On this basis, the total of expenditures for the current fiscal year would be \$8,678,037 which compares with the proposed year of \$8,669,595, a reduction of a little more than \$8,000 or roughly 1 percent.

Office of Architecture and Construction—Continued

The Budget Bill as originally presented to the Legislature at its 1967 session included \$8,654,702 in Item 45 as the support for the Office of Architecture and Construction. This represented a decrease of almost 4 percent from the 1966-67 fiscal year and reflected a certain degree of staff reduction. Later in the session this was reduced to \$8,069,687 which became the final figure in the ultimate Budget Act. This represented a decrease of over 10 percent when compared with the 1966-67 estimated expenditures. The decreased proposal was based on the anticipation of a still further reduction in staff plus further reductions in operating expenses and an increase in reimbursements for special services to other state agencies. The new Governor's Budget indicates that the anticipated expenditures for the current fiscal year will be just about the amount of the appropriation despite the impact of the general salary increase approved last year.

For the budget year the staff size will remain virtually the same as that to which it was adjusted during the 1967 legislative session and by subsequent personnel attrition and failure to refill jobs. Estimated salary savings in both the current fiscal year and the proposed budget year is shown at 40.7 positions. The total cost for salaries and wages is increased in the budget year by about \$97,000, or about 1.25 percent, reflecting normal merit salary adjustments and increases in staff benefits but not including the possibility of any general salary increases.

Operating expenses and equipment are proposed to be approximately \$107,000 less than in the current fiscal year, a decrease of slightly more than 9 percent. Actually, the decrease in operating expenses and the increase in salaries and wages practically balance each other out. The net result is that the proposed expenditure for the budget year is approximately at the same level as for the current fiscal year. Despite this fact, there are some elements contained in the proposal, particularly in operating expenses, that bear some challenge.

In the last completed fiscal year, 1966-67, there was a starting authorization of 691.4 positions but a final net realization of 633.7 full-time equivalent positions after giving effect to personnel turnover, positions either eliminated or partly unfilled during the fiscal year, etc. For that year, the "general expense" item was \$94,196, the "printing" item was \$12,563, "communication" was \$126,259, "traveling—in-state" was \$243,466 and "general administrative services" was \$236,755. For the budget year when there is reflected a significant reduction in total authorized positions as well as net positions after giving effect to estimated salary savings, the proposals for the same operating expenses enumerated above have changed very little downward and, in fact, in most instances have increased. For example, "traveling—in-state" is \$245,050 which we believe should be significantly lower. The item for "general administrative services" is \$264,600, nearly \$30,000 more than in 1966-67. While we recognize that the Office of Architecture and Construction operates from the Architectural Revolving Fund which is actually continuously appropriated to the office, we believe that planning for expenditure should reflect a greater realism. The

Office of Architecture and Construction—Continued

reduction in net positions from 1966-67 to 1968-69 is roughly 10 percent. However, we do not suggest that it is possible to reduce operating expenses in a like amount since to some degree a number of operating expense items have already been reduced. Nevertheless, in the elements we have specifically named above, we think that reductions are possible.

We recommend the reduction of \$62,000 in operating expenses distributed as follows: \$9,000 in "general expense," \$4,000 in "communications," \$24,000 in "traveling—in-state" and \$25,000 in "general administrative services."

Architectural Service Costs

At the beginning of the budget for the Office of Architecture and Construction in the Governor's Document on page 52, there is a tabulation showing the building-dollar-volume values in four categories and the office costs incident thereto. For the year 1966-67, the office cost of schematic and preliminary design represented 1.23 percent of the building costs; the office costs for working drawings represented 7.9 percent; and for construction inspection and contract administration it was 2.3 percent. For the current fiscal year the percentages are 1.25 percent, 7.91 percent and 2.42 percent respectively. For the proposed budget year, the percentages are 1.25 percent, 7.45 percent, and 2.42 percent respectively. The working drawings portion has dropped, although only slightly. The schematic and preliminary design cost and the working drawings cost taken together, represent 8.7 percent of the potential project value.

We have pointed out in prior analyses that the dollar value of the projects submitted by the state college system to the Office of Architecture and Construction is roughly half the total college program but that the number of projects as compared with private architects is on the order of three to one. This is, we believe, a significant element in accounting for the slightly higher average percentage when compared with private architects fees based on A.I.A. schedules. It should be pointed out that for alteration and modernization projects, private architects often receive 12 percent and more as fees. Consequently, we believe that the Office of Architecture and Construction is making a good record in the current and projected budget years.

Department of General Services

OFFICE OF ARCHITECTURE AND CONSTRUCTION

ITEM 49 of the Budget Bill

Budget page 54

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

Amount requested	\$1,544,890
Estimated to be expended in 1967-68 fiscal year	1,536,350
Increase	\$8,540

TOTAL RECOMMENDED REDUCTION	None
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Office of Architecture and Construction—Continued
GENERAL PROGRAM STATEMENT

In the preceding item we alluded to the special function of the Office of Architecture and Construction in which it checked plans and specifications for major remodeling, additions to or new public school buildings. These plans and specifications are, with relatively few exceptions, prepared by private architects all over the state for the many school districts of the state. The Office of Architecture and Construction performs no design work of any kind in connection with these projects. It merely reviews them to determine their adequacy with respect to seismic, wind and fire safety.

The requirement for this service is provided by statute which directs that all public school entities in the state submit plans and specifications for review and approval. Where review developes inadequacies in plans or specifications, these are returned to the source with exceptions noted and a request that necessary changes be made and then re-referred to the office. The statute also sets the fee which is required to accompany each set of plans checked. This is based on a sliding scale of percentages against the estimated cost of the project. The fees, which were amended last in 1961, are adequate to meet all of the costs of the service and provide a very small balance.

ANALYSIS AND RECOMMENDATIONS

The annual level of value of schoolhouse construction in the state is the basic yardstick for total workload measurement for the schoolhouse section of the Office of Architecture and Construction. In the last completed fiscal year, 1966-67 building costs of projects reviewed by the office totaled \$330,400,000. In the current fiscal year, it is estimated to total \$350 million with the same amount projected for the budget year. This reflects a fairly static level of total square footage designed and/or constructed each year. The rising construction cost index alone can account for the additional value without an increase in total area. The proposed staff level is the same as that authorized for the current fiscal year and the cost of operating expenses reflect the general rise in costs of materials and services. We believe that the activity of the section is commensurate with the workload. *We recommend approval of the budget as submitted.*

Department of General Services

STATE EXPOSITION AND FAIR EXECUTIVE COMMITTEE

ITEM 50 of the Budget Bill

Budget page 76

FOR LOAN TO THE STATE EXPOSITION AND FAIR EXECUTIVE COMMITTEE FROM THE GENERAL FUND

Amount requested	\$414,603
TOTAL RECOMMENDED REDUCTION	\$414,603

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	<i>Page</i>	<i>Line</i>
Eliminate loan for fair operation's deficit	\$414,603	77	5	

State Exposition and Fair Executive Committee—Continued

GENERAL PROGRAM STATEMENT

The State Exposition and Fair Executive Committee is the agent within the Department of General Services which supervises the non-profit corporation that is constructing and will operate the new state fair Cal-Expo in Sacramento. The new fair is under construction and is scheduled to open its first facilities for public use at the end of next June. The Executive Committee has absorbed the staff and functions of the former state fair which is in the process of closing out all of its operations.

The new fair is being constructed with a combination of \$13 million in revenue bonds, approximately \$7.2 million from a General Fund appropriation, and \$9,504,000 from the sale (with option to repurchase) of the old fair site and surplus lands of the new site to the State Employees' Retirement System. This sale was authorized last session by the Legislature.

ANALYSIS AND RECOMMENDATIONS

The Legislature provided the funding for the construction costs of the new fair with the understanding, which has been repeatedly restated by the fair management, that the new fair would be self-supporting. That is, it would require no General Fund assistance beyond the original contribution of construction capital. In our last two analyses we have questioned the validity of such statements. In order to satisfy itself of their validity, the new administration last year undertook a special review of the plans and financial feasibility of the fair by a select committee. The review resulted in revising some plans and specifically shifted some features to concession financing and operation. Thereafter construction contracts were awarded and construction is currently proceeding at a rapid pace.

The budget proposes a loan from the General Fund of \$414,603 to finance a deficit in the operating costs of the new fair during its first year of operations. This deficit is computed after the equivalent of \$265,000 in General Fund money has been allocated to the new fair through the continuing appropriations made from the Fairs and Exposition Fund. A second loan of \$350,000 is also authorized by Item 50. Thus, the new fair is \$1,029,603 below its objective of being self-supporting next year.

In simple terms, the \$414,603 is the difference or deficit after all construction and operations costs are deducted from the total of all construction funds and revenues available. The deficit cannot be related to any particular purpose or expenditure nor can the reason for the deficit be identified from the available budget material. This is because the nonprofit corporation operates outside normal state budgetary procedures and does not account for its expenditures, revenues or management decisions through customary budgetary documentation. The status of a nonprofit corporation is conceptually and factually incompatible with usual state or government budgeting. The request for \$414,603 implies that the nonprofit corporation can have the best of two worlds—that it can operate outside of budgetary controls and

State Exposition and Fair Executive Committee—Continued

General Fund accountability but still come to the General Fund for assistance when fiscal trouble occurs.

One of the major reasons for establishing a nonprofit corporation was to free the new fair of all traditional state controls. Salaries much higher than equivalent state salaries could be paid and were paid to attract and assure top management and to secure imaginative, bold leadership. We do not judge the capabilities and performance of the new fair's management, but only point out that the request for a loan indicates the management has not met its clearly stated objective of living within the financial resources available to it.

The budget proposes that the General Fund assistance shall be in the form of a loan and states "an amount is necessary as historically has been provided for support of the State Fair." This implies continued General Fund support rather than stressing assurance of repaying the loan. Failure to repay a General Fund loan quickly turns it into a grant.

Because the budget does not demonstrate how urgently the loan is needed, because the fair is to be self-supporting and because a nonprofit corporation should have the success of its management measured in its own environment of private rather than public financing, it is recommended that the item providing for a \$414,603 General Fund loan to the new fair be deleted and the fair management be advised to seek financing for its short-term operating requirements from private lending institutions.

CAPITOL BUILDING AND PLANNING COMMISSION

ITEM 51 of the Budget Bill

Budget page 84

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

Amount requested	\$2,250
Estimated to be expended in 1967-68 fiscal year	2,250
Increase	None

TOTAL RECOMMENDED REDUCTION	None
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GENERAL PROGRAM STATEMENT

The establishment of the Capitol Building and Planning Commission was effectuated by the passage of Chapter 1952 of the Statutes of 1959 which added Sections 8160 through 8171 to the Government Code. The commission is charged with the creation of a master plan covering the long-range development of the area surrounding Capitol Park particularly on the east, west and south sides with "L" Street remaining as the north boundary of the state enclave. The master plan is to be kept as current as possible, recognizing changing needs and directions and reporting proposed revisions to the Legislature at each session.

The commission consists of 13 members appointed by and serving at the pleasure of the Governor, three each from lists of nominations by the Mayor of the City of Sacramento, and Chairman of the Sacramento

Capitol Building and Planning Commission—Continued

County Board of Supervisors and the balance at the Governor's discretion. Members serve without compensation or reimbursement for expenses. Costs incurred by the commission would therefore be for services rendered by outside organizations such as planners or architects and for clerical help. The latter is supplied by the Department of General Services on a reimbursable basis. The basic master plan was adopted some years ago by the Legislature and since that time there has been relatively little change in the plan and the activities of the commission have been at a low level.

ANALYSIS AND RECOMMENDATIONS

With the completion of the new central heating and cooling plant and office buildings Nos. 8 and 9, there is little likelihood of any significant additional construction for state purposes in the delineated area although the state is continuing to buy property within the established boundary lines to the extent that money is still available for the purpose. Recently established space utilization standards provide for more intense utilization of existing space or space under construction which should defer the requirement for new construction for a number of years with the possible exception of a legislative office building. Consequently, the proposal in this item represents a holding situation which should remain at this level for some years to come. *We recommend approval.*

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

ITEM 52 of the Budget Bill

Budget page 85

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

Amount requested -----	\$52,472
Estimated to be expended in 1967-68 fiscal year -----	50,950
	\$1,522

Increase (3.0 percent) -----	\$1,522
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TOTAL RECOMMENDED REDUCTION -----	None
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GENERAL PROGRAM STATEMENT

The Commission on California State Government Organization and Economy was created by the 1961 Legislature (Chapter 2038), activated in 1962, and it provides the Governor and the Legislature with continuing assistance in promoting efficiency and economy in state government.

An executive secretary is appointed by the commission at an annual salary of \$20,496. The commission is comprised of 13 members, 9 of which are general members and 4 of which are legislators. Five of the general members are appointed by the Governor, two are appointed by the Speaker of the Assembly and two by the Committee on Rules of the Senate. The members serve without compensation, but may recover necessary expenses.

**Commission on California State Government
Organization and Economy—Continued**

ANALYSIS AND RECOMMENDATIONS

The commission has studied and made recommendations on the agency plan of executive organization, the formation of a Department of General Services and a Department of Revenue, automobile replacement policies, management manpower needs of state government, program budgeting and the use of plural bodies in government. Currently studies are being made into higher education, the Department of Industrial Relations, the state's money management program, dedicated funds and continuing appropriations, automatic data processing, disposal of surplus rights-of-way and the Governor's reorganization plan as required by Chapter 1540, Statutes of 1967.

We recommend approval as budgeted.

COMMISSION ON INTERSTATE COOPERATION

ITEM 53 of the Budget Bill

Budget page 86

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

Amount requested	\$74,660
Estimated to be expended in 1967-68 fiscal year	84,620
Decrease (11.7 percent)	\$9,960

TOTAL RECOMMENDED REDUCTION None

GENERAL PROGRAM STATEMENT

The primary mission of this 19-member commission composed of 14 legislators and five officers of state government is to foster cooperation and coordination between state governments in areas of common or joint interest. This is accomplished through membership as a participating state in the Council of State Governments and participation in that organization's national and regional meetings on topics of joint interest. The council staff serves the various states and organizations of state officials both from its national headquarters in Chicago and, in the case of California, through a regional office located in San Francisco. The contribution to the Council of State Governments is made on a formula basis, \$2,000 for each state plus \$375 for each 100,000 population and is revised from time to time to meet the budgetary needs of the council through action of its executive board. The last revision occurred in the current fiscal year.

ANALYSIS AND RECOMMENDATIONS

The level of expenditure proposed for the budget year is at the same level as the current year, less the special appropriation of \$10,000 in the current year for highway safety activities, plus \$40 in accounting and personal services.

We recommend approval as budgeted.

Extension of Expenditure Authorized for Prior Augmentation

The augmentation of the budget by \$10,000 from the General Fund through Item 51.1 in the 1967-68 Budget Act for expenditure by the

Commission on Interstate Cooperation—Continued

Western Regional Office of the Council of State Governments for research and administrative services relating to the proper implementation of the several federal highway programs, with particular emphasis on highway safety, was made in response to a resolution passed by the Senate of the State of Washington on this matter as well as an appropriation by that state's legislature of \$10,000 for the biennium ending June 30, 1969. The authority to obligate the Washington state appropriation for expenditure is contingent upon not less than two states making available an equal or greater amount for the purposes stated above. As of December 10 only California among the 12 other western states had responded with a firm commitment. Seven of these states' legislatures will be convening in budget sessions in early 1968 and the likelihood of at least one other state joining in this project would appear certain.

As the authority to obligate the \$10,000 appropriated in Item 51.1 of the Budget Act of 1967 expires on June 30, 1968, we recommend that the unexpended balance of that appropriation, not to exceed \$5,000 (the annual expenditure level for \$10,000 for the biennium 1967-69) be made available for expenditure during the fiscal year 1968-69, thus reestablishing or continuing California's support of this regional project. We further recommend that supporting funds be appropriated from the Motor Vehicle Transportation Tax Fund in lieu of the General Fund should the project be extended beyond June 30, 1969.

STATE PERSONNEL BOARD

ITEM 54 of the Budget Bill

Budget page 87

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

Amount requested	\$4,796,422
Estimated to be expended in 1967-68 fiscal year	4,697,533
Increase (2.1 percent)	\$98,889
TOTAL RECOMMENDED REDUCTION	\$5,985

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
Administration			
Travel—in-state	\$585	88	35
Personnel Services Division			
Travel—in-state	2,500	89	42
Recruitment and Field Services Division			
Travel—in-state	1,900	90	16
Standards and Surveys Division			
Travel—in-state	1,000	91	6

Summary of Recommended Administrative Improvements

	<i>Analysis page</i>
Review of appeal process from qualifications appraisal panel decisions	74
Annual report on workmen's compensation costs and sick leave usage	75

GENERAL PROGRAM STATEMENT

The State Personnel Board was established by Article XXIV of the State Constitution. The five members are appointed by the Governor

State Personnel Board—Continued

and serve 10-year staggered terms. The board is supported by a staff of 516.5 authorized positions organized into eight functional divisions to carry out the board's mission.

The board is responsible for providing personnel services to state agencies and administering California's civil service program. The Constitution provides that the board may appoint an executive officer who has all the powers and duties delegated to him by the board except the adoption of rules and regulations, the creation and adjustment of classifications and grades, dismissals, demotions and suspensions which remain the duties of the board. Additional statutory responsibilities of the board are set forth in Sections 18000-19768 of the Government Code.

Seven of the divisions of the board are funded from the General Fund and the eighth, which performs services for other public jurisdictions or agencies, is totally reimbursed for these services on a contractual basis.

The analysis that follows will be on an organizational basis as presented in the budget document.

The support expenditures and staffing of the board for the five-year period beginning with fiscal year 1964-65 through the proposed expenditures of the budget year follows:

	1964-65	1965-66	1966-67	Estimated 1967-68	Proposed 1968-69
Staff, man-years --	481.8	503.1	521.3	506.8	496.2
Support expenditures ---	\$3,773,718	\$4,070,847	\$4,315,780	\$4,697,533	\$4,796,422
Man-years civil service employment -----	101,387.2	105,491.5	108,090	111,999.7	112,479

We note the costs of travel in-state, for the staff divisions less the reimbursed costs and travel cost of the board itself, are increasing although staff has been reduced. We show the total travel in-state cost as presented in the budget together with related information.

	Actual 1966-67	Estimated 1967-68	Proposed 1968-69
Cost -----	\$75,042	\$74,300	\$81,191
Number employees traveling ---	263	237	247
Number days travel -----	3,490	3,029	3,316
Average cost/day of travel -----	\$21.50	\$24.52	\$24.48

These travel costs will be discussed in detail in the divisional analysis which follows.

The board has not requested any new positions requiring General Fund support although 5.1 new reimbursable positions have been requested. Ten positions were established by administrative adjustment in the current year, two of which are proposed for continuation in the budget year.

ANALYSIS AND RECOMMENDATIONS

The State Personnel Board has proposed a total expenditure of \$5,460,006 in support of its programs for fiscal year 1968-69. This figure

State Personnel Board—Continued

includes the reimbursed costs for providing services to other state agencies and public jurisdictions in the amount of \$663,584 and the requested General Fund appropriation of \$4,796,422. A General Fund appropriation of \$4,796,422 is proposed for the 1968-69 fiscal year which is \$98,889 above that which is anticipated to be expended during the current fiscal year.

Board

The board's program is the maintenance of a viable merit system of civil service employment within state government and its objective is achieved through the administration of the system by application of the statutes, adoption of regulations, establishment of classifications of positions and pay ranges related thereto, and deciding appeals from disciplinary actions or procedures taken by appointing authorities or board staff. The board performs these tasks by meeting alternatively at Los Angeles, Sacramento and San Francisco at two-week intervals for two-day sessions.

The board has requested \$147,964 for its support in the budget year which is \$1,374 less than the estimated expenditure in the current year.

We recommend approval as budgeted.

Appeals from Qualifications Appraisal Panel Decisions

Applicants for state employment or state employees taking promotional examinations are required to appear before a qualifications appraisal panel of three members for an interview to determine their fitness for employment or promotion. In almost every instance the panel is composed of a Personnel Board staff member, a member representing the appointing authority or agency for whom the individual will work and a public member. At the interview only the candidate himself is present and his responses to questions of the panel are the basis for the panel's judgement. No documentation is considered.

After such an interview, the panel in its best judgement recommends a specific passing grade or failure.

Should an individual fail, he may appeal the decision of the panel to the board itself.

The board heard 299 such appeals in fiscal year 1964-65, 381 in 1965-66 and 371 in 1966-67. In each year it ruled for the appellant approximately 50 percent of the time. Assuming that each appeal was considered in a matter of minutes, the total annual time amounts to several days.

We have reviewed a considerable number of the submissions of appeals from actions of the qualification appraisal panel decisions and it is our opinion that many are stated in terms too nebulous to warrant consideration by the board under their Rule 202 appearing in Title 2 of the California Administrative Code.

We recommend the board revise its policy of holding hearings on appeals from qualification appraisal panel decisions with the view of accepting only those that state a specific ground of irregularity, or bias, or fraud, or of erroneous interpretation of minimum qualifications, and

State Personnel Board—Continued

in addition it is recommended that the board, to validate the competitiveness of the qualification appraisal panels as held, restrict the evidence presented at the appeal to include only those issues considered by the panel

Workmen's Compensation Costs and Use of Sick Leave

In our analysis of the board's proposed 1967-68 budget, a recommendation was made that the Personnel Board submit to the Governor and the Legislature an annual report detailing (1) total 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 desirable to achieve greater efficiencies and economies in the state service through safer practices and procedures.

Although this recommendation was approved by the Senate Finance Committee, the board has failed to provide such a report. *We again make this recommendation and urge that the board provide such an annual report.* The board through its staff is the focal point of overall state safety matters. We believe the board should provide more emphasis and leadership in safety matters in general and workmen's compensation costs in particular and by so doing better fulfill its duty to help the state achieve meaningful savings in manpower and funds.

Administration

This division provides staff support for the executive officer and assistant executive officer in implementing the policies of the board, coordinating all departmental planning, and exercising fiscal control to insure that all the subprograms accomplish their objectives.

The division has requested \$157,811 for its support in the budget year, which is an increase of \$8,445 over the current year.

Travel—in-state (budget page 88, line 35)----- \$2,885

The division has requested the above amount for travel in state for the budget year which is \$70 more than the estimated expenditure for this purpose in the current year.

We recommend this line item be reduced to \$2,300 resulting in a General Fund savings of \$585.

In our review of the past five actual years' expenditures for this purpose, we note that at no time has travel exceeded \$2,000. In the 1966-67 fiscal year, 130 travel-days were expended by 10 employees. In the current year it is estimated there will be 145 days expended by six employees. In the budget year 148 days by six employees is proposed. Further we note in 1966-67 automobile (pool and private) mileage totaled 4,600 miles, yet 6,737 are estimated in the current year and 8,400 miles are proposed in the budget year. We find no justification for these increases. A sum of \$2,000 plus 15 percent for increases allowed by the budget instructions of the Department of Finance should be adequate to fulfill the needs of the division in the budget year.

Thailand Training Program

On June 21, 1965, the board entered a contractual agreement with the Agency for International Development to provide training to the

State Personnel Board—Continued

government of Thailand in personnel administration on a fully reimbursable basis. Six man-years were provided for this purpose in 1967-68. As these persons are civil service employees of the state, the state still retains all its responsibilities and liabilities of their employment during their overseas tours. The program will continue through October 1968 as a result of a new contract signed January 18, 1968. Although not shown in the budget due to the late date of signing the renewed contract, the six temporary help positions will be proposed for funding through contract reimbursements for four months in the 1968-69 fiscal year.

Personnel Services Program

The objective of this program is the maintenance of the state's classification plan by placing all civil service positions in classifications according to duties and responsibilities. By so doing, comparisons of jobs as to type and level can be made on a basis for determining pay rates.

The board has requested \$1,189,462 for support of the program in the budget year, which is an increase of \$20,995 over the current year.

Although the funding and detail in the budget appear under the "personnel services program" heading, the board has divided the tasks among two subdivisions, the General Personnel Services Division and the Management Personnel Services Division.

The General Personnel Services Division has within it five sections. These are the Examining Services Section which is responsible for the preparation and scheduling of examinations, and four operations sections with responsibilities for examination, classification and pay of 13 general occupational and organizational groups of state employment.

The Management Personnel Services Division consists of four sections:

1. The Management Manpower Section, which is responsible for management manpower development in state service,
2. The Operations Section, which is responsible for examination, classification and pay responsibilities for fiscal management, legal and data processing classes,
3. The Examining Standards Section, which analyzes and evaluates policy and procedural problems associated with tests as to validity, selectability, etc. to meet the changing needs of state service, and
4. The Special Projects Section, which handles high priority assignments or those involving considerable field work on classification, pay or examinations.

Travel—in-state (budget page 89, line 42)..... \$44,775

The amount requested for travel in state in the budget year is \$2,450 more than in the current year.

The detail concerning this line item indicates an increased level of service in that 10 more employees are scheduled for 100 more travel days in the budget year over the current year and will use a total increase of 4,700 more miles of automobile travel during that period. A review of the salary supplement indicates the same number of employees are available for traveling as in the current year.

State Personnel Board—Continued

The qualification appraisal panel workload which is projected to rise by 6.4 percent is the only significant factor to which this travel can be attributed. The board has indicated 39 percent of its staff travel is attributable to this function.

We recommend this line item be approved in the reduced amount of \$42,275 resulting in a saving of \$2,500.

We find no specifics relative to the justification for travel in excess of the current year requirements. The qualification appraisal panel projection is based upon the board staff handling between 55 and 60 percent of the estimated total number of interviews to be given, at approximately 34 minutes per interview. We believe the qualification appraisal panel workload based on an average 34-minute interview to be unrealistic and that sufficient flexibility exists in the delegation of this responsibility to accept the reduction of travel in-state funds to current year level.

We recommend that the support for this program be approved in the reduced amount of \$1,186,962.

Recruitment Program

The responsibility for the implementation of this program is assigned to the Recruitment and Field Services Division. The objective of the program is to provide the state, as an employer, with sufficient qualified applicants to meet its manpower needs in order to fulfill its obligations to the people. The division achieves this objective by continuous contact with schools, training centers, technical and professional associations, and by advertising. It maintains continuous testing services at its branch offices in Los Angeles and San Francisco and at headquarters in Sacramento for those classifications of employment for which there is an immediate and unfilled need. It also sends teams out of state to attract those with skills or in professions that are in short supply or competitive demand. In addition, the division provides proctoring service for the examinations for state employment.

The board has requested \$878,009 for support of the division and the program in the budget year, which is \$13,258 more than the estimated expenditure in the current year.

Travel—in-state (budget page 90, line 16)----- \$12,400

The amount requested by the division for the above purpose exceeds the estimated current year expenditure by \$600 and the last actual year by \$4,381. The detail provided on these expenditures indicates an increase in employee travel of 138 days over the last actual year and nine days over the current year.

We recommend this line item be approved in the reduced amount of \$10,500 resulting in a savings of \$1,900.

We have received no additional justification that would support this additional controllable cost on the basis of a need for an intensified recruitment effort within the state. The proposed reduction will provide the same level of service as during the past actual year including cost increases.

State Personnel Board—Continued

At no time in the past three actual years has this division expended more than \$9,913 for travel. The reduced amount as recommended should be adequate to meet the needs of the division.

We recommend that the support requested for this division be approved in the reduced amount of \$876,109.

Standards and Surveys Program

This program has four subactivities which have as their objectives the following: (1) the development of classification and pay policies for the board's consideration, (2) the establishment of physical standards for each job classification, (3) surveys of departmental personnel management to improve personnel management programs, and (4) the employment of the handicapped in state service.

The Standards and Surveys Division has responsibility for the execution of this program and achieves its objectives by (1) conducting general wage, salary and employee benefits surveys which are used to insure that compensation of those in state employment is comparable to that offered by other public jurisdictions and private employment, (2) conducting advisory personnel management surveys of each department of state government to improve the personnel management policies of the departments and to review their position classification plans, (3) requiring review of all position classifications by a medical officer to establish necessary physical qualifications, and (4) actively recruiting handicapped individuals for state employment.

The funds requested for support of the division in the budget year are \$369,790 which is \$9,704 more than estimated for expenditure in the current year.

The current and budget years reflect the shifting of the majority of the supporting cost of the handicapped placement program to the Department of Rehabilitation through an interagency agreement. Under this agreement the board is obligated to provide support funds not to exceed \$4,250. No new positions have been requested.

A review of proposed operating expenses discloses that the major increase is in travel—in-state.

Travel—in-state (budget page 91, line 6)----- \$14,622

The amount requested for this activity is \$3,812 greater than in the current year and \$1,125 more than in the last actual year.

We recommend this item be approved in the reduced amount of \$13,622 resulting in a savings of \$1,000.

A review of the division's projected workload does not indicate that a level of service in excess of fiscal year 1966-67 is expected. The proposed staffing for the budget year is 3.9 positions less than in fiscal year 1966-67, and the amount remaining after the proposed reduction is \$1,687 above that expended in the last actual year. Thus we believe the amount recommended for this purpose to be adequate to the tasks assigned.

We recommend this division's support budget be approved in the reduced amount of \$368,790.

State Personnel Board—Continued

Examination Processing Program

This activity is assigned to the Office Services Division which also provides logistic supporting services to the other operating divisions of the board's staff.

The program requires that the division review and process all applications for state employment; arrange, administer, score and process examinations; establish, maintain and certify as to eligibility the lists of persons qualified for state appointment. In addition to this, the division provides the board with graphic art, duplicating and offset printing and related clerical services, data processing including statistical reports, central mailing services and maintenance of the board's central files. The costs of these latter services should be charged back to the operating divisions in direct proportion to their use of the services in the program budgeting concept, but is not feasible at this time.

The request for the support of the division is in the amount of \$1,881,852, which is \$42,695 above the estimated current year expenditure.

We recommend approval of this division's budget as requested.

Training and Safety Program

The objective of this program is to provide all organizational segments of state government with an effective safety program and a sound, realistic and continuing training program for their employees. This program and its execution is assigned to the Training Division which, through its assistance to state agencies in planning, conducting and evaluating agency training and safety programs, endeavors to meet the program objective.

The board has requested \$171,534 to fund the support of the division in the budget year. This amount is \$5,166 over the estimated expenditures in the current year. Included in the budget is a line item for inter-agency management courses which is to be fully reimbursed (\$21,900) and will be expended only to the degree of reimbursement from an agency which requests or accepts such service.

We recommend approval as budgeted.

Local Jurisdiction Personnel Services Program

This program has as its objective providing skilled personnel staff services to smaller public agencies that cannot economically maintain their own staff on a full-time basis. These services are offered on a fully reimbursable contractual basis by the Cooperative Personnel Services Division and include administering examinations, developing and maintaining position classification and salary plans, and providing examination services on contract for two state agencies with responsibilities for merit system maintenance at the local level.

The services provided by the division are fully reimbursed and are responsive to the demand for these services by other public entities. The budget indicates the division proposes to expend \$598,214 of reimbursements in support of its operations and has requested 5.1 new positions to fulfill its contract responsibilities.

We recommend approval.

SECRETARY OF STATE

ITEM 55 of the Budget Bill

Budget page 94

FOR SUPPORT OF THE SECRETARY OF STATE
FROM THE GENERAL FUND

Amount requested	\$1,213,546
Estimated to be expended in 1967-68 fiscal year	1,123,785
Increase (8.0 percent)	\$89,761

TOTAL RECOMMENDED REDUCTION None

GENERAL PROGRAM STATEMENT

The Secretary of State is a constitutional officer of the state and his duties are defined in the Government Code, Sections 12153 through 12264.

He keeps records of the official acts of the Legislature and the executive departments. 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 and 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. He processes and issues notary public commissions.

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.

This office is responsible for the filing of financial statements and furnishing information pursuant to the provisions of the Uniform Commercial Code. The Secretary of State maintains the Archives of the State of California.

The following table shows the major categories of documents processed for fiscal year 1966-67 and the estimated number for the current year and the coming fiscal year.

	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68 1968-69	
Corporation documents reviewed	39,044	38,422	38,198
Corporation documents filed	33,303	32,198	32,355
Notary public commissions processed	24,768	24,578	24,930
Financing statements filed	126,555	132,605	140,100
Requests for certification	27,743	29,130	29,858

Revenues collected by the Secretary of State in 1966-67 and estimated for the current and budget years are as follows:

	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68 1968-69	
Domestic corporation fees	\$926,842	\$862,649	\$862,649
Foreign corporation fees	510,232	518,712	522,365
Notary public fees	122,720	139,275	149,530
General fees	128,139	141,194	145,015

Secretary of State—Continued

	<i>Actual</i> 1966-67	<i>Estimated</i>	
		1967-68	1968-69
Certificates and copies-----	116,174	147,060	158,664
Commercial Code filings-----	266,081	275,213	280,720
Federal tax lien filings *-----	--	8,000	16,000
Miscellaneous income-----	3,286	3,500	3,500
Total revenues (General Fund)---	\$2,073,474	\$2,095,603	\$2,138,493
Revenue accrual adjustment-----	7,577	--	--
Total adjusted revenue-----	\$2,081,051	\$2,095,603	\$2,138,493

* Program becomes effective January 1, 1968.

The budget request of the Secretary of State is presented under three categories: Administration, Automated Services Division, and Archives. Certain functions have been identified as programs in the budget presentation but costs have not been allocated to them.

ANALYSIS AND RECOMMENDATIONS

The amount requested for fiscal year 1968-69 is \$1,213,546 which is an increase of \$89,761 or 8 percent more than is estimated to be expended in the current fiscal year. The increase for salaries and wages is \$14,652 (1.9 percent), operating expenses \$71,889 (20.3 percent), and equipment \$650 (6.2 percent). There is a decrease of \$2,570 in reimbursements. These increases will be discussed under the three functional categories hereafter.

Administration

The activities in this category are general administration activities, budgeting, accounting, examining and filing of articles of incorporation, various corporation activities and processing of notary public commissions. These last two activities constitute approximately 75 percent of the filing and processing activities in administration. Other miscellaneous activities include filing claims to trademarks, service marks or assignment of same, claims to names, laundry marks, manuscripts, oaths of office for noncivil service personnel, and filing original copies of all laws enacted by the Legislature, and other official acts of the Legislature and executive departments of the state, etc. More than 50 percent of the total staff (52.8 positions) are in administration with a total estimated cost of \$628,209 for the 1968-69 fiscal year, an increase of \$52,602 over the current year. There are two new positions of intermediate typist-clerk proposed at a cost of \$9,982 for increased workload. One of these positions is needed for increased workload due to enactment of legislation in the 1967 session which changed the life of trademarks from 10 to 20 years and provided for the registration of service marks by business firms or individuals. The other position is requested for increased activity by the state Commission of Voting Machines and Vote Tabulating Devices. It is the responsibility of the commission to see that all elections follow the procedures as defined in the Elections Code, and that voting machines and vote tabulating devices used cannot be tampered with. The commission reviews proposed legislation dealing with changes in election procedures, voting

Secretary of State—Continued

machines and vote tabulating devices. The commission also reviews any challenges that are made regarding procedures, voting machines or vote tabulating devices used in an election.

The major single operating expense increase is \$20,994 for general printing because of the additional requirements for the election year. The balance of the increase is composed of \$5,000 for a constitutional officer's entertainment allowance (Chapter 1538, Statutes of 1967), \$9,540 for refurbishing the office, salary adjustment, cost increases and other minor adjustments.

Automated Services Division

The major activities of this division are the receipt and filing of financial statements and the furnishing of information from these files to interested parties as provided in the Commercial Code. These financial statements are filed to protect money given for goods, property, etc., where the seller retains possession. In this process (perfecting a security interest in a secured transaction), the recording of the transaction secures the goods to the first buyer and restrains the seller from disposing of them to another buyer. A security interest is perfected when a financial statement is properly filed in compliance with Sections 9302-9306, Chapter 3, of the Commercial Code.

Legislation passed in the 1967 session provided that the Secretary of State assume the entire function of issuing notary public commissions which heretofore were issued by the Governor and attested by the Secretary of State. The additional responsibility involved a cost of \$10,780 in the current fiscal year which was allocated from the Emergency Fund and two clerical positions were transferred from administration to handle the paperwork. After the conversion of the file to an automated system, savings of \$4,500 annually are anticipated. Chapter 1068, Statutes of 1967, provided that federal tax liens upon personal property be filed with the Secretary of State in those instances where the person against whose interest the tax lien applies is either a corporation or a partnership whose principal place of business is located in the State of California.

Total expenditures for the Automated Services Division are estimated to be \$489,562 for fiscal year 1968-69, which is an increase of \$24,448 over the current year. In addition to the increases mentioned above, the major items of increase in operating expense are \$7,000 in general expense for plastic frames for notary public commission and approximately \$7,000 in communications for postage for mailing of commissions and forms.

Archives

The major goals of the archival program is to screen public records and select those records which have sufficient historical and administrative significance to merit acquisition and preservation; to index and arrange these records in such a manner that government officials, attorneys, scholars and the general public can obtain information regarding changes in the organizational structure and the administration of

Secretary of State—Continued

the government of the State of California and the history of California; and to repair, restore and exhibit records of significant interest to the public. At present there are approximately 23,000 cubic feet of records housed in the archives. The budget request for this activity for 1968-69 is \$95,775, an increase of \$12,711 over the current year. There are seven positions authorized for the current year and no new positions are requested for fiscal year 1968-69. The increase is due to merit salary increases, increase in rent, communications, general expense, etc.

We recommend approval of the budget request in the amount of \$1,213,546.

SECRETARY OF STATE

ITEM 56 of the Budget Bill

Budget page 94

FOR PRINTING OF ELECTION PAMPHLETS
FROM THE GENERAL FUND

Amount requested	\$300,000
Estimated to be expended in 1967-68 fiscal year	31,000
	<hr/> \$269,000

Election pamphlets contain the proposed text of constitutional amendments and other ballot measures and the arguments relating thereto.

The amount of \$300,000 requested is the estimated cost for printing and distributing approximately nine million pamphlets for the 1968 general election.

The amount of \$31,000 estimated to be expended in the current year is being obtained from the Emergency Fund. This results from two bond measures on the June primary ballot, the junior college school bond measure and the veterans bond measure, which will necessitate the printing and distribution of election pamphlets in this fiscal year.

We recommend approval as budgeted.

EXPENSE OF PRESIDENTIAL ELECTORS

ITEM 57 of the Budget Bill

Budget page 99

FOR PAYMENT OF EXPENSES OF PRESIDENTIAL ELECTORS
FROM THE GENERAL FUND

Amount requested	\$1,700
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TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS AND RECOMMENDATIONS

Section 25108 of the Elections Code provides that each presidential elector shall receive \$10 for his services and mileage at the rate of five cents per mile from his domicile to the State Capital and return. The amount of \$1,700 requested for fiscal year 1968-69 is an increase of \$200 over the amount requested for the 1964 election and is due to an anticipated increase in mileage by the electors.

We recommend approval of this item as budgeted.