

## Control Sections

### CONTROL SECTIONS

Sections 4.5 through 36 appear in both the Assembly and Senate versions of the Budget Bill and are referred to as "control sections." They have been arranged and numbered, for the most part, to correspond with equivalent or generally similar sections in the prior budget act to simplify comparisons. This accounts for the gaps in the numbering where sections have been dropped for various reasons. Usually this is because the missing sections no longer apply.

#### Section 4.5

##### RECOMMENDATION

*We recommend approval.*

This section, which is similar to Section 4.5 in the Budget Act of 1967, provides that, subject to the provisions of this act and approval by the Director of Finance, obligations for expenditure during 1968-69 may be incurred prior to July 1, 1968, to be paid after June 30, 1968.

#### Section 5

##### RECOMMENDATION

*We recommend approval.*

The Budget Act of 1961 first established a policy, which has since been continued each year, by which the Department of Finance is provided with authority to permit the placing of advance orders for equipment to be used in funded construction projects. Usually this entails the types of units which take very long lead time between order and delivery, generally highly complex and technical scientific equipment. The section authorizes the encumbrance of a maximum of \$1,500,000 to be expended sometime after July 1, 1969.

This will be the third time that the \$1,500,000 limitation has been allowed, since for the first five years it was only \$1 million. The higher allowance is based almost entirely on the fact that scientific equipment, particularly, has been rising very rapidly in cost so that today the larger sum probably buys no more pieces of equipment than the \$1 million did six or seven years ago.

#### Section 6

##### RECOMMENDATION

*We recommend approval.*

Section 1579 of the Government Code sets up the procedure which requires that all major capital outlay projects be approved by the State Public Works Board before any expenditures can be made. The Legislature has followed this policy for many years. This section continues that policy by reference to the Government Code.

#### Section 7

##### RECOMMENDATION

*We recommend approval.*

This section requires that all appropriations for the acquisition of land or other real property contained in the bill be subject to the provisions of the Property Acquisition Law. This also continues a long-

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standing policy of the Legislature. However, there are four specific exceptions. These are appropriations from the California Water Fund, the State Highway Fund, appropriations made for allocation to junior colleges and appropriations to the Regents of the University of California.

The section also requires that notwithstanding the exemptions, all agencies making acquisitions of real property or land shall report to the State Public Works Board. The purpose of this is to provide the board with useful comparative information in connection with those deliberations which the board itself must undertake when acquiring properties.

### Section 8

#### RECOMMENDATION

*We recommend approval.*

This section continues a long-established policy of the Legislature which requires that all major projects be reviewed and approved by the State Public Works Board before working drawings are started. The section also provides that no construction project may be put out to bid, when the Department of Finance has requested the board to review working drawings, until the project has been subsequently approved and released for bidding.

The section provides that no substantial changes may be made in the working drawings from the basic preliminary plans as approved by the Department of Finance and the Public Works Board without prior approval of these two agencies. The section also provides that no money appropriated for equipment may be expended without prior approval of the Department of Finance.

The section specifically exempts minor construction projects from these controls. In prior years, the section also exempted all of the projects of the University of California. However, this exemption has now been deleted from the section which in effect would require the University of California to follow exactly the same procedures as all other state agencies.

The section continues to exempt the Department of Public Works from the controls of the Public Works Board but it does require that it report to the board all expenditures for capital outlay except minor projects from appropriations contained in the act. Generally, these are infrequent since the funds for the Department of Public Works are mostly available on a continuing basis by statute and do not appear in the Budget Act.

### Section 8.5

#### RECOMMENDATION

*We recommend approval.*

The policy covered by this section was first contained in the Budget Act of 1964 which expressed that it was the intent of the Legislature, when making appropriations to state agencies which were eligible for federal aid, that such agencies would be required to apply for the maximum amount available under federal law.

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### Section 9

#### RECOMMENDATION

*We recommend special review.*

This section proposes to continue the policy established by the Legislature in the Budget Act of 1967 which gave legislative approval to the University of California for the use of savings for capital outlay appropriations to augment other capital outlay projects already appropriated by the Legislature which might be short of funds for various reasons. This section also specifically provides that the University may not use such funds to start or implement projects that have not previously been approved or authorized by the Legislature or by allocation from the State Public Works Board. The University is also required to submit to the Public Works Board a report of all allocations of its savings from construction projects. It should be pointed out that this allows the University to increase the scope of approved projects by use of savings from other projects. All other state agencies responsible to the Public Works Board are not allowed such latitude but may augment from savings only to cover price rises or unforeseen contingencies not occasioned by scope increases. We would point out that Section 8 proposes to bring the University under the control of the State Public Works Board similar to that under which other state agencies are required to receive board approval before augmentation could be effected. Consequently, it would appear to us that the language in Section 9 is not fully compatible with the intent of Section 8. We suggest that the language in this section should require State Public Works Board approval before any augmentations are made by the University for projects otherwise under the control of the State Public Works Board.

### Section 10

#### RECOMMENDATION

*We recommend special review.*

This section proposes to extend the availability of a long list of appropriations all of which were made originally by various budget acts. The reasons for the extensions are varied and most are fairly well justified. The oldest appropriation was made by the Budget Act of 1956, a few were made by the Budget Acts of 1961 and 1962. Most were made by the Budget Acts of 1963, 1964 and 1965, principally 1965.

We suggest that a number of the proposals are without merit. For example, Item 400(x), of the Budget Act of 1966, appropriated \$75,000 for acquisition of an area known as Imperial Sandhills. The land in question is owned by the federal government through the Bureau of Land Management and the fact that the appropriation was premature is evidenced by the failure of B.L.M. to declare the property surplus during the past 11 years with no final date established as to when it will be, although it has been said that this might occur in 1969. In any case, if the land is declared surplus, it would not be used for any other purpose and the state would have ample time to make an appropriation in a future budget to purchase the land. There are several other acqui-

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sition projects which have been pending for a long period, notably appropriations for so-called opportunity purchases in the Department of Parks and Recreation. We suggest that these should be carefully re-examined.

### Section 10.1

#### RECOMMENDATION

*We recommend approval.*

This section provides that the unexpended balance of the amount appropriated to the Emergency Fund for 1967-68 by Item 254 of the Budget Act of 1967, shall revert to the unappropriated balance of the General Fund as of June 30, 1968, and that as of July 1, 1968, shall be reappropriated for expenditure until June 30, 1969, for emergencies occurring during 1967-68, on written authorization of the Director of Finance, on or before June 30, 1969.

This section is similar to Section 10.1 of several prior budget acts and the reversion and reappropriation technique is to clarify, for accounting purposes, the status of any unexpended balance which may exist as of June 30, 1968.

### Section 10.2

#### RECOMMENDATION

*We recommend approval.*

Chapter 1071, Statutes of 1957, appropriated nearly \$7,500,000 for development of a new state fair. Subsequent budget acts extended the availability of these funds and in addition authorized \$898,000 of those funds to be used by the California Exposition and Fair Executive Committee for support and grants. This section proposes to extend the availability of the funds until June 30, 1970. Since the new fair and exposition is now under construction and will not be entirely complete for over a year, it appears appropriate to extend the availability of the funds.

### Section 10.3

#### RECOMMENDATION

*We recommend approval.*

The Budget Act of 1967, for the first time, appropriated minor construction funds to be available for one year only instead of the three-year period that had been the previous practice. Item 311 of the 1967 Budget Act was for minor projects at the University of California. One of these projects for the construction of a culture preparation building at the Riverside campus will very likely receive a federal grant from the National Institutes of Health which will probably not be forthcoming before the expiration date of the state funds. Therefore, it is proposed to extend the availability of the \$44,000 that was earmarked in the Governor's Budget for this project. This appears to be a justifiable extension.

### Section 10.4

#### RECOMMENDATION

*We recommend approval.*

The Budget Act of 1965 by Item 349(ggg), appropriated \$958,300 for the construction of utilities and site development at the Santa Barbara campus of the University of California. The availability of

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remaining funds would cease on June 30, 1968. A portion of the utilities has been delayed for reasons beyond the control of the campus. This section proposes to extend the availability of \$50,000 to June 30, 1969 which we find to be entirely reasonable.

### Section 10.5

#### RECOMMENDATION

*We recommend approval.*

Item 409(j) of the Budget Act of 1966, appropriated \$242,900 for the construction of air conditioning in classroom building No. 2 on the Los Angeles campus of the state college system. A subsequent study developed clearly that it was in the state's long-range interest to centralize the refrigeration systems for this campus, as much as possible. This section proposes to reappropriate Item 409(j) of 1966 as part of the financing for the construction of Phase I of a southwest campus chiller plant which will serve not only classroom building No. 2 but several others at some future date. We believe this is an appropriate and economical approach.

### Section 10.6

#### RECOMMENDATION

*We recommend approval.*

Item 391.1(c) of the Budget Act of 1962 appropriated funds for the construction of multipurpose psychiatric centers to be operated by the counties. The appropriation was subsequently extended by Section 10.5 of the Budget Act of 1965 and Section 10 of the Budget Act of 1966. It is now proposed to extend the appropriation further and to expand the availability of the funds to include sidewalk, curb and gutter improvements on adjacent nonstate property at the multipurpose center in Contra Costa County. It has been legislative policy to make specific provisions when state funds are to be expended on nonstate property.

### Section 11

#### RECOMMENDATION

*We recommend special review.*

This section proposes to revert to the unappropriated balance of the General Fund, unencumbered balances of capital outlay appropriations which were made in the Budget Act of 1966 which would otherwise not revert until June 30, 1969, unless they were committed or obligated by prior action. In addition, the section also proposes to revert appropriations made by a series of 1965 statutes and several 1967 statutes. These are not capital outlay as such. Since the section as shown in the Budget Bill cites only the item number and budget act or statute number without further amplification, we believe it would be of value to the legislative committees to have a listing of these projects by name and in some instances to have our comments which are as follows.

#### Department of General Services

##### Item 367(g), Budget Act of 1966

This was an appropriation of \$75,000 to provide a gold-colored treatment on the dome of the State Capitol Building in Sacramento. No really satisfactory approach has yet been found and we believe the reversion is probably in order.

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### Item 367(k), Budget Act of 1966

This was an appropriation of \$143,000 to provide an additional elevator in the San Diego State Office Building. The reversion was proposed in the 1967 Budget Bill but was rejected by the Legislature. A study by a qualified elevator engineer has indicated the need for the project. Furthermore, it should be pointed out that if the Department of General Services follows its proposal to use its new office space standards, additional people would be moved into this building and the need for the additional elevator would be further justified.

### Department of Corrections

#### Chapter 1240, Statutes of 1965

This statute added Section 2910 to the Penal Code to provide for expenses incurred in and authorized the housing of state prisoners in local jails and correctional facilities. This new activity has been designated the Local Institution Work Furlough Program. A total of \$200,000 was appropriated under Chapter 1240, Statutes of 1965. Approximately \$99,853 will remain after the estimated current year expenditure of \$43,958 and the actual expenditures of \$56,189 in prior years. The agency advises that it is continuing the program with the costs to be defrayed from charges made upon the furloughed prisoners and savings in the parole operation.

We have no objection to the reversion of the remainder of the original appropriation as the program is scheduled to continue.

### Item 370(a), Budget Act of 1966

This item appropriated \$70,000 to make a study and master plan of the centralization of laundry facilities in the Department of Corrections to handle not only Corrections but Mental Hygiene laundry. The Budget Bill of 1967 proposed reversion of the entire amount but the Legislature rejected this and reverted half of it leaving \$35,000 available for the study and plan. We have seen no satisfactory explanation as to why this approach should be abandoned. We recommend that the amount not be reverted, but be included in the budget for the purpose of the study.

### Department of Housing and Community Development

#### Chapter 1222, Statutes of 1965

This statute appropriated \$85,774 to establish the Department of Housing and Community Development. For this purpose \$49,462 was expended in 1965-66 and \$21,734 was expended in 1966-67. The remaining balance of \$14,578 will be reverted in 1968-69. Support for this department for the budget year is provided by Item 122.

### Health and Welfare Agency

#### Chapter 1244, Statutes of 1965

This statute appropriated \$100,000 for the Standards Advisory Board which was to assist in the establishment of standards in Health and Welfare facilities. In 1965-66 \$69,993 was expended in support of the Mental Retardation Program Coordination activity which was established by Chapter 1244. This program has been supported by a direct

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appropriation which was included in the 1966-67 and 1967-68 budgets and therefore the budget proposes that, as of June 30, 1968, the \$30,007 unencumbered balance of the appropriation included in Chapter 1244, Statutes of 1965, reverts to the unappropriated balance of the General Fund.

The budget for 1968-69 does not include any support for the coordinator's office and proposes that, as of July 1, 1968, the Office of Secretary of Human Relations will make the arrangements necessary to provide the services needed by the Mental Retardation Program and Standards Advisory Board. *Reversion is recommended.*

### **Department of Industrial Relations**

Chapter 1592, Statutes of 1967, appropriated \$30,000 for the first-year cost of the annual ethnic survey of apprentices by the Division of Labor Statistics and Research. The reversion of the unappropriated balance, estimated at \$17,327 by the division, will not impair the program as the support budget for the division for fiscal year 1968-69 contains an amount sufficient to accomplish the survey as required by law.

### **California Council on Criminal Justice**

#### **Chapter 1661, Statutes of 1967**

This statute appropriated \$50,000 for the California Council on Criminal Justice. It is estimated that \$25,000 will revert to the General Fund. A total of \$50,000 is budgeted for the California Council on Criminal Justice in Item 148 of the 1968 Budget Bill.

### **Department of Conservation**

#### **Item 386(i), Budget Act of 1966**

#### **Item 386(j), Budget Act of 1966**

These items appropriated \$146,350 and \$3,795 for construction and equipment respectively to rebuild a forest fire station at San Juan Capistrano. These were proposed for reversion in the 1967 Budget Bill but were rejected by the Legislature. The department is not proceeding with construction.

#### **Item 386(k), Budget Act of 1966**

#### **Item 386(l), Budget Act of 1966**

These items appropriated \$133,950 and \$10,000 for construction and equipment respectively of a new forest fire station at Sunshine which is now in a rented building. These also were proposed for reversion in 1967 and rejected by the Legislature. The department is not proceeding with construction.

### **Department of Parks and Recreation**

#### **Chapter 112, Statutes of 1946, First Extraordinary Session**

This statute appropriated \$300,000 for the establishment of a system of riding and hiking trails in California. This part of the program has been inactive for many years because the Legislature has been considering a series of bills which would authorize and fund a series of trails involving considerable more cost. Most of the \$300,000 was spent many years ago. *Reversion is recommended.*

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### Item 398(l), Budget Act of 1966

This item appropriated \$302,350 for the construction of visitor facilities at Dry Lagoon, a relatively new state park lying between Patrick's Point and Prairie Creek Redwoods State Parks. It was intended to construct a 60-unit camp facility, two combination buildings and peripheral facilities. The appropriation was proposed for reversion last session and reversion was denied. The department does not plan to spend the funds and is not working on the project but is waiting for a demonstration of the need for additional campsites. *Reversion is recommended.*

### Item 398(n), Budget Act of 1966

This item appropriated \$264,150 for Phase III of continued development at Grizzly Valley Reservoir State Recreation Area. Along with two other items a total of \$706,600 was appropriated. About \$350,000 of these funds has been committed and it is proposed to revert the remainder because of a cooperative agreement with the U.S. Forest Service and the construction of the initial development at reduced cost. *Reversion is recommended.*

### Item 398(o), Budget Act of 1966

This item appropriated \$890,000 of which about \$30,000 has been expended for planning for the construction of an access road to Grizzly Valley Reservoir State Recreation Area. It was proposed for reversion in the 1967 Budget Bill but rejected by the Legislature. No work is proceeding on the project since the department does not plan to construct this access road.

### State Water Resources Control Board

#### Chapter 1351, Statutes of 1965

This statute appropriated \$100,000 to prepare a master plan of water pollution control in San Francisco Bay. This has been done and the Legislature has provided support funds for the first two years of the three-year plan of work recommended. This reversion is for a balance in the original plan formulation appropriation. *Reversion is recommended.*

### Lake Tahoe Joint Study Committee

#### Chapter 1231, Statutes of 1965

This statute appropriated \$40,000 for the operation of the Tahoe Joint Study Committee which has completed its work and no longer exists. The reversion is for unexpended funds in the appropriation. *Reversion is recommended.*

### Section 11.1

#### RECOMMENDATION

*We recommend special review.*

**This section proposes to revert specific amounts to the General Fund from specified prior budget act appropriations.**

### Department of Conservation

#### Item 386(b), Budget Act of 1966

This item appropriated \$141,150 for engineering planning in the Division of Forestry. The engineering staff in this agency is sup-



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ported by capital outlay funds rather than by regular support budget. The purpose of this has been to gear the operations of this special staff to anticipated capital outlay expenditures. The amount of the reversion at \$11,049 represents a relatively small savings. *Reversion is recommended.*

### Item 386(m), Budget Act of 1966

This item appropriated \$975,000 for minor projects throughout the Division of Forestry. Apparently more than half, totaling \$589,724, has been deferred and is proposed for reversion. We have no information as to the basis for these deferrals other than to save money for the General Fund.

#### Department of Parks and Recreation

### Item 398(y), Budget Act of 1966

This item appropriated \$1,490,980 for development at San Luis Reservoir for general public use. Other items provided an additional \$770,820. A rescoped program of \$720,000 has been provided by the department and is proceeding. Meanwhile, a serious insect infestation problem has occurred, due to the presence of vast swarms of midges which have caused recreationists to avoid the forebay area. Until further knowledge on the control and extent of this infestation is available, additional construction is questionable. *Reversion is recommended.*

### Item 398(ee), Budget Act of 1966

This item appropriated \$950,225 for minor construction projects in the Division of Beaches and Parks. Our records show the Legislature last session denied reversion of money for work not in the 1967 Budget Bill, added \$20,000 for Torrey Pines and approved reversion of \$59,957 which was \$270,703 less of a reversion than originally proposed by the administration. The department will need to provide a detailed accounting of expenditures under this item.

### Item 398.1, Budget Act of 1966

This item appropriated \$50,000 for historic building restoration at the Pio Pico State Historical Monument. Half of this amount is scheduled for expenditure through 1967-68 and the other half is proposed to be reverted. The same \$25,000 was proposed for reversion last session and denied by the Legislature. No further expenditures on the project are proposed in the five-year program.

## Section 11.2

### RECOMMENDATION

*We recommend special review.*

The section proposes the reversion of unencumbered balances in a series of 1966 Budget Act appropriations to the State Construction Program Fund from which they were originally made.

#### Department of Corrections

### Item 401(h), Budget Act of 1966

This item appropriated \$650,000 for the development of working drawings for a special security facility which was to be constructed

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adjacent to the Vacaville Institution. It is now proposed to construct such a facility in San Diego County on property now owned by the state. There is an item in the Budget Bill to accomplish this. We believe this reversion is therefore in order.

### Department of the Youth Authority

#### Item 402(a), Budget Act of 1966

This item appropriated \$77,400 to equip the Bautista Conservation Camp. The Department of Conservation is not constructing this camp but will permit the appropriation to revert at the end of its period of availability. Even if construction were started now, equipment would not be needed at this time. *Reversion is recommended.*

#### Item 402(b), Budget Act of 1966

This item appropriated \$300,000 for the preparation of preliminary Camp. The same applies to this as the one immediately preceding. *Reversion is recommended.*

### Department of Mental Hygiene

#### Item 411(a), Budget Act of 1966

This item appropriated \$10,000 towards a study of mental retardation plans and partial working drawings for a new Langley-Porter facility on the west side of the old University of California hospital. The land has been purchased for the purpose. We suggest that there should be a review of the future of the Langley-Porter facility.

### Department of Rehabilitation

#### Item 414(a), Budget Act of 1966

This item appropriated \$81,400 to equip the Ortega Conservation hospitals at local levels. The original bill proposed \$8 million for this purpose and for actual construction. The Legislature subsequently reduced this to \$10,000 of which \$8,000 was state money and \$2,000 was an advance for the federal share. None of this money has been spent and the present administration feels that the study is not necessary at this time.

### Department of Conservation

#### Item 415(f), Budget Act of 1966

This item appropriated \$50,000 for the acquisition of land for the establishment of a conservation camp at Beaver Creek which was to replace the now closed Folsom-Beaver Creek Conservation Camp. Before any new camp is constructed, the department should reactivate the closed Folsom-Beaver Creek Camp. *Reversion is recommended.*

## Section 12

### RECOMMENDATION

*We recommend approval.*

This section specifies that all amounts for the 1967-68 fiscal year in excess of 1 percent of the total State School Fund in the preceding fiscal year which will not be required to be transferred to the State School Fund to meet the apportionment formulas shall revert to the

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General Fund on June 30, 1969, and shall be available for any appropriation made from the General Fund. The main purpose of the control section is to authorize the expenditure of funds for nonschool purposes if the funds were earmarked for, but not required to be transferred to the State School Fund. The budget for the State School Fund includes a sum of \$74 million which is comprised of \$60 million for estimated savings in equalization aid and an additional \$14 million resulting from savings in the County School Service Fund and from a reduced rate of increase of public school attendance. If not required to meet the apportionment formulas in 1968-69 these amounts could be used for other General Fund purposes.

### **Section 16**

#### **RECOMMENDATION**

*We recommend approval.*

Items 324 and 325 of the 1968 Budget Bill are the two proposals for state funding of University of California major projects. It is understood that some of these projects may receive federal grants in aid as reimbursements for the state's expenditures. To the extent that such aid is forthcoming, and state funds are released in Items 324 and 325, these state funds may be used to finance Items 327 and 328, which are also for major projects in the University. If by chance the amount of federal funds available is sufficiently large to release state funds greater than the amount required by Item 327 and 328, the excess must revert to the Capital Outlay Fund for Public Higher Education.

### **Section 17**

#### **RECOMMENDATION**

*We recommend approval.*

Item 329 of the Budget Bill of 1968, covers the major construction projects for the state college system. It is also anticipated that these may receive substantial federal funds. To the extent that these are forthcoming, the state funds so released may be used to finance Item 333 covering additional major projects for the state college system. The provisions are identical with those contained in Section 16 above applying to the University.

### **Section 18**

#### **RECOMMENDATION**

*We recommend approval as budgeted.*

This section authorizes the Director of Finance to transfer funds related to any reorganization plan which becomes effective after being submitted to the Legislature. The transferred funds are limited to the purposes of the reorganization although unexpended balances can be used for the purpose for which appropriation was originally made. This section implements the provisions of general law in the Government Code with respect to executive reorganizations.

**Section 18.5**

**RECOMMENDATION**

*We recommend approval.*

In the Budget Act of 1962 the Legislature, for the first time, gave the Director of Finance the authority to convert any capital outlay appropriation made from the State Construction Program Fund to financing from the General Fund at his discretion. This section proposes to continue that authority.

**Section 18.7**

**RECOMMENDATION**

*We recommend approval.*

The Budget Act of 1967 appropriated, for the first time, funds from the Capital Outlay Fund for Public Higher Education. Section 18.7 of that act provided a procedure to permit augmentation of projects appropriated from that fund, which ran into legitimate financial difficulties, essentially the same treatment given projects payable from the bond funds or the General Fund. Augmentations require Public Works Board approval.

In this Budget Bill the language has been further expanded to provide for savings from any projects which are payable from the Capital Outlay Fund for Public Higher Education to be returned to the unappropriated balance of that fund upon certification of the Director of Finance with the approval of the Public Works Board. This section is wholly in accord with past practice and legislative policy.

**Section 18.8**

**RECOMMENDATION**

*We recommend approval.*

The State Higher Education Construction Program Bond Act of 1966, which provided funds for University and state college construction projects in the Budget Acts of 1966 and 1967, did not include an augmentation procedure to cover projects funded from that source which encountered financial shortages due to general construction cost increases or unforeseen contingencies not otherwise allowed for.

This section proposes to provide the procedure whereby augmentation will be authorized in exactly the same way that has heretofore been authorized from other bond funds and from the General Fund through the control of the Director of Finance and the State Public Works Board.

**Section 18.9**

**RECOMMENDATION**

*We recommend special review.*

The tax program enacted by the Legislature as Chapter 963, Statutes of 1967, contains Section 153 which reserves \$90 million from the General Fund to be used for capital outlay on a "pay-as-you-go" basis. The Budget Bill contains a series of General Fund capital outlay appropriations totaling something over \$90 million. The apparent purpose of the section is to indicate that the reservation made by Chapter 963 of the Statutes of 1967 is fulfilled by the appropriation proposals contained in the Budget Bill, payable from the General Fund.

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### Section 21.2

#### RECOMMENDATION

*We recommend approval.*

This section is unchanged from the 1967 Budget Act and authorizes the California State Colleges to incur obligations for faculty moving expenses up to a maximum of \$100,000 during the 1969-70 fiscal year. The purpose of the section is to assist the state colleges in the major recruiting effort that must be made each year by permitting them to partially defray the often substantial costs of moving to the hiring institution.

### Section 21.3

#### RECOMMENDATION

*We recommend approval.*

Item 235 of the Budget Bill includes \$3,284,000 to purchase 1,469 California Highway Patrol vehicles, most of which will be replacements for vehicles now in use. The unexpended funds appropriated by that item revert as of June 30, 1969. However, in order for the highway patrol to place its order for all the replacement automobiles required from one model year of the automobile manufacturers, it needs to be able to obligate funds to pay for vehicles that will be delivered after June 30, 1969. The language of this section is designed to satisfy that requirement.

### Section 22

#### RECOMMENDATION

*We recommend approval.*

This section, which is similar to Section 22 of the Budget Act of 1967, provides that the Department of Finance must investigate and establish the necessity for the acquisition or replacement of motor vehicles. It also provides that all passenger automobiles shall be of the light class, except for constitutional officers or unless the Director of General Services determines that unusual requirements, such as use by the California Highway Patrol, would justify a heavier class automobile.

### Section 23

#### RECOMMENDATION

*We recommend approval.*

This section, which is similar to Section 23 of the Budget Act of 1967, establishes the same restriction of light automobiles for the Department of Public Works as is provided by Section 22.

### Section 24

#### RECOMMENDATION

*We recommend approval.*

This section prohibits the expenditure of any funds appropriated by the Budget Act for the purchase of furnishings for any house or apartment of three or more rooms, other than a dormitory, except for a house occupied by a superintendent of an institution, a warden of a prison, or a physician. This provision does not apply to refrigerators, heaters, air-conditioning equipment, stoves, linoleum, or equipment normally furnished in the construction of the house. This control section continues a long-standing policy of the Legislature.

**Section 25**

**RECOMMENDATION**

*We recommend approval.*

This section limits the purchase of rugs or carpets for state offices to those occupied by elected officials, a department head, the President of the University of California, a chancellor of the University of California, the Chancellor of the California State Colleges or a president of a state college. It requires an annual report by the Director of Finance to the Joint Legislative Budget Committee giving details of all rugs or carpets purchased. This section continues a long-time legislative policy, but adds the chancellor of the state college system.

**Section 26**

**RECOMMENDATION**

*We recommend approval.*

The meaning of words, terms and phrases found in the categorical schedules of the several Budget Act items are defined by this section. It also restricts expenditures to categories or projects set forth in the Budget Act schedule unless otherwise provided in other sections of the Budget Act. This section also continues a long-standing policy of the Legislature.

**Section 26.5**

**RECOMMENDATION**

*We recommend approval.*

This section provides that appropriations made by the Budget Act of 1968 for support of commissions, boards, departments, etc., shall, in those portions from which salaries and wages are paid, include charges for the state's contributions to the State Employees' Retirement Fund, the Teachers' Permanent Fund and Annuity Retirement Fund, the Old Age and Survivors Insurance Revolving Fund, the State Employees' Contingency Reserve Fund, and the cost to the state for settlement of workmen's compensation insurance claims and the cost of basic health plans for participating state employees.

Each such support budget item has included funds as required to meet these statutory obligations of the state.

**Section 27**

**RECOMMENDATION**

*We recommend approval.*

This section, which is similar to Section 27 of the Budget Act of 1967, authorizes the Director of Finance, when requested by the agency to which the appropriation is made, to transfer amounts between categories or projects within the same schedule in any item of appropriation. The Director of Finance is required to report quarterly to the Joint Legislative Budget Committee all transfers pursuant to this authority.

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### Section 28

#### RECOMMENDATION

*We recommend approval.*

This item, which is similar to Section 28 of the Budget Act of 1967, authorizes the Director of Finance to increase the amount available for expenditure in any category in the schedule set forth in the appropriation items where amounts over and above the amount considered in determining the amount in the Budget Act are received from other sources. Conversely, it permits the Director of Finance to reduce the amount in any category when the amount to be received is less than the amount considered in establishing the schedule, however, with respect to such augmentations, the Director of Finance may authorize expenditures for: (1) new programs not identified as such in the budget, or (2) purposes which constitute an increase in the level of services above that authorized by the Budget Act or other existing law not sooner than 30 days after notification in writing has been made to the Joint Legislative Budget Committee, or such lesser time as the chairman or his designee may determine.

### Section 28.5

#### RECOMMENDATION

*We recommend approval.*

This section, identical to Section 28.5 of the Budget Act of 1967, provides that where the Department of Finance approves the creation of deficiencies or approves expenditures at a rate which will create a deficiency, it shall file such approval in writing with the Joint Legislative Budget Committee within 10 days stating the reasons for and amount of such authorization.

### Section 29

#### RECOMMENDATION

*We recommend approval.*

This section, which is identical with Section 29 of the Budget Act of 1967, permits the payment of premiums for official bonds covering a period in excess of one fiscal year.

### Section 30

#### RECOMMENDATION

*We recommend approval.*

This section, which is identical to Section 30 of the Budget Act of 1967, provides that an expenditure authorized from the Emergency Fund, salary increase funds, price increase funds, or from a special fund pursuant to Section 11006 of the Government Code, in addition to an appropriation made by the Budget Act, may, for accounting purposes, be deemed an augmentation and increase of the appropriation made by the Budget Act.

### Section 31

#### RECOMMENDATION

*We recommend approval. However this section should be included in the study of the control procedures of the Department of Finance which is discussed on page 467 of this analysis.*

## Control Sections

This section defines certain administrative and accounting procedures required by the Department of Finance. It requires expenditures to be made in accordance with established allotments and restricts promotions, reclassifications and the creation of new positions unless approved by the Department of Finance. The section establishes a salary savings reserve to be reported by the agencies to the Department of Finance for approval and limits the use of the reserve. It also requires a certification by the agencies that expenditures have been made for the purposes stated in the budget unless the purposes have been revised by the Department of Finance.

### Section 31.5

#### RECOMMENDATION

*We recommend approval.*

This section grants the California State Colleges certain exceptions to Section 31 of the Budget Act concerning the administration of budgetary allotments. Specifically, the state colleges are granted express authority to: (1) make transfers between object categories (salaries and wages, operating expense and equipment) within each major budgetary function including instruction, plant operation, libraries, etc. (In addition, an amendment to the 1967 Budget Act allows the colleges to make transfers between the Chancellor's Office and any state college and between any state college and any other state college within the major budgetary function.); (2) substitute one item of equipment for another within the major functions and use any savings in equipment allotments; (3) approve travel both within and outside the state subject to the limits of appropriations for the purpose; and (4) create or reclassify positions on a provisional basis subject to review by the Legislature in the subsequent fiscal year. The other important change made by the 1967 Legislature was the elimination of the requirement that the colleges report all transfers, substitutions and travel approvals to the Department of Finance.

### Section 32

#### RECOMMENDATION

*We recommend approval.*

This section, which is similar to Section 32 of the Budget Act of 1967, prohibits and declares invalid any action by any public officer which would cause any expenditure to be in excess of amounts appropriated, except with the written consent of the Director of Finance. Copies of all written consent documents must be submitted by the Director of Finance, quarterly, to the Joint Legislative Budget Committee and must contain a reference to the code section or budget act section under which the consent was given.

### Section 32.8

#### RECOMMENDATION

*We recommend approval.*

Chapter 1326, Statutes of 1965, provides a schedule for the original and renewal fees for registration with the State Fire Marshal, and the fee for the transfer of ownership of a cargo tank and provides that the fees shall be used by the State Fire Marshal to administer and enforce the provisions of this chapter when appropriated for such purpose.



## Control Sections

This section provides that the unencumbered balance of the revenues derived from these fees be transferred to the unappropriated balance of the General Fund.

### Section 33

#### RECOMMENDATION

*We recommend approval.*

This section is a severability clause which declares the intent of the Legislature that an item veto by the Governor shall not affect other items of the Budget Bill.

### Section 34

#### RECOMMENDATION

*We recommend approval.*

This section is a severability clause which states the legislative intent that a finding of unconstitutionality with respect to any part of the Budget Bill shall not affect other parts.

### Section 35

#### RECOMMENDATION

*We recommend approval.*

This section is the urgency clause which, under the Constitution, is necessary for the bill to have immediate effect.

### Section 36

#### RECOMMENDATION

*We recommend approval.*

This section defines the urgency stated in Section 35.