

## Commission on Judicial Qualifications—Continued

Court that a judge be retired for disability or to censure or remove him from office for causes set forth in Section 18.

## ANALYSIS AND RECOMMENDATIONS

*We recommend approval.*

The commission is requesting \$42,277 for its operations in fiscal 1970-71, an increase of \$1,435 or 3.5 percent over the current year's estimated expenditures. Included in the increase is \$600 for out-of-state travel. This would permit the chairman, a commission member and the executive secretary to participate in a national meeting on judicial qualifications.

During 1968-69, the commission disposed of 145 complaints against the judiciary and it estimates 160 complaints in 1969-70 and 175 in 1970-71. Most of these complaints were disposed of as being unfounded, but there was a recognition of fault by the judges in 35 instances and there were two resignations or retirements.

## GOVERNOR'S OFFICE

## Items 21-23 from the General Fund

Budget page 17

Requested 1970-71 .....	\$1,549,588
Estimated 1969-70 .....	1,626,733
Actual 1968-69 .....	1,528,300
Requested decrease \$77,145 (4.7 percent)	
Total recommended reduction .....	None

## GENERAL PROGRAM STATEMENT

The supreme executive power of the State of California is vested in the Governor, who is responsible under the Constitution for seeing that the law is faithfully executed. He is invested with broad powers, among which are the following:

1. To plan, organize, reorganize and direct the activities of state agencies and to appoint various state officers and members of boards and commissions.
2. To prepare and present to the Legislature the state budget outlining programs and the means by which they are to be financed.
3. To report to the Legislature on the condition of the state and make proposals for legislation.
4. To approve or veto legislation adopted by the Legislature.
5. To act as required with reference to other responsibilities such as issuing pardons and commanding the militia.

The Governor maintains his principal office in Sacramento with additional facilities located in San Francisco and Los Angeles.

The Governor's responsibilities are administered under three budget categories: (1) Governor's office, (2) Governor's residence, and (3) contingent expenses, each of which is summarized below.

## Governor's Office—Continued

**Table 1**  
**Cost and Staffing Data for Governor's Office**

<i>Detail</i>	<i>Actual</i> 1968-69	<i>Estimated</i> 1969-70	<i>Estimated</i> 1970-71
Expenditures -----	\$1,495,400	\$1,594,333	\$1,517,188
Man-years -----	88.4	91.4	86.4

**Governor's Residence and Contingent Expenses**

These two categories carry the same expenditure levels for the budget year as they have for the current and past fiscal years. Expenditures made under these two appropriations are not subject to audit. The amount requested for operation of the Governor's residence during the budget year is \$17,400. The amount requested for contingent expenses during the budget year is \$15,000.

**ANALYSIS AND RECOMMENDATIONS****Recommendations**

*We recommend approval of these items.*

**Analysis**

The expenditures proposed for support of the Governor's office, his residence and contingent expenses in the budget year total \$1,549,585, which is \$77,145 or 4.7 percent less than estimated expenditures for the current year.

The lower level of expenditure in support of the Governor's office reflects a reduction in staff from 91.4 to 86.4 man-years.

**Governor's Office****SECRETARY FOR BUSINESS AND TRANSPORTATION****Item 24 from the Motor Vehicle Fund****Budget page 18**


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Requested 1970-71 -----	\$110,000
Estimated 1969-70 -----	107,987
Actual 1968-69 -----	91,927
Requested increase \$2,013 (1.9 percent)	
Total recommended reduction -----	None

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**GENERAL PROGRAM STATEMENT**

The Secretary for Business and Transportation, as one of four agency secretaries in the Governor's cabinet, administers the affairs of the Business and Transportation Agency. This agency is composed of two

**Secretary for Business and Transportation—Continued**

groups of departments of state government, one oriented toward business regulatory activities and the other toward transportation.

*Business Group*

State Banking Department  
 Department of Corporations  
 Department of Housing and  
 Community Development  
 Department of Insurance  
 Department of Real Estate  
 Department of Savings and Loan  
 Department of Alcoholic  
 Beverage Control

*Transportation Group*

Department of Aeronautics  
 Department of Highway Patrol  
 Department of Motor Vehicles  
 Department of Public Works

The agency provides a communications link between the Governor and its constituent operating units. The agency serves to clarify lines of authority and responsibility and to improve accountability for program results. Specific objectives are to reduce expenditures, promote economy in the constituent departments, seek increased efficiency and eliminate overlapping and duplication of functions.

Authorized staff of the agency consists of three positions in addition to the secretary. During the current year, the agency has drawn the following four additional positions from its constituent departments for full-time agency work: an assistant secretary, a consultant, and two senior clerical positions. Salaries for these positions are charged to the departments which are supplying the positions.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

The agency's proposed budget of \$110,000 exceeds estimated expenditures for the current year by \$2,013 or 1.9 percent. This increase reflects merit salary increases for the authorized staff. The support funds for this agency are derived from Motor Vehicle Fund.

**Governor's Office****SECRETARY FOR HUMAN RELATIONS****Item 25 from the General Fund****Budget page 19**

Requested 1970-71 .....	\$152,725
Estimated 1969-70 .....	148,779
Actual 1968-69 .....	125,503
Requested increase \$3,946 (2.7 percent)	
Total recommended reduction .....	None

**GENERAL PROGRAM STATEMENT**

The Secretary for Human Relations supervises nine departments of state government whose programs are concerned with problems of pov-

**Secretary for Human Relations—Continued**

erty, welfare, employment, delinquency, corrections, rehabilitation, industry, labor and health. As one of four secretaries in the Governor's cabinet, the secretary administers the Human Relations Agency, which is composed of the following departments:

Department of Corrections	Department of Industrial Relations
Department of Mental Hygiene	Department of Health Care Services
Youth Authority	Department of Human Resources Development
Department of Public Health	
Department of Rehabilitation	
Department of Social Welfare	

The agency's authorized staff consists of five positions including the secretary. In addition to these positions, the secretary is using the services of six clerical and three technical positions that are budgeted to constituent departments.

The secretary's office is responsible for advising the Governor on the formulation of policies and programs, reviewing departmental operations, and facilitating communications between the Governor's office and the departments.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

The secretary proposes to expend \$152,725 during the budget year, which is \$3,946 or 2.7 percent higher than estimated expenditures for the current year. The increase results from salary increases. Staff salaries and benefits account for 73.4 percent of the proposed budget.

**Governor's Office****SECRETARY FOR RESOURCES****Item 26 from the General Fund****Budget page 20**

Requested 1970-71	\$187,748
Estimated 1969-70	183,792
Actual 1968-69	163,630
Requested increase \$3,956 (2.2 percent)	
Total recommended reduction	None

**GENERAL PROGRAM STATEMENT**

The Secretary for Resources, as the administrative head of the Resources Agency, is responsible for the management of governmental activities relating to the preservation and enhancement of California's air, water, land, and recreational resources. As a member of the Governor's cabinet, he assists in the formulation and implementation of policies and programs in the resources area, provides liaison between the Governor's office and the agency's departments and boards, coordi-

**Secretary for Resources—Continued**

nates state and federal programs, and supervises departmental fiscal affairs.

The Resources Agency is composed of the following units:

Department of Conservation (including State Lands Division)	Colorado River Board
Department of Fish and Game	San Francisco Bay Conservation and Development Commission
Department of Navigation, etc.	State Reclamation Board
Department of Parks and Recreation	State Water Resources Board
Department of Water Resources	9 regional water quality control boards
Air Resources Board	

The agency's authorized staff consists of eight positions including the secretary. A part-time position (0.5) of temporary help is requested in the budget year. In addition to the authorized staff, two clerical positions—an assistant secretary and a stenographer—are on loan to the secretary's office from the Department of Water Resources.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

The secretary proposes a budget-year expenditure of \$187,748, which exceeds estimated expenditures for the current year by \$3,956 or 2.2 percent. Most of the proposed increase reflects the cost of the part-time position requested. Staff salaries and benefits account for 75 percent of the expenditures proposed for the budget year.

In accordance with statutory requirements, the expenses of the Governor's appointee to the Tahoe Regional Planning Agency under the Bi-State Compact will be paid from funds in the secretary's budget. The proposed budget also includes the second installment of California's share of the Western Interstate Nuclear Compact.

**Governor's Office****SECRETARY FOR AGRICULTURE AND SERVICES****Item 27 from the General Fund****Budget page 21**

Requested 1970-71	\$100,573
Estimated 1969-70	99,279
Actual 1968-69	71,832
Requested increase \$1,294 (1.3 percent)	
Total recommended reduction	None

**GENERAL PROGRAM STATEMENT**

The Secretary for Agriculture and Services, one of four agency secretaries in the Governor's cabinet, is responsible for providing super-

**Secretary for Agriculture and Services—Continued**

vision and policy guidance for the following units comprising the Agriculture and Services Agency:

Department of Agriculture	Department of Professional and
Department of Commerce	Vocational Standards
Public Employees' Retirement	Teachers' Retirement System
System	Department of Veterans' Affairs
State Fire Marshal	Consumer Counsel
Franchise Tax Board	State Personnel Board
Department of General Services	

The authorized staff for this agency consists of four positions including that of the secretary.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

For the budget year, the secretary proposes an expenditure of \$100,573, which is \$1,294 or 1.3 percent higher than the estimated expenditure for the current year. Staff salaries and benefits account for 83.3 percent of the budget request.

**OFFICE OF INTERGOVERNMENTAL MANAGEMENT**

Item 28 from the General Fund

Budget page 23

Requested 1970-71	-----	\$62,450
Estimated 1969-70	-----	No General Fund Support
Requested increase	\$62,450	
Total recommended reduction	-----	None

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

We recommend that the budgetary procedure be changed to reflect a contingency obligation of \$22,698 which represents the state's matching share of a federal grant application under the Model Cities Program.

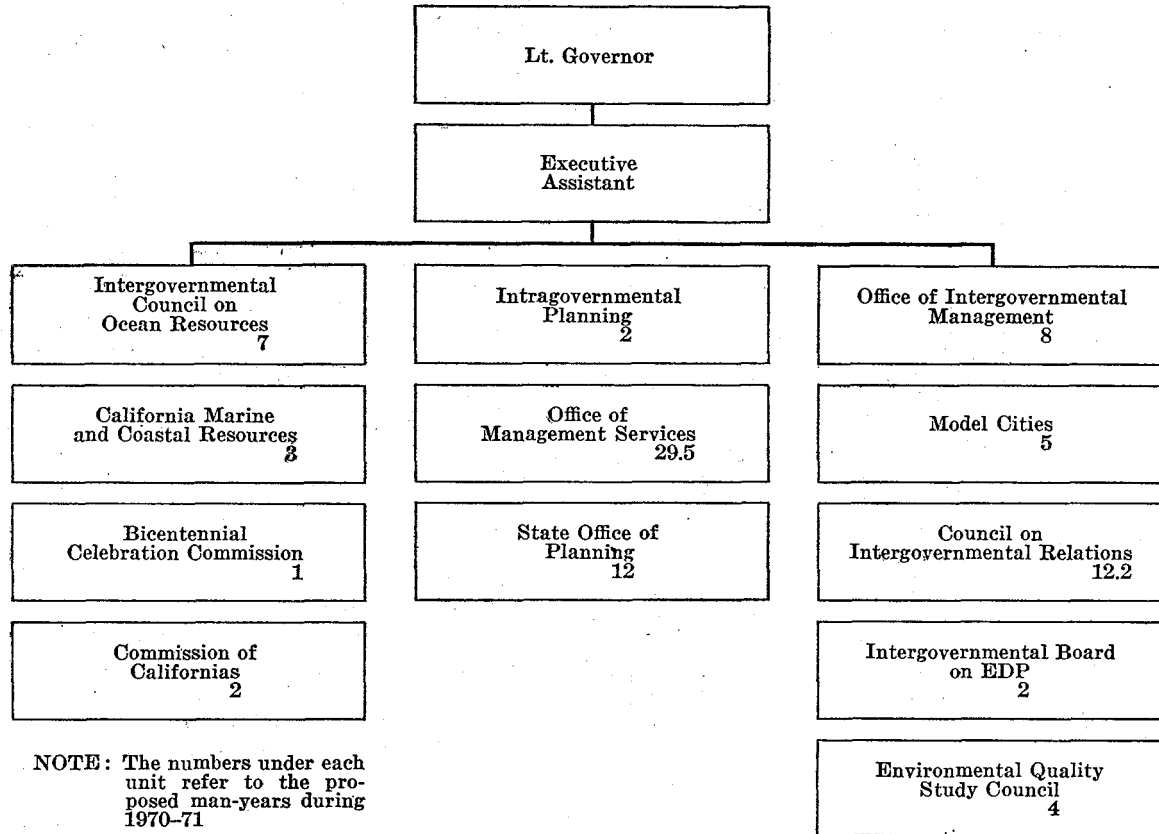
**GENERAL PROGRAM STATEMENT**

The formation of a new Office of Intergovernmental Management within the Lieutenant Governor's office is part of a larger reorganization taking place during 1969-70.

The proposed organizational structure of state agencies reporting to the Lieutenant Governor, including the proposed man-years in each unit, is shown in Chart 1.

The Office of Intergovernmental Management was established on October 1, 1969, by Executive order No. R17-69. Responsibilities of the office as outlined in the order are to "coordinate staffs for several independent activities obtaining staff coordination for reporting, budget administration, personnel administration, and clerical activities for the Council on Intergovernmental Relations, Environmental Quality Study

Chart 1  
Office of Lieutenant Governor



NOTE: The numbers under each unit refer to the proposed man-years during 1970-71

## Office of Intergovernmental Management—Continued

Council, Model Cities Liaison Group and Intergovernmental Board on Electronic Data Processing.”

The office is also responsible for :

1. Providing staff coordination for the newly formed State Environmental Policy Committee. This committee, which is composed of the Lieutenant Governor, the Secretaries for Resources, Business and Transportation, Human Relations, Agriculture and Services, and the Director of Finance, is to meet weekly for the following stated purposes :
  - a. To coordinate the development of a long-range program of California's environmental goals and the criteria for priorities.
  - b. To catalog all state projects affecting the environment, monitor and coordinate such projects, eliminate duplication and conflict and make recommendations on all state activities which affect quality. The committee staff is to be composed of one man-year contributed from the Office of Intergovernmental Management (OIM) and one man-year from each of the agencies. In addition to coordinating committee activities, the OIM staff member will assist in developing an urban environmental strategy and developing and analyzing legislation related to environmental problems.
2. Providing consolidated program and policy review of all state, regional and local agency applications for federal grants-in-aid. The Office of Intergovernmental Management will serve as the state clearinghouse as defined by the Intergovernmental Cooperation Act of 1968, and will process federal grant-in-aid assistance applications from all state departments and local jurisdictions. The reason for creating a state level clearinghouse is to eliminate overlap in planning that may be occurring between local jurisdictions and the state and to provide a focal point for information concerning all activities in the state regarding federal grant-in-aid assistance.
3. Upgrading the operational capabilities of the regional councils of government, e.g., ABAG, SCAG.

## ANALYSIS AND RECOMMENDATIONS

*We recommend approval as budgeted.*

A total of eight positions is requested for 1970-71. Their position classifications and program assignments are outlined below.

Title	Salary	Program
Executive Officer	\$20,000	Overall program coordination.
Federal Grant Coordinator	\$12,100	Federal Grant Clearing House Program.
Administrative Assistant	\$11,600	Federal Grant Clearing House Program.
Administrative Assistant	\$11,600	Improvement of Councils of Government.
Administrative Assistant	\$11,600	Staff coordination of State Environmental Policy Committee and development of urban environmental strategy.
Governmental Program Analyst	\$16,044	Personnel and fiscal officer for Office of Intergovernmental Management.
Three Clerical Positions		One secretary and two stenographer II positions for clerical assistance.



**Office of Intergovernmental Management—Continued**

A federal grant (P373) to support the above program in the amount of \$100,377 has been awarded by the Department of Housing and Urban Development. The office proposes to spend \$45,000 of these funds in 1969-70 and \$55,377 during 1970-71. General Fund support in the amount of \$62,450 is requested for 1970-71.

**Model Cities Liaison Group  
(Federal funds)**

The Model Cities program is authorized by the Demonstration Cities and Metropolitan Development Act of 1966 (Public Law 89-754) administered by the Model Cities Administration within the Department of Housing and Urban Development. The 1970-71 budget proposes to involve the state in a program which has been traditionally a direct city-to-federal-government relationship.

It would be more accurate to describe the program as the model neighborhood program. Its purpose is to concentrate on one geographical area of a city and to consider all or most of the problems in the area and attack them on a broad spectrum. For the 150 cities nationwide (11 in California) that were selected, the federal government finances a year of planning and helps finance five years of action projects designed to improve the quality of living of people in the model neighborhoods.

Planning occupies the first year. Eighty percent of the funds is provided by the Model Cities Administration. The city provides the other 20 percent in services or cash. Planning must be comprehensive and must cover the fields of education, health, housing income maintenance and social services, employment and economic development, crime and delinquency, and physical environment.

The five-year action program is financed from "supplementary funds," which are direct grants from the Model Cities Administration, and "categorical funds," which are those currently available from any existing federal or state program. One unique feature of the model cities program is the authorization for cities to use supplementary funds from the federal government to meet the matching fund requirement found in most state and federal categorical assistance programs.

Two California cities, Richmond and Fresno, are "first round" cities. They have finished their planning year and are starting their first action year. The others, Berkeley, Pittsburgh, San Francisco, San Jose, Los Angeles, Compton, a neighborhood in Los Angeles County, and San Diego, are "second round" and are now in their planning year.

The model cities started and have continued on a direct city to federal government relationship. The Department of Housing and Urban Development has become interested in stimulating state involvement and has approved for California a two-year grant (H-1105) in the amount of \$300,000.

The state budget proposes to allocate \$150,000 of these funds as workload adjustment in 1969-70 and \$150,000 as proposed federal expenditures in 1970-71 to support a staff of four professional and three clerical.

**Office of Intergovernmental Management—Continued**

cal persons which will review "the operations of California's state agencies, coordinate their activities and organize technical assistance at the state level for the model cities."

The Model Cities Liaison Group, which is part of the Lieutenant Governor's office, has also applied for an additional federal matching grant (P371) of \$68,095 which the agency intends to use "to review each of the various state plans to make sure they consider the model cities effort and include some support for the cities with model neighborhoods." However, if the federal government approves this additional grant, the state would be obligated to provide one-third of the grant, or \$22,698 of "in kind" services. The proposed budget does not reflect this contingency obligation even though the agency has already applied for the grant.

*We recommend that the budgetary procedure be changed to include such contingency obligations in order to provide the Legislature with a total view of possible state costs in the budget year.*

**Governor's Office****DISASTER OFFICE****Item 29 from the General Fund****Budget page 33**

Requested 1970-71 .....	\$964,000
Estimated 1969-70 .....	1,035,193
Actual 1968-69 .....	991,213
Requested decrease \$71,193 (6.9 percent)	
Increase to improve level of service .....	\$39,768
Total recommended reduction .....	\$29,142

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

1. We recommend disapproval of a fire services coordinator and two mutual aide field representatives. We consider these positions to be replacements of positions deleted because of program reductions required by the 1969 Budget Act (\$15,282 General Fund, \$15,282 federal funds).

2. We recommend disapproval of two manager I positions. These positions were filled administratively in the current year. Approval would permit the Disaster Office to fill the positions now vacant as a result of the change in personnel classifications. We do not feel the filling of the vacant positions is justified at this time (\$13,860 General Fund, \$13,860 federal funds).

**GENERAL PROGRAM STATEMENT**

The broad mission of the California Disaster Office is to provide a means to insure that state agencies and local governments are prepared to cope with conditions that arise as a result of war-caused or natural disasters. This mission is implemented by providing guidance and assistance to state and local jurisdictions and the preparations of plans that will insure the effective utilization of federal, state and local re-

**Disaster Office—Continued**

sources during a disaster situation. In the event a disaster is beyond the resources of a city or county, the Disaster Office coordinates the assistance provided by other local entities as well as by the state and federal governments as part of a system of mutual aid agreements. Federal grant programs that provide a share of the cost to state and local agencies for civil defense related personnel services, material and equipment are administered by the Disaster Office. It also administers funds available under the Federal Disaster Relief Acts of 1950, 1966 and 1969 that permit reimbursement to the state and local governments of part of the cost to restore essential public services in the event of a disaster.

The gross organizational structure required to perform the functions outlined above consists of a headquarters and four regional offices. The headquarters staff of 82.2 positions has a policymaking responsibility. These positions are formed into functional units comprised of the director and his staff, fiscal and administration, programming and planning, fire and rescue, law enforcement, and utilities. There are 13.5 positions assigned to field operations. The regional offices act as contacts between the state and local jurisdictions. It is their function to educate, encourage and assist in the preparation of adequate local programs and recruitment of local volunteers who in the final analysis are responsible for coping with disaster situations.

The mission of the Disaster Office is accomplished through the following programs and program elements.

- I. Emergency preparedness planning
  - a. Emergency planning (previously emergency plans development)
  - b. Emergency information and training
- II. Mutual aid
  - a. State warning and communications systems
  - b. Mutual aid coordination
  - c. Radiological defense countermeasures
  - d. Federal grant program
  - e. Federal disaster relief
- III. Administration

**ANALYSIS AND RECOMMENDATIONS**

The amount requested for the 1970-71 fiscal year is \$964,000 which is a reduction of \$71,193 from the current year. A major portion of this reduction can be attributed to a \$69,257 deferment in the replacement of communications equipment. Included as part of the \$247,000 equipment item requested for the budget year is \$216,000 for the purchase of eight fire pumpers which continues a program approved by the Legislature in the 1964-65 fiscal year to replace, in increments, 103 fire pumpers originally given to the state by the federal government.

The Disaster Office in the current year has 107.5 authorized positions, 22 of which are wholly funded by the federal government as part of the radiological defense countermeasure program. The remaining 85.5 positions are funded on a federal-state matching basis. However,

**Disaster Office—Continued**

in the current year 11.7 positions were deleted from the authorized staff level. This reduction was required by the 1969 Budget Act which directed that a total of \$80,000 of a requested \$264,178 in General Fund support be deleted from four program elements relating to civil defense planning and operations. Expenditures on the four program elements included little or no equipment purchases that might have been deferred or reduced. Therefore, in order to absorb the reduction, a deletion in personnel was required. Implementation of these reductions required the release of six employees. The remaining deletions were made by not filling existing vacancies and by reassigning personnel to other positions.

It should be noted that funding of the four program elements is on a matching basis with the federal government. The total reduction in the Disaster Office's operating budget was therefore \$160,000 and the personnel deletions reflect a reduction of that amount. Table 1 summarizes the reductions in the funding required in each of the four program elements.

**Table 1**  
**Program Reductions—1969 Budget Act**

<i>Programs</i>	<i>1969-70 Requested expenditures</i>	<i>Budget Act reduction</i>	<i>Actual reduction</i>	<i>1969-70 Actual expenditures</i>
Emergency Plans Development ----	\$62,751	\$20,000	\$21,118	\$41,633
Emergency Information and Training -----	33,580	15,000	17,341	16,239
Radiological Defense Countermeasures -----	42,553	20,000	14,689	27,864
Federal Grant Programs -----	125,294	25,000	27,255	98,039
<b>Total -----</b>	<b>\$264,178</b>	<b>\$80,000</b>	<b>\$80,403</b>	<b>\$183,775</b>

Table 1 indicates the reduction in the radiological defense countermeasure program element was \$5,311 less than the required reduction of \$20,000. The Disaster Office has indicated that a reduction over the \$14,689 level would have necessitated the abandonment of one of the two projects which form the radiological defense and shelter program element. Though federally funded, state management is required in each of the projects.

The additional positions requested for the 1970-71 fiscal year are:

- 1 Mutual aid resources officer
- 1 Assistant federal financial programs officer
- 1 Fire services coordinator
- 2 Mutual aid field representatives
- 2 Regional manager I

The total General Fund expenditures in salaries and wages for these seven additional positions will be \$39,768.

## Disaster Office—Continued

The need for the assistant federal financial programs officer has been created by a backlog of applications for federal natural disaster relief funds. The mutual aid resources officer is requested to update lists of resources available in the event of a natural disaster. We recommend approval of both positions.

Three of the additional positions being requested, the fire services coordinator and two regional plans field representatives (similar to the two mutual aid field representatives requested), were deleted in the current year as a result of reductions made in the 1969 Budget Act, however, the fire services coordinator was not part of a program element required to be reduced by the Legislature. The Disaster Office chose to delete this position and apply the salary savings to offset reductions required in the emergency plans development program. This was done, according to the Disaster Office, to prevent the complete elimination of the emergency plans development program and to preclude the further release of personnel. At the time of the reduction, a fire services coordinator position was vacant.

Reductions in the emergency plans development program, emergency information and training program, and the federal grants program required the elimination of five regional plans field representatives assigned to three regional offices. The budget requests two mutual aid field representatives. These positions will be assigned to two of the regional offices which experienced personnel deletions. Although the titles are different, we feel the mutual aid field representative only represents a replacement of the deleted regional plans field representatives. We therefore recommend disapproval of the fire service coordinator and the two mutual aid field representatives on the basis that each of these represents an addition to the programs which the Legislature specifically required be reduced in size and scope.

The budget proposes, further, the addition of two manager I positions for the regional offices in Oroville and Fresno. We have been advised, however, that in the current year both positions have been filled administratively by the reclassification of a protective shelter officer in the Oroville office and a communications coordinator in the Fresno office. The Disaster Office has indicated that approval of the manager I positions would permit the filling of the two positions now vacant because of the reclassifications. It would appear the Disaster Office has already decided that it now considers the manager I to be relatively more important than either the communications coordinator or the protective shelter officer. We agree. Since the two manager positions have already been established by reclassification, we recommend deletion of funds requested for these positions which in effect would be used to again establish the positions which were reclassified.

In view of the foregoing, we recommend disapproval of these five positions for a savings of \$29,142 (one-half total cost).

## Executive

## OFFICE OF THE LIEUTENANT GOVERNOR

Item 30 from the General Fund

Budget page 35

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Requested 1970-71 -----	\$200,830
Estimated 1969-70 -----	243,659
Actual 1968-69 -----	204,124
Requested decrease \$42,829 (17.5 percent)	
Total recommended reduction -----	None

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## GENERAL PROGRAM STATEMENT

The Lieutenant Governor, who is elected pursuant to Article 5, Sections 9-11, of the California Constitution to serve concurrently with the Governor, assumes the responsibilities of the Governor in the absence of the chief executive and serves as the presiding officer of the Senate. Additional duties of the Lieutenant Governor are:

1. He serves as Chairman of the Commission of the Californias, the Bicentennial Celebration Commission, the Interagency Council for Ocean Resources, the Intergovernmental Board on Electronic Data Processing, the Governor's Task Force on Narcotics Enforcement, and the Governor's Flood Task Force.

2. He is a member of the Regents of the University of California, the Board of Trustees of the State College System, the State Lands Commission, the Commission on Interstate Cooperation, the State Disaster Council, the State Reciprocity Commission, and the Governor's Cabinet and Council.

## Lieutenant Governor's Expanded Role

The existing responsibilities of the Lieutenant Governor, as outlined above, were expanded during the current fiscal year by an executive order which designated him as Chief Executive Officer for Intergovernmental Relations. In this capacity, he is responsible for coordinating the activities of the Office of Intergovernmental Management, the Council of Intergovernmental Relations, the Model Cities Liaison Group, the Environmental Quality Study Council, the Public Service Education and Training Advisory Council, the Interagency Council on Ocean Resources, and the Intergovernmental Board on Electronic Data Processing. In addition, he develops recommendations to the cabinet regarding policies and programs for federal grants-in-aid and federal legislative and administrative changes affecting the state, and maintains liaison between the state and local governmental jurisdictions.

The Lieutenant Governor also has been designated by the Governor to review and coordinate the programs and functions of the Office of Management Services and the State Office of Planning and to represent these agencies before the Governor's Cabinet.

## ANALYSIS AND RECOMMENDATIONS

*We recommend approval.*

The proposed budget of \$200,830 represents a decrease of \$42,829 or 17.5 percent under the estimated current-year expenditure of \$243,659.

## Office of Lieutenant Governor—Continued

Chapter 1599, Statutes of 1969, authorized an increase in the Lieutenant Governor's salary from the current level of \$25,000 to \$35,000, which will take effect at the beginning of his next full term. Thus, this budget provides for a salary of \$30,000 in the budget year, which will provide for the salary increase during the last six months of the 1970-71 fiscal year beginning January 1, 1971.

The budget also requests continuation of two positions which were administratively upgraded during the current year and proposes the elimination of two junior staff analyst positions. The proposed 1970-71 budget provides support for nine staff positions in addition to the position of Lieutenant Governor.

**COUNCIL ON INTERGOVERNMENTAL RELATIONS**

## Item 31 from the General Fund

Budget page 37

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Requested 1970-71 -----	\$119,400
Estimated 1969-70 -----	139,013
Actual 1968-69 -----	80,105
Requested decrease \$19,613 (14.2 percent)	
Total recommended reduction -----	None

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**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

We recommend the Areawide Problem Solving Program be incorporated into the Comprehensive Planning Assistance Program.

We recommend the council improve its effectiveness by:

1. The existing staff devoting more of its efforts to upgrading the quality of the council's agenda in order to generate policy discussions and positions, and
2. Increasing efforts to communicate the council's positions and activities with both state and local policy bodies.

We recommend that the council identify \$40,120 in existing state services needed to meet the matching fund requirement of a new federal program.

**GENERAL PROGRAM STATEMENT**

The Council on Intergovernmental Relations is an 18-member advisory board appointed by the Governor and statutorily responsible for two programs:

1. It provides a continuing forum for the identification and discussion of problems and issues mutually affecting state and local government and recommends policies and programs for their resolution.
2. It provides overall review and administration of federal planning grants under Section 701 of the 1954 Housing Act.

The council is composed of three city representatives, three county representatives, two school district representatives, six representatives from the state and four representatives from the public at large.

**Council on Intergovernmental Relations—Continued**

The council has been reorganized a number of times since it was first authorized in 1963. Originally referred to as the Coordinating Council on Urban Policy, the name was changed to the Intergovernmental Council on Urban Growth in 1965 when it was established in the Governor's office. The present title was adopted when the council was given independent status under the Governor's Reorganization Plan of 1968. The federal 701 local planning grant program was also transferred to the council in 1968. In October 1969 the council was made a part of the newly established Office of Intergovernmental Management reporting to the Lieutenant Governor.

During the budget year the council proposes to allocate all of its funds, other than those requested to administer the "701" grant program which is discussed on page 27 into two areas, (1) Areawide Problem Solving and (2) Allocation of Public Services. Both programs proposed are useful intergovernmental activities but tie up valuable council staff time which could be more effectively utilized in other areas.

**I. AREAWIDE PROBLEM SOLVING**

Specifically, this program proposes to allocate 1.5 man-years at a General Fund cost of \$28,021 to encourage the formation of regional organizations to deal with problems which are regional in nature.

*We recommend that the Areawide Problem Solving program be transferred to and incorporated as part of the Comprehensive Planning Assistance program within this agency, and that the council be encouraged to make use of federal "701" local planning funds to finance this program.* Regional planning study proposals are eligible for planning grant assistance under Section 701 of the 1964 Federal Housing Act. The encouragement of a regional approach to planning and problem solving through the use of 701 funds would achieve a major council objective and would at the same time make better use of federal funds which are presently allocated to local planning programs of questionable value.

**II. ALLOCATION OF PUBLIC SERVICES**

The council proposes to allocate 1.5 man-years at a General Fund cost of \$25,225 to inventory existing public services provided by the state, counties, cities and various districts and to recommend the reallocation of any services found to be more properly the jurisdiction of another level of government. The program and policy office in the Department of Finance has done most of the research work on this study and a subcommittee of the council has provided an important forum for discussion. This program should be continued because interim reports indicate that the final study will provide a good framework for the consideration of policy alternatives in such areas as tax reform, welfare, education and criminal justice. Council involvement in this study should be continued but we have not found any reason why 1.5 man-years of council staff time should be devoted to this one project.

The council was formed apart from the existing structure of government to discuss and publicly advocate new methods of solving problems which existing institutions of government fail to cope with or



**Council on Intergovernmental Relations—Continued**

respond to. Instead, a major part of the council's time at its monthly meeting is devoted to listening to administrative and research status reports by members of the council staff.

*We recommend the Council on Intergovernmental Relations improve its effectiveness by:*

1. *Having the existing staff devote more effort to upgrading the quality of the council's agenda in order to generate policy discussions and positions, and*

2. *Increasing efforts to communicate the council's positions and activities with both state and local policy bodies.*

**III. LOCAL PLANNING ASSISTANCE**

The Comprehensive Planning Assistance Program is limited to administering federal funds provided through Section 701 of the 1954 Housing Act. The 701 program was originally assigned to the State Office of Planning with the Planning Advisory Council responsible for establishing policy guidelines and evaluating individual projects. Repeated criticism of the low quality of planning services performed at the local level, perpetuated through inaction by the Planning Advisory Council resulted in the transfer of policy and administrative responsibilities to the Council on Intergovernmental Relations in September, 1968.

The council has had responsibility for this program for 16 months but has failed to:

1. Identify the local and regional problems which are of most immediate concern.

2. Adopt meaningful policy guidelines which give priority to programs which are "problem" oriented. The present "general plan" orientation recognizes and limits itself to the existing structure of the government entity and follows a format centered around circulation and land use elements which may be helpful in adopting zoning ordinances but are not of substantive value when identifying problems or deciding on future goals and means of achieving them.

3. Encourage application for local planning assistance from those agencies most in need of planning assistance or to establish deadlines for filing applications for grant assistance. In effect, applications are approved on a first come first served basis which makes it impossible to evaluate all applications on an equal basis of financial need or planning priority.

The 57 applications which were approved in 1968-69 and the contents of partial applications or letters of intent received for 1969-70 indicate a continuation of the uncoordinated planning we have been critical of in the past. The majority of the contracts are with small cities or small areas which generally fail to incorporate regional activities and problems, and often employ planners who are not "problem" oriented, but who tend to overemphasize particular potentials such as future population and business growth.

## Council on Intergovernmental Relations—Continued

The following table outlines the amount of money which has been allocated to this program since 1965-66. Data for 1969-70 and 1970-71 are estimates by the agency.

Table 1  
Support for Local Planning Assistance

	<i>Administrative expenses</i>		<i>Local planning grants</i>
	<i>General Fund</i>	<i>Federal funds</i>	<i>Federal funds</i>
1965-66 -----	\$82,000	\$20,000	\$843,000
1966-67 -----	84,000	39,351	915,804
1967-68 -----	83,000	31,565	1,146,055
1968-69 -----	94,000	19,680	826,750
1969-70 -----	85,767	20,000	N/A
1970-71 -----	66,154	25,000	N/A

The budget indicates that \$145,000 in federal funds will be received during 1970-71 as a project administration fee reimbursement for staff services on grant contract administration. This indication is not entirely correct. The council will receive approximately \$25,000 in fiscal 1970-71 as a direct federal reimbursement for grant contract administration. The remainder, \$120,360 represents a federal-state matching grant (P365) approved in 1969 which the council proposes to use for a new advisory services program. The application indicated that the grant funds would be directed toward five areas: "The design of a five-year program for the initiation and upgrading of community planning programs, the provision of advisory services, the improvement of the local planning assistance program, the furthering of plan implementation including citizen participation, and the development and provision of public information." State matching fund requirements amount to \$40,120 which the council says are to be provided "in kind" from existing state programs. However, these "in kind" services are not identified and their availability is questionable because:

1. The 1969 Legislature only provided the minimum amount necessary to administer this program and still be within federal Department of Housing and Urban Development requirements, and
2. The proposed General Fund support for this activity in the budget year is \$19,613 less than the so-called minimum for the current year.

As a result, we believe the council should identify the \$40,120 in existing state services needed to meet the federal matching fund requirements of this new program.

## Interagency Council for Ocean Resources

## CALIFORNIA COMPREHENSIVE OCEAN AREA PLAN

Item 32 from the General Fund

Budget page 43

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Requested 1970-71 -----	\$142,000
Estimated 1969-70 -----	50,000
Requested increase \$92,000 (184 percent)	
Increase to improve level of service \$92,000	
Total recommended reduction -----	None

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## SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Add language requiring Lieutenant Governor to contract with the Resources Secretary for staff assistance.

## GENERAL PROGRAM STATEMENT

Chapter 1642, Statutes of 1967, directed the Governor to prepare the California Comprehensive Ocean Area Plan for the orderly conservation and development of marine and coastal resources. The statute established no organization or method to prepare the plan. The Governor by executive order established the Interagency Council on Ocean Resources (ICOR) to prepare the plan. The council consists of the Lieutenant Governor, who serves as chairman, the Secretaries of the Resources Agency, Transportation Agency, and Health and Welfare Agency, and the Chairman of the State Lands Commission.

The major, near term objective of the council is development of the California Comprehensive Ocean Area Plan. A staff of four has been established with an office in the Resources Agency and has commenced preparation of the plan.

## ANALYSIS AND RECOMMENDATIONS

*We recommend that language be added to the appropriation which would require the Lieutenant Governor to contract with the Resources Secretary for the staff work involving the Resources Agency.*

The proposed budget for the council consists of \$142,000 from the General Fund and \$120,000 in federal grants. The increase in funds is requested for an additional three man-years of effort in preparation of the plan and for such additional contract services as aerial surveys. The Ocean Area Plan is scheduled for completion in the spring of 1972. Much of the work involving the inventory of the coastal zone and identification of special user interests of the coastal zone will have to be completed during the budget year. The preparation of the plan involves highly complicated and controversial issues.

**California Comprehensive Ocean Area Plan—Continued**

Last year the Legislature appropriated \$50,000 to the Resources Agency for preparation of the Ocean Area Plan. Next year's appropriation request is to the Lieutenant Governor. The staff now working on the plan is attached to the Resources Secretary's Office. With an appropriation to the Lieutenant Governor, the staff will be transferred to his office which will establish a staff of resources technicians in his office. In addition, the Resources Secretary will lose certain responsibility for those portions of the plan which are under his jurisdiction. Finally, there is the possibility that Resources Agency personnel will be reluctant to transfer to the Lieutenant Governor's office for a short-term assignment and the need to recruit new personnel might disrupt the work.

**ENVIRONMENTAL QUALITY STUDY COUNCIL****Item 33 from the General Fund****Budget page 45**


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Requested 1970-71 -----	\$80,934
Estimated 1969-70 -----	76,279
Requested increase \$4,655 (6.1 percent)	
Total recommended reduction -----	None

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**GENERAL PROGRAM STATEMENT**

The Environmental Quality Study Council was established pursuant to Chapter 1395, Statutes of 1968. The council consists of the Secretary of the Resources Agency, the Secretary of the Business and Transportation Agency, the Chairman of the State Water Resources Control Board, the Chairman of the State Air Resources Board, seven public members and four legislators. In addition, a number of directors of departments with responsibilities in environmental matters and the city and county members of the Intergovernmental Council on Urban Growth are ex officio nonvoting members.

The council is directed by statute to study the present policies and programs of the state related to environmental quality and to recommend policies and programs to improve California's physical environment on a long-range basis. Annual reports to the Legislature and the Governor are required until the end of the 1971 session when the council will automatically cease to exist.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

Chapter 1395, Statutes of 1968, appropriated \$25,000 from the General Fund to finance the activities of the council. The Governor's Budget shows the \$25,000 to be expended in the current year along with \$50,000 appropriated by Chapter 963, Statutes of 1969, and \$1,279 from the salary increase fund. An additional \$80,934 is being requested for next fiscal year.

**Environmental Quality Study Council—Continued**

The objective of the council is to study environmental problems and to recommend solutions to the increasing number of environmental conflicts. This is an immense assignment which the council is having difficulty undertaking. As a result of a delay in getting organized and various recent problems such as a staffing change, the council has as yet had no observable impact on environmental problems. Its existence automatically terminates at the end of the 1971 session, and in that remaining period of time the council will not be able to complete its work. If the council had a longer statutory life, we would recommend that the Legislature review its organization and functions.

**INTERGOVERNMENTAL BOARD ON ELECTRONIC DATA PROCESSING****Item 34****Budget page 47**


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Requested 1970-71 -----	\$47,455
Estimated 1969-70 -----	69,975
Actual 1968-69 -----	14,795
Requested decrease \$22,520 (24.3 percent)	
Total recommended reduction -----	None

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**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS***Analysis  
page*

We recommend that the Intergovernmental Board on Electronic Data Processing set a limited number of specific objectives for fiscal year 1970-71. The objectives should relate to the functions of the board as specified by legislative intent and include high priority items of interest to the members. The objectives should include a thorough analysis of at least one major intergovernmental information system and specific application of the authorities of the board to the system selected. A report on these objectives and the progress achieved in meeting them should be submitted to the Joint Legislative Budget Committee by January 1, 1971.

32

**GENERAL PROGRAM STATEMENT**

The Intergovernmental Board on Electronic Data Processing was authorized by Chapter 1327, Statutes of 1968 (SB 959) and is responsible for establishing the goals and objectives for intergovernmental information systems within the State of California. There are 12 members of the board and alternates, all appointed by the Governor. Membership includes four from state government representing the major agencies, three representing county government, three representing city government and two representing school districts. The board elects its own chairman and members receive no compensation for their services except for the chairman who is reimbursed for actual expenditures. Staff services to the board are provided by an executive secretary and one clerical position.

**Intergovernmental Board on Electronic Data Processing—Continued**

Under the provisions of Government Code Sections 11710–11713, the board is granted considerable statutory authority to coordinate the development and implementation of minimum standards of compatibility, programming languages and codes to facilitate the exchange of information among systems at all levels of government. Other responsibilities of the board include recommending legislation required to insure the protection of individual privacy and the necessary confidentiality of information, and reviewing applications for grants-in-aid for the development of intergovernmental information systems.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

The legislation creating the Intergovernmental Board on Electronic Data Processing recognized the importance of establishing general policies to govern coordination, cooperation, joint efforts, working relationships and cost sharing with respect to the development and maintenance of intergovernmental information systems within the various units of government in California. Local government also recognizes the need for an opportunity to interact with systems planners at the state level and all groups have expressed the desire to cooperate in the development of the definition of common data elements, common communication codes and common programming languages.

The role of this board is particularly complex and difficult because of the numerous intergovernmental information systems under development and because each system is usually related to a particular functional area. In areas of public works information, highway safety, criminal justice, social welfare and education, various advisory and/or policy committees have been established representing special interest groups who guide the development of systems. Further, many of these systems are either mandated by statute or funded through federal funds and the missions are usually defined by state or federal requirements. However, in our judgment, the responsibility for insuring compatibility within and between these systems rests with the Intergovernmental Board on EDP.

**Activities of the Board**

*We recommend that the Intergovernmental Board on Electronic Data Processing set a limited number of specific objectives for fiscal year 1970–71. These objectives should relate to the functions of the board as specified by legislative intent and include high priority items of interest as expressed by the members. The objectives should include a thorough analysis of at least one major intergovernmental information system and specific application of the authorities of the board to the system selected. A report on these objectives and the progress achieved in meeting them should be submitted to the Joint Legislative Budget Committee by January 1, 1971.*

Although the Intergovernmental Board on EDP has met regularly during the past year, it is difficult to assess actual accomplishments because of the numerous problems which are inherent in any attempt to exercise authority over the development of systems which cross

**Item 35****Commission of the Californias****Intergovernmental Board on Electronic Data Processing—Continued**

governmental lines of authority. To date, the board has not become actively involved in any of the systems that would logically fall under its jurisdiction.

Assisting in the work of the board are subcommittees which include technical specialists from outside the board membership. Two particularly active subcommittees are the technical subcommittee and the subcommittee on privacy and confidentiality of data. The technical committee developed a *Manual of Guidelines for Automatic Data Processing Systems* for state and local governments which was released in early 1969 and had wide acceptance by the various governmental agencies. The privacy subcommittee has done considerable research in this field and has actively participated in the hearings on the invasion of privacy conducted by the Assembly Select Committee on Information Systems.

In our judgment, this board can perform a valuable service to governmental units in California. However, without specific objectives to guide its activities during 1970-71, it is probable that little of significant value will be accomplished.

**COMMISSION OF THE CALIFORNIAS****Item 35 from the General Fund****Budget page 48**

Requested 1970-71 -----	\$36,598
Estimated 1969-70 -----	36,631
Actual 1968-69 -----	27,091
Requested decrease \$33	
Total recommended reduction -----	None

**GENERAL PROGRAM STATEMENT**

The Commission of the Californias was established in 1964 to promote the development of favorable economic and cultural relations with the Mexican State of Baja California and, since the adoption of a 1967 amendment, with the Mexican territory of Baja California Sur, both of which are located on the Lower California Peninsula.

The California delegation, which maintains headquarters in Los Angeles, consists of 7 public members, 10 legislative members and 25 special representatives. Baja California and Baja California Sur are represented by similar delegations. The California delegation has a staff of two positions, one of which has been reclassified from clerk II to stenographer II during the current year.

The commission holds occasional formal meetings, but most of its work is accomplished through subcommittees and by assignment of projects to commission members and other interested persons. Specific activities have included securing relaxation of United States restrictions on processed cotton goods imported from Baja California, cooperation in combating pink bollworm infestation, liberalization of Mexican

Commission of the Californias—Continued

tourist regulations, development of student exchanges, and planning for radio network protection against weather disasters and for use in traveler rescues.

ANALYSIS AND RECOMMENDATIONS

*We recommend approval.*

The commission is proposing an expenditure of \$36,598, which is \$33 less than estimated expenditures for the current year. Personal services represent 65 percent of the budget requested.

OFFICE OF MANAGEMENT SERVICES

Item 36 from the General Fund

Budget page 50

Requested 1970-71	\$592,533
Estimated 1969-70	284,575
Actual 1968-69	202,131
Requested increase \$307,958 (108.2 percent)	
Total recommended reduction	Pending

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis  
page*

1. We recommend that the Office of Management Services prepare information for submission to the fiscal committees by May 1, 1970, regarding the procedures used to implement Section IV of the Budget Act of 1969. Also, the report should detail the extent to which the application of criteria pertaining to release of funds for EDP have insured departmental compliance with the intent of the Legislature. 41
2. We recommend that the departments make the Supplemental Planning and Budgeting Information for EDP accurate and complete in order to make this document a viable tool for assessing EDP plans and expenditures. 41
3. We recommend that modern instructional techniques such as videotape be applied to the state's EDP training program. A report to the Joint Legislative Budget Committee detailing success in implementing the findings and recommendations of OMS and the State Personnel Board with respect to EDP personnel practices and training shall be submitted by November 1, 1970. 43
4. We recommend that state departments with substantial data conversion and paper handling problems take full advantage of the OCR test center as a potential means of reducing the high cost of data conversion to machine-readable form. 44
5. We recommend that federal requirements which mandate the acquisition of dedicated computers for the particular program or research project being funded by the federal government be evaluated by the Joint Legislative Budget Committee. We suggest that the General Accounting Office to the Federal 53



## Office of Management Services—Continued

Congress may wish to determine the extent to which economies could be realized by encouraging federal agencies to purchase their computer requirements from available state computing centers rather than by separate acquisitions of EDP equipment.

6. We recommend that the Office of Management Services maintain a continued effort to determine the cost to the state of "unbundling" (separate pricing) policies recently established by certain major vendors. A plan to effectively reduce this potential cost increase should be included as part of the State Long-Range EDP Master Plan. 54

7. We recommend that immediate steps be taken to centralize (exclusive of the University and state colleges), all EDP equipment operations and management of EDP facilities within a new department of state government (Department of Data Processing Operations). 55

8. We recommend that the Office of Management Services remain as the single independent entity in state government responsible for the coordination and control of EDP. We do not recommend that the Office of Management Services become a unit of the Department of Finance on January 1, 1971, as currently provided by the statutes. 55

9. We withhold recommendation on the funding request of \$592,533 for support of the Office of Management Services pending receipt of the long-range EDP Master Plan and the resolution of the problems associated with the operation, control and coordination of EDP. 56

## GENERAL PROGRAM STATEMENT

The responsibility for the development of master planning, optimum utilization of electronic data processing systems (EDP) and the evaluation of operational effectiveness and performance (including costs) of EDP applications is vested in the Office of Management Services and the State Electronic Data Processing Policy Committee as specified in Government Code Sections 11700-11731. These two units of state government are clearly responsible for the coordination and control of EDP on a statewide basis, and therefore in addition to an analysis of their roles and performance, we shall discuss most of the major issues related to the efficient and economical utilization of EDP throughout state government under this budget item.

The Office of Management Services consists of a director appointed by the Governor, a deputy director, four assistant directors and a staff of specialists in information sciences, cost effectiveness and systems planning. Specific responsibilities of OMS include the development and maintenance of a statewide EDP Master Plan, development of EDP policies, standards and procedures, the continuous evaluation of the state's effectiveness in the use of EDP and related information systems technology, the promotion of efficiency and economy within the state government by the elimination of excess EDP facilities, the effective and efficient use of personnel, including EDP training, and the elimi-

**Office of Management Services—Continued**

nation of duplicate information files throughout the departments and agencies of the state. The director of the Office of Management Services serves as executive secretary to the State EDP Policy Committee. This committee has the responsibility for the formulation of policies which promote the most effective utilization of electronic data processing, and reports its activities and recommendations to the Governor and the Legislature annually.

**LEGISLATIVE CONCERN OVER EDP**

Electronic data processing and specifically the electronic computer have in recent years received major attention from the California Legislature, the administration and the constitutional officers. Computers have become a necessary and an integral part of state government because of the routine clerical chores and large amounts of data which they are able to process. In addition, the computer is finally being recognized as a vehicle to provide valuable management information supporting major policy decisions in all branches of government.

Another aspect of the utilization of electronic computers which has become an important issue during the past year is the potential invasion of personal privacy brought about by the apparent availability of numerous items of personal data stored in the data banks of computers. This issue has received the attention and concern of the general public, the California Legislature, the Governor, and members of the Federal Congress.

The 1969 Regular Session of the Legislature focused considerable attention on the problems associated with the effective and efficient utilization of electronic computers, the rapidly increasing portion of the state budget allocated to expenditures for data processing and the problems associated with the control, coordination and management of EDP resources. This increased attention was brought about by the following factors: (1) an apparent proliferation of computers throughout the state government; (2) a rise in EDP expenditures which totaled \$57,272,927 in fiscal year 1969-70 according to data extracted from the 1969-70 Governor's Budget by the Office of Management Services, which represented an increase of \$11,067,889 over the previous year; (3) an awareness by the Legislature that the continued proliferation of computers throughout the executive branch of government would be difficult to halt without a greater interest and participation of the Legislature in controlling the tendency to acquire computers devoted to the work of individual departments or agencies; and (4) a recognition by individual legislators, committees and legislative staff that the computer could become a vital tool of the Legislature through the provision of information about programs and problems within California state government.

This need for accurate and timely information was viewed as vital to the formation of a basis for legislative research and decisionmaking. The development of sound policies, responsive legislation and adequate controls over the myriad of details and programs of the state budget all require information which can be made available by electronic computers.

## Office of Management Services—Continued

## Declarations of the Legislature

Legislative resolutions, bills and studies date back to the 1963 General Session. Senate Concurrent Resolution No. 34, 1966 First Extraordinary Session recognized the importance of electronic data processing and related systems analysis techniques and stated that effectively implemented, electronic data processing procedures would appear to provide an approach to the expeditious, efficient and economical operation of state government. Senate Concurrent Resolution No. 34 also required the Joint Legislative Budget Committee to develop a report on the issues and problems associated with EDP. The required report was prepared by the Legislative Analyst as staff to the Budget Committee and released in January 1967 under the title, "Automatic Data Processing in California Government." Senate Concurrent Resolution No. 63, 1967 Regular Session further delineated the problems and required executive departments to file a report on their acceptance and implementation of the recommendations contained in the report prepared by the Legislative Analyst.

During the 1968 Regular Session, Senate Bill No. 959 was introduced and became Chapter 1327, Statutes of 1968. This legislation clearly stated the interest of the California Legislature with respect to the appropriate use of electronic data processing and related procedures; declared legislative intent, objectives and policies for EDP; and established three organizational entities: The Intergovernmental Board on Electronic Data Processing, the State Electronic Data Processing Policy Committee, and the Office of Management Services. This latter office was to be located at the discretion of the Governor until January 1, 1971 when it is to become a unit of the Department of Finance.

## Actions of the 1969 Legislature

The interest of the Legislature during the 1969 General Session intensified as demonstrated by the following:

1. Budgeted expenditures associated with EDP were reduced by approximately \$3 million. The reductions followed lengthy hearings on EDP by the fiscal committees of both houses and a special hearing before the Joint Legislative Budget Committee. Language was also included as Section 4 of the Budget Act of 1969:

"Notwithstanding any other provisions of this act, no appropriations made herein may be expended for expansion, improvement, or additions to electronic data processing systems, equipment, facilities, personnel, training, or contracted services unless the Director of Management Services certifies that the criteria set forth in the supplemental report have been met."

2. A California Legislative Information Program (CLIP) was proposed by the Subcommittee on Data Processing of the Joint Committee on Legislative Organization. This proposal recommended the utilization of EDP technology by the California Legislature to carry on such internal procedures as statutory retrieval, legislative bill status, legislative bill drafting, and recognized the needs of the Legislature with

**Office of Management Services—Continued**

respect to information for research and policy decisions. A series of reports was issued by this subcommittee and the contingent funds of the Legislature were increased by \$500,000 for expenditures relating to EDP.

3. A report entitled "Centralized Management of Data Processing for the State of California" was prepared by consultants to the subcommittee on data processing of the Joint Committee on Legislative Organization, and released on May 22, 1969. It proposed an Agency of Information Management (AIM) to control, manage and operate all electronic data processing facilities within the State of California exclusive of the California State Colleges and University of California.

4. House Resolution No. 64, 1969 Regular Session, created the Assembly Select Committee on Information Systems. This committee was given the specific charge of investigating the problem of the computer and the invasion of personal privacy. Hearings of this committee were held throughout the State of California during the interim and a report is expected to be submitted early in 1970.

5. The Supplemental Report of the Committee on Conference relating to the Budget Bill for fiscal year 1969-70, made numerous references to the problems associated with the development of information systems and the operation of electronic data processing within the various departments of the state and required that 12 reports be submitted to the Legislature by various executive agencies.

It is important to note here that all of the legislative studies, resolutions and statutes dealing with EDP recognized the importance of the central coordination of EDP, the proliferation of computers throughout departments, the lack of adequate policies and planning, the need for standardization of data elements, procedures and programming languages and the necessity of combining all elements of data into meaningful information files developed around functional areas of government.

**EXECUTIVE BRANCH STUDIES OF EDP**

The interest in the management and control of electronic data processing within the executive branch dates back to November 1964 when the first comprehensive study was conducted by the previous administration. The report "Management Study of Automatic Data Processing" created various policy, technical and service functions within the Department of Finance and the Department of General Services for the control and coordination of electronic data processing. In 1965 a study entitled, "Statewide Information Systems" was completed by an aerospace consulting firm and recommended a plan for implementation of a program entitled "The Statewide Federated Information System" (SFIS).

The time span from 1964 to 1968 saw a dramatic change in technology within the electronic computer industry and a substantial increase in the cost and utilization of all types of equipment associated with EDP. Within this period, the new administration also undertook a study of EDP through the Governor's Survey of Efficiency and Cost Control and in October 1967, a Governor's policy statement on EDP

**Office of Management Services—Continued**

was issued. This document became the basis for a November 1967 executive order establishing the Office of Management Services.

With enactment of Chapter 1237, Statutes of 1968, the Office of Management Services was given statutory status and authority. Under the provisions of this bill, an official short-range EDP Master Plan was developed and adopted on January 16, 1969 by the State EDP Policy Committee. This document provided a statement of the problems and specified plans to be completed by June 30, 1969.

Finally, the Office of Management Services prepared a summary draft of the Long-Range Master Plan for the Utilization of Electronic Data Processing in the State of California. This document was submitted to the State Electronic Data Processing Committee on September 26, 1969.

It is again important to note that most studies or plans prepared by the executive branch except the proposal to implement the Statewide Federated Information System also recognized the problems associated with the proliferation of computers throughout state government and called for increased or totally centralized coordination, control and operation of EDP.

**Administrative Attempts to Consolidate EDP Installations**

Following adoption of the short-range EDP Master Plan in January 1969, the executive branch began implementation by designating all major computer installations as data processing service centers. Limited consolidations were accomplished including the merging of the EDP processes of the State Teachers' Retirement System, the Department of Veterans Affairs and the Public Employees' Retirement System into a service center operated by PERS. Computers which were planned for STRS and Veterans Affairs were not procured under the provisions of this consolidation. Another consolidation resulted in the Department of Professional and Vocational Standards receiving its EDP service from the Board of Equalization in lieu of acquiring an independent computer.

All departments in the resources agency were precluded from maintaining separate data processing facilities and were directed to receive EDP services from the Department of Water Resources Computer Center. A bay area computer center within the Department of Public Health was established to serve state agencies in the San Francisco Bay Area, and currently under preliminary study is the possible formation of a Human Relations Agency Data Processing Center serving departments in that agency such as the Departments of Social Welfare, Mental Hygiene, Health Care Services, Rehabilitation, Youth Authority and Corrections.

Based on statistics developed by OMS on April 30, 1969, it appears that through consolidation efforts, the number of computers in state government exclusive of the state college and the University had been reduced from 54 to 45 since 1967. Further, utilization of this equipment had increased from 47 percent of available hours to 56 percent of available hours and a new formula for more accurately assessing utilization

**Office of Management Services—Continued**

was developed. An increase of from 7 to 17 state EDP installations providing service to other units of government was also noted.

**Greater Centralization of Authority for Coordination and Control**

A problem frequently emphasized by the Legislative Analyst and repeatedly discussed before legislative committees was the absence of one central authority responsible for the coordination and control of EDP. Under the provisions of Management Memo 69-2 issued on January 16, 1969, this authority was for the first time centered in one state agency (Agriculture and Services), although the responsibility was still divided between two departments, the Office of Management Services and the Systems Analysis Office of the Department of General Services. The Department of Finance, which heretofore had a major policy responsibility, was now primarily associated with the assurance that fiscal resources were available to support policies and plans developed with respect to EDP.

The fact remained, however, that responsibility was still divided. In response to the concerns of the fiscal committees during the 1969 budget hearings over rising costs, lack of one central direction and the continued installation of computers and information systems around narrow departmental missions, the executive branch took further positive action to demonstrate a commitment to the efficient and effective utilization of electronic data processing in state government. The Governor in a letter of June 24, 1969 accepted a cabinet recommendation to centralize fully the authority and resources for EDP coordination and control within the Office of Management Services. To achieve this control, certain sections of the systems analysis office within the Department of General Services were transferred to the Office of Management Services and the office was organizationally placed under the Lieutenant Governor who was designated as chief executive officer for state, local and federal intergovernmental relations and planning.

The actual transfer of 20 positions from the Department of General Services and one and one-half positions from the State Personnel Board for the EDP training was accomplished in September 1969. Also one position was added to the management services staff by an interagency agreement with the Human Relations Agency to enable management services to provide a data processing manager to the agency who would also serve as project director of the National Demonstration Project for a social services information system. Thus in fiscal year 1969-70, management services staff was increased from 14 to 36 authorized positions. Proposed for the budget year is a reduction of personnel man years to 29.5 brought about through reorganization of work plans without program impairment, according to the Governor's Budget. Therefore, we now have in California government one office, under the leadership of the Lieutenant Governor, directly responsible for the control, coordination and budgetary review of all activities associated with electronic data processing. If this office discharges its responsibility as currently defined in the statutes, the state will have the leadership that has heretofore been missing.

Office of Management Services—Continued  
ANALYSIS AND RECOMMENDATIONS

Office of Management Services Activities  
During Fiscal Year 1969-70

Certification Under Section IV—Budget Act of 1969

*We recommend that the Office of Management Services prepare information for submission to the fiscal committees by May 1, 1970 regarding the procedures used to implement Section IV of the Budget Act of 1969. Also, the report should detail the extent to which the application of criteria pertaining to release of funds for EDP have insured departmental compliance with the intent of the Legislature.*

To carry out the provisions of Section IV of the Budget Act of 1969, OMS issued Management Memo 69-18 which outlined the certification procedures required before any expenditures for expanded EDP services could be made. The five pages of detailed criteria contained in the Supplemental Report of the Conference Committee were intended to insure compliance with legislative intent in the design of information systems, acquisition of EDP equipment, proper utilization of personnel and provision of adequate EDP training. No workload or performance statistics are available from OMS to measure the impact of this requirement on the executive branch or the extent to which application of these criteria have served to further the intent of the Legislature.

Responsibility for Review of EDP Plan and Budgets

*We recommend that departments make the Supplemental Planning and Budgeting Information for EDP accurate and complete in order to make this document a viable tool for assessing EDP plans and expenditures.*

The current organizational structure of the Office of Management Services for coordination and control of EDP is illustrated in Chart 1. This staffing level is now possible through the transfer of the 20 positions from the Department of General Services. The major sections of the office are Planning, Research and Technology, Implementation, Standards and Procedures and Evaluation. The functions of each section are outlined on the chart.

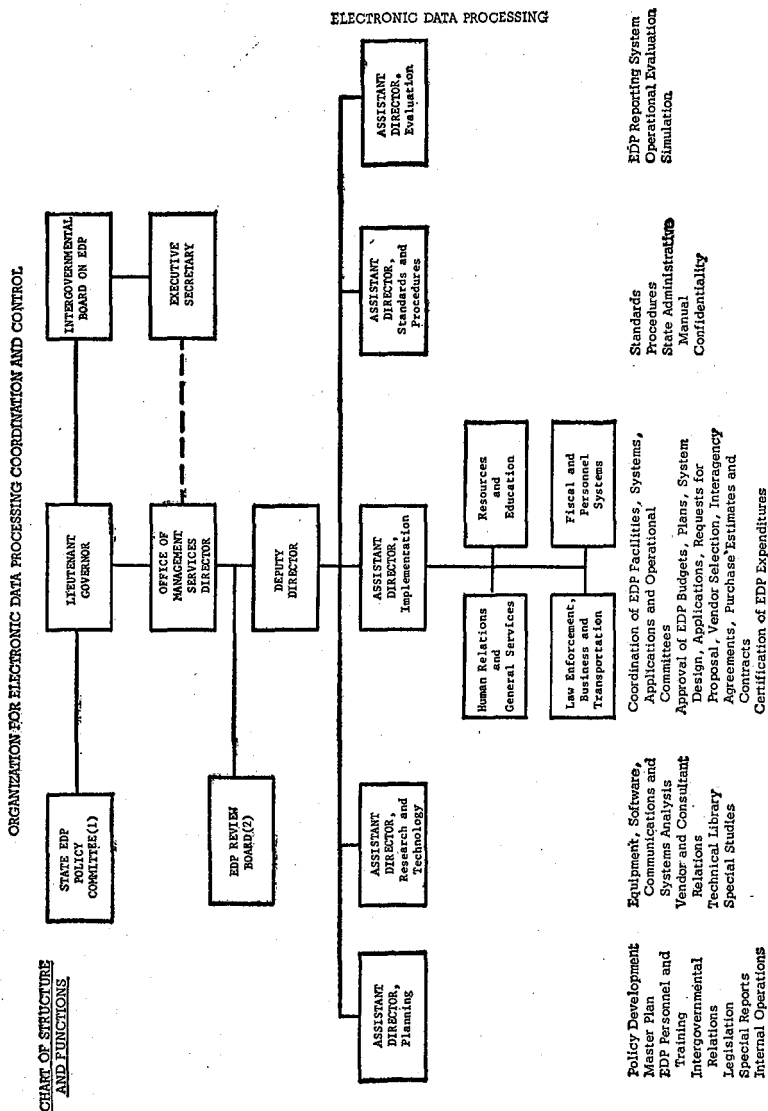
One major responsibility of OMS is the approval of EDP plans, feasibility studies, systems designs, requests for proposals, equipment or consultant selection, and contracts. Detailed procedures for the above are prepared by OMS for inclusion in the State Administrative Manual (SAM) under Sections 4800-5112.4. A flow chart of these procedures can be found in SAM 4820 (illustration November 1969).

The requirement that every department prepare Supplementary Planning and Budgeting Information for EDP is contained in Management Memo 69-22 and SAM 6393. These documents are submitted to OMS prior to final development of the Governor's Budget with copies to the Department of Finance and an information copy to the Legislative Analyst.

The Office of Management Services is delegated the responsibility by the Department of Finance under SAM for review of all EDP budgets, and their recommendations are forwarded to the department

Office of Management Services—Continued

Chart 1



to assist in determining the level of funding in the Governor's Budget allocated for EDP expenditures. Without the EDP supplemental program budget as a working document, it would be impossible to accurately assess the total EDP program of a department because the program budget format of the Governor's Budget allocates EDP costs to the various departmental programs and even line-item detail from a department does not adequately describe expenditures for EDP.



## Office of Management Services—Continued

In our judgment, many of the EDP program budgets show evidence of hasty preparation, poor documentation and an absence of detailed expenditures for the various facets of operation. Although we recognize that the requirement for separate EDP budget information is quite new, we nevertheless believe all departments and OMS should make this document complete, accurate and a viable planning tool for the assessment of current and projected EDP plans and expenditures.

**The Status of the "Peopleware" Problem**

1. *We recommend that modern instructional techniques such as video-tape be applied to the states EDP training program.*

2. *We recommend a followup report to the Joint Legislative Budget Committee on November 1, 1970 detailing success in implementing the findings and recommendations of OMS and the State Personnel Board with respect to EDP personnel practices.*

Last year in our analysis, we discussed the problem associated with EDP personnel (peopleware) and the need for increased emphasis on the training of the state's specialists associated with the computer programming, system analysis, and management of EDP resources. The Legislature, recognizing the seriousness of this problem, appropriated an additional \$43,000 to the State Personnel Board for further development and conduct of training in these highly technical specialties.

The responsibility for EDP training has now been transferred to OMS and the program is progressing in a satisfactory manner. Courses in fundamental computer programming are offered on an as-needed basis and a new course, Fundamentals of Systems Analysis Techniques, has been developed in a modular format and presented to two classes. A new course in advanced programming is under development, and concepts of EDP for managers is scheduled on a regular basis for the latter half of this fiscal year. One of the major problems is to reach enough personnel, given the constraints of funds, shortages of qualified instructors and the time involved in organizing and conducting classes. One approach to solving this problem would be the utilization of modern instructional techniques such as video-tape, filming or the use of programmed instruction.

The Committee on Conference of the Budget Bill required OMS to consider the solutions to the EDP personnel problems raised in our analysis last year on pages 67-69 or other appropriate alternatives and report on November 1, 1969.

In the required report, OMS made recommendations for improvement of the recruiting process, revision of the selection process including open examinations for all classes, institution of a comprehensive training program, implementation of an adequate reward system and establishment of a revised classification and salary structure. The State Personnel Board has recently replied to this report and has expressed agreement with many of the recommendations.

Many qualified observers have stated that one of the state's major long-range EDP problems is the lack of qualified and experienced personnel. We are in agreement.

Office of Management Services—Continued

Experimental Optical Character Recognition Equipment Test Center

*We recommend that state departments with substantial data conversion and paper handling problems take full advantage of the OCR Test Center as a potential means of reducing the high cost of data conversion to machine readable form.*

The Office of Management Services has coordinated the establishment of an experimental installation of large-scale optical character recognition equipment (OCR) within the Department of General Services. This technique (OCR) has the ability to recognize and read typewritten characters on source documents, thereby eliminating the transcription or conversion of basic data to a machine readable form.

Our office studied this problem of data conversion costs in considerable detail during this interim and we became convinced that substantial savings were possible. It is estimated that the state spends at least \$19 million on conversion and handling data for input to EDP equipment, and the primary technique for this conversion is keypunching. Certain state agencies had made preliminary studies of OCR and one firm invested considerable time in systems studies in a number of departments which demonstrated the application of OCR techniques. The State Treasurer's Office at our suggestion, investigated this technique and appears to have adequate justification for the use of OCR in warrant processing applications. This process and the possible advantages are discussed under Item 111 of the analysis.

Through the cooperation of the Departments of General Services and Finance, the State Treasurer, the Office of Management Services and the Joint Legislative Budget Committee, arrangements have been made to establish this test center within the Department of General Services for a six-month period. An optical character recognition firm agreed to provide equipment which normally rents for \$24,165 on a rent-free basis for six months. The state only has to pay freight, maintenance and its own personnel and operating costs. The firm will also design, program and make operable a processing system for the State Treasurer during the same period.

The cost to the Department of General Services will be \$48,430 in this fiscal year (installation date is April 1970) and \$35,740 in fiscal year 1970-71. OMS will set up the experimental procedure for this test, evaluate the costs and benefits of the process, and assist in the procedures for competitive bidding if the OCR application process is feasible. Other departments with large paper handling problems are the Department of Motor Vehicles, State Controller, Department of Employment, Personnel Board and the Franchise Tax Board, and we expect that these departments will utilize this experimental service center in an attempt to reduce their data conversion costs.

Because OCR equipment with the capability of reading many different typewriter fonts is extremely flexible and costly, it is expected that installations in service centers or in very large departments will be necessary from a cost/benefit basis. However, this will not preclude numerous departments from using OCR (on a service bureau basis) as required to solve this data input problem. Even the partial use of

**Office of Management Services—Continued**

OCR will, in our judgment, produce substantial savings to many departments.

Another state agency, the Department of Justice, also has a major problem in converting the data in its criminal history file for input to a computer system. A firm has therefore agreed to provide this department with a rent-free OCR machine manufactured by it for January, February and March of 1970 for similar test and evaluation purposes.

**Development of the Long Range EDP Master Plan**

As required under the provisions of Chapter 1237, Statutes of 1968 (SB 959), the Office of Management Services prepared a summary draft of the Long-Range Master Plan for the Utilization of Electronic Data Processing in the State of California and submitted this report to the State EDP Policy Committee on September 26, 1969. The supplementary report of the conference committee required that OMS prepare an EDP plan for submission to the Joint Legislative Budget Committee by December 1, 1969. The EDP policy committee has requested an extension of this reporting date and it now appears that it will be at least March 15, 1970 before an official plan is submitted by the administration.

The draft EDP master plan includes all units of state government except the University of California and the state colleges, extends over a five-year period and involves three overlapping time phases. Basically, the plans call for the centralized management of EDP resources within a Department of EDP Services, the redesign of inefficient EDP applications, the definition of program and data element requirements and the merger of all systems by the end of the five-year period into six EDP service facilities. Other provisions of the plan include a partial pooling of programmers and systems analysts (numerous departments however continue to have EDP personnel assigned to them under the plan), an improved personnel and training program, and the development of standards and procedures. This draft plan contains a great deal of substantial information about the EDP environment in California and the document should therefore provide a base for development of the final EDP master plan.

In our judgment, there are a number of provisions in the plan that will make the recommendations difficult to put into effect. The designation in Exhibits C and I of the departments and their computers which will be released or retained provides ample opportunity for departments with parochial interests and equipment vendors with vested interests to take strong exception to the provisions. Further, the exact designation of equipment types and models for some EDP service facilities that will be established in three to five years is not justifiable when the EDP technology is expected to change dramatically by 1975. Departments are expected to have trouble in identifying with this plan because there is little detailed discussion on the techniques needed to identify user needs or to meet user requirements.

The projected savings as reported in the plan are disappointing. It is estimated that if only excess equipment is consolidated, without significant redesign and reprogramming, the current number of com-

## Office of Management Services—Continued

puters would be reduced to 34 over an 18-month period and net savings would be \$1,100,000 annually after a one-time expenditure of \$500,000. Another set of cost figures portrays EDP costs in 1975 at \$110,000,000 annually. Based on a reduction of computers to 26 and the redesign and reprogramming of current inefficient systems, a one-time expenditure of \$3,700,000 would be necessary and net annual savings of \$4,000,000 would be realized by the conversion.

We will not analyze this draft plan in detail because a special committee of departmental and agency representatives has been appointed by the Governor's Cabinet to review the plan and make alternative recommendations which could change the character of the final plan. It appears that the State EDP Policy Committee will not take an active role in the development of the plan because this body has not met since receiving the plan in September 1969.

The Supplementary Report of the Conference Committee required OMS to respond to the report *Centralized Management of Data Processing for the State of California* prepared by the consultants to the Subcommittee on Data Processing of the Joint Committee on Legislative Organization. In this response to the AIM concept received on September 15, 1969, OMS stated that their report essentially agrees with the recommendations contained in the legislative report, including those concerning the need for greater centralization and consolidation of EDP resources.

The Conference Committee further requested that:

“ . . . appropriate EDP control agencies of the executive branch together with appropriate legislative staff as designated by the Joint Committee on Legislative Organization prepare a plan which will adequately meet the electronic data processing and information needs of all branches of state government.”

Although the legislative staff committee (including a member from our office) has been designated, it has not met because no official plan has been proposed that could serve as a basis for discussion.

## EDP Costs for Fiscal Year 1970-71

The 1970-71 expenditures for electronic data processing for all units of California state government are displayed in Table 1. The costs for the categories of EDP personnel, equipment, contract services (services received from other state agencies and outside vendors), and other costs (for example, supplies) are listed together with totals by category, department and state. Table 2 contains reimbursements to departmental EDP operations for services performed for other units of government and therefore net EDP expenditures for each department and a state total are reflected in this table.

The basic source of this information for fiscal year 1969-70 and 1970-71 is the Supplementary Planning and Budgeting Information for EDP required by Management Memo 69-22. The data was verified to the extent possible with the Governor's Budget and available supporting information. It is quite possible, however, that certain informa-

**Office of Management Services—Continued**

tion will have to be modified once the final proposed expenditures for EDP have been determined.

Based on the data in Table 2, it is apparent that total net EDP expenditures have risen from \$59,310,599 in fiscal year 1969-70 to a proposed \$67,567,018 for fiscal year 1970-71. This represents an increase of 13.9 percent. A total of 15 departments account for 97.7 percent of the increase. Table 3 displays these 15 departments and reveals that three departments account for 49.8 percent, and eight departments account for 79.9 percent of the \$8,256,419 net increase over the estimated 1969-70 expenditures.

The remaining 35 departments account for \$337,678 or 4.1 percent of the total net increase. Because of the departmental orientation of EDP in the state and the close relationships of expenditures to programs in each department we have elected to discuss the major issues and budget increases concerning EDP with the appropriate budget items.

Based on our analysis of the \$8,256,419 increase, it appears that the rise in EDP expenditures has stabilized, at least for the present. Legislative authorization to proceed with needed systems improvements in such areas as criminal justice, law enforcement telecommunications, instructional EDP within the state college, cost reporting in the Department of Mental Hygiene, the Automated Management Information System in the Department of Motor Vehicles and the cost of data conversion in the Franchise Tax Board make up most of the increase. The number of computers in state government exclusive of higher education has risen from 45 to 48 according to the November 1969 inventory maintained by OMS. The overall increase in computers is because the new California Law Enforcement Telecommunications System will become operational in April 1970.

However, our research into the activities of the various departments indicate that plans are being developed by numerous units of government for the substantial conversion or upgrading of EDP equipment, and a number of new sophisticated systems are in the planning or design stages. Therefore, the apparent stabilizing may prove to be misleading. We further find that the orientation of state government is still decidedly toward the individual department utilization of their own EDP equipment which will tend to increase costs. There appears to be little interest in the utilization of large-scale computer utilities or in time sharing (an approach to computer service that permits numerous users independent and simultaneous access to a large computer from remote locations).

Because of the presence of so many small and medium scale computers and the absence of any large scale machines by industry standards, there is little progress toward or capability for developing the large integrated data bases which are absolutely necessary if information is to be adequately provided for program managers, the administration and the Legislature.

It is also becoming increasingly obvious that the installation of EDP equipment dedicated solely to one department's mission allows, in

Table 1

## Summary of Departmental Electronic Data Processing Budget Requests

Department	<u>Personnel</u>		<u>Equipment</u>		<u>Services received</u>		<u>Other costs</u>		<u>Total gross costs</u>	
	1969-70	1970-71	1969-70	1970-71	1969-70	1970-71	1969-70	1970-71	1969-70	1970-71
<b>Agriculture and Services Agency</b>										
Agriculture, Dept. of -----	\$115,462	\$130,857	\$35,673	\$26,805	\$141,500	\$120,000	\$21,320	\$21,320	\$313,955	\$298,982
Franchise Tax Board -----	1,863,547	2,183,214	990,982	1,121,632	11,995	57,830	228,482	285,791	3,095,006	3,648,467
General Services, Dept. of ----	467,170	540,144	184,447	294,001	35,280	27,000	134,897	125,797	821,794	986,942
Personnel Board, State -----	291,707	299,369	129,719	129,719	650	650	34,032	34,247	456,108	463,985
Prof. and Voc. Stds., Dept. of -	26,374	23,073	900	--	373,632	328,719	(14,020)	(13,120)	386,886	338,672
PERS -----	503,937	522,832	257,747	272,248	67,096	60,696	65,041	68,884	893,821	924,660
STRS -----	228,974	237,298	31,282	31,282	130,000	135,000	47,278	48,503	437,534	452,083
Veterans Affairs, Dept. of ----	56,484	58,681	900	900	45,600	45,600	18,000	18,000	120,984	123,181
<b>Business and Transp. Agency</b>										
Alcoholic Beverage Control ----	--	--	--	--	34,800	36,540	833	833	35,633	37,373
Corporations, Dept. of -----	--	--	--	--	20,730	22,000	--	--	20,730	22,000
Highway Patrol, Calif. -----	1,063,939	1,049,558	559,573	565,873	--	--	77,765	73,558	1,701,277	1,688,989
Housing & Comm. Development	--	--	--	--	15,000	13,750	--	--	15,000	13,750
Motor Vehicles, Dept. of -----	8,100,091	8,262,454	2,614,292	2,708,693	--	--	995,073	1,180,548	11,709,456	12,151,695
Public Utilities Commission --	130,900	137,600	28,700	6,600	100,500	127,000	19,800	19,900	279,900	291,100
Public Works, Dept. of -----	3,096,604	3,175,604	1,850,000	2,156,910	643,300	387,800	453,730	460,900	6,043,634	6,181,214
Real Estate, Dept. of -----	42,932	44,013	23,180	14,400	3,350	5,400	12,167	9,543	81,629	73,356
Savings and Loans, Dept. of --	28,745	30,252	--	--	40,000	40,000	--	--	68,745	70,252
<b>Human Relations Agency</b>										
Corrections, Dept. of -----	16,032	16,836	7,164	19,511	208,470	218,970	1,247	357	232,913	255,674
Health Care Services, Dept of -	80,360	81,792	--	--	6,108,665	6,381,437	--	--	6,189,025	6,463,229
Human Relations Agency ----	220,652	342,921	16,425	--	219,543	654,513	43,380	67,666	500,000	1,065,000
Human Resources Development	3,522,020	4,352,621	475,489	775,995	15,810	7,520	353,592	363,534	4,366,911	5,499,670
Industrial Relations, Dept. of -	267,355	200,665	49,348	9,143	13,000	112,193	31,711	25,100	361,414	347,101
Mental Hygiene, Dept. of ----	623,794	743,213	351,195	713,839	46,994	16,735	95,543	166,049	1,117,526	1,639,836
Public Health, Dept. of -----	670,286	767,898	196,057	207,002	106,898	140,000	173,630	202,290	1,146,871	1,317,190

Rehabilitation, Dept. of -----	209,805	216,213	5,821	5,904	46,350	60,350	25,183	24,652	287,159	307,119
Social Welfare, Dept. of -----	710,392	706,025	219,426	231,735	35,526	53,998	65,750	50,000	1,031,094	1,041,758
Youth Authority, Dept. of -----	320,605	346,304	41,605	43,727	--	--	61,131	53,574	423,341	443,605
Resources Agency										
Air Resources Board -----	--	--	--	--	65,000	71,500	--	--	65,000	71,500
Conservation, Dept. of -----	--	--	--	--	57,075	62,063	--	--	57,075	62,063
Fish and Game, Dept. of -----	87,400	87,400	12,800	10,800	36,400	40,400	7,500	7,500	144,100	146,100
Parks and Recreation, Dept. of -----	38,225	40,091	--	--	302,000	401,049	2,000	2,000	342,225	443,140
Reclamation Board -----	--	--	--	--	12,200	10,200	--	--	12,200	10,200
State Lands Commission -----	60,900	65,900	24,700	24,800	20,000	16,000	2,400	1,400	108,000	108,100
Water Resources, Dept. of -----	1,389,746	1,386,767	569,531	628,060	53,200	23,000	554,501	568,900	2,566,978	2,606,727
Higher Education										
Calif. Maritime Academy -----	--	--	2,000	3,200	--	--	600	800	2,600	4,000
State Colleges -----	2,581,334	3,211,257	1,667,807	2,140,661	--	25,000	585,066	864,163	4,834,207	6,241,081
University of Calif. (Adm. only) -----	865,792	1,034,336	649,183	681,873	28,434	34,000	1,204,275	1,418,210	2,742,684	3,168,419
Others										
Controller, State -----	593,933	607,539	9,992	9,992	45,600	45,600	55,527	56,180	705,952	720,211
Criminal Justice, Council on -----	--	--	--	--	15,000	15,000	--	--	15,000	15,000
Disaster Office -----	--	--	756	756	5,100	5,100	--	--	5,856	5,856
Education, Department of -----	1,008,092	1,315,564	359,144	420,344	106,721	175,000	138,435	145,357	1,612,392	2,056,265
Equalization, Board of -----	1,371,626	1,388,518	556,926	597,147	--	--	175,308	181,961	2,103,860	2,167,626
Finance, Department of -----	23,300	35,750	--	--	105,250	164,250	7,000	6,450	135,550	206,450
Intergovernment, Board on EDP -----	31,525	33,285	--	--	--	--	38,450	14,170	69,975	47,455
Justice, Department of -----	1,211,198	2,046,490	1,993,692	2,738,254	207,200	65,616	135,307	265,242	3,547,397	5,115,602
Management Services, Office -----	504,939	494,155	--	--	88,452	60,000	51,422	57,048	644,813	611,203
Military, Department of -----	37,015	37,015	8,933	12,214	300	--	6,661	7,784	52,909	57,013
Secretary of State -----	178,400	195,865	161,692	162,840	--	--	30,469	22,394	370,561	381,099
Treasurer's Office -----	91,602 *	151,135	11,166	1,320	87,314	155,941	1,250	1,000	191,332	309,396
Totals -----	\$32,733,194	\$36,600,504	\$14,098,247	\$16,768,180	\$9,695,835	\$10,424,320	\$5,941,736	\$6,908,385	\$62,469,012	\$70,701,389

Office of Management Services—Continued

Table 2

## Summary of Changes—1970-71 EDP Budget Requests

	Total Gross Costs		Reimbursements		Net EDP Costs		Change	
	1969-70	1970-71	1969-70	1970-71	1969-70	1970-71	Amount	Percent
<b>Agriculture &amp; Services Agency</b>								
Agriculture, Department of -----	\$313,955	\$298,982	\$79,800	\$81,540	\$234,155	\$217,442	(\$16,713)	(7.6)
Franchise Tax Board -----	3,095,006	3,648,467	3,000	3,000	3,092,006	3,645,467	553,461	17.9
General Services, Department of -----	821,794	986,942	181,052	213,654	640,742	773,288	132,546	20.7
Personnel Board, State -----	456,108	463,985	2,000	2,000	454,108	461,985	7,877	1.7
Prof. and Voc. Stds., Dept. of -----	386,886	338,672	--	--	386,886	338,672	(48,214)	(12.5)
PERS -----	893,821	924,660	175,600	180,600	718,221	744,060	25,839	3.6
STRS -----	437,534	452,083	--	--	437,534	452,083	14,549	3.3
Veterans Affairs, Dept. of -----	120,984	123,181	--	--	120,984	123,181	2,197	1.8
<b>Business and Transportation Agency</b>								
Alcoholic Beverage Control -----	35,633	37,373	--	--	35,633	37,373	1,740	4.9
Corporations, Department of -----	20,730	22,000	--	--	20,730	22,000	1,270	6.1
Highway Patrol, California -----	1,701,277	1,688,989	20,000	--	1,681,277	1,688,989	7,712	.5
Housing and Community Development --	15,000	13,750	--	--	15,000	13,750	(1,250)	(8.2)
Motor Vehicles, Department of -----	11,709,456	12,151,695	--	--	11,709,456	12,151,695	442,239	3.8
Public Utilities Commission -----	279,900	291,100	--	--	279,900	291,100	11,200	4.0
Public Works, Department of -----	6,043,634	6,181,214	38,000	14,000	6,005,634	6,167,214	161,580	2.7
Real Estate, Department of -----	81,629	73,356	--	--	81,629	73,356	(8,273)	(10.1)
Savings and Loans, Dept. of -----	68,745	70,252	--	--	68,745	70,252	1,507	3.0
<b>Human Relations Agency</b>								
Corrections, Department of -----	232,913	255,674	--	--	232,913	255,674	22,761	9.8
Health Care Services, Department of --	6,189,025	6,463,229	--	--	6,189,025	6,463,229	274,204	4.4
Human Relations Agency -----	500,000	1,065,000	--	--	500,000	1,065,000	565,000	113.0
Human Resources Development -----	4,366,911	5,499,670	13,180	13,180	4,353,731	5,486,490	1,132,759	25.9
Industrial Relations, Department of ----	361,414	347,101	--	--	361,414	347,101	(14,313)	(4.0)
Mental Hygiene, Department of -----	1,117,526	1,639,836	94,000	117,500	1,023,526	1,522,336	498,810	48.7
Public Health, Department of -----	1,146,871	1,317,190	510,597	694,683	636,274	622,507	(13,767)	(2.2)
Rehabilitation, Department of -----	287,159	307,119	--	--	287,159	307,119	19,960	7.0
Social Welfare, Department of -----	1,031,094	1,041,758	482,878	513,966	548,216	527,792	(20,424)	(3.7)
Youth Authority, Department of -----	423,341	443,605	204,671	214,720	218,670	228,885	10,215	4.7



<b>Resources Agency</b>								
Air Resources Board -----	65,000	71,500	--	--	65,000	71,500	6,500	10.0
Conservation, Department of -----	57,075	62,063	--	--	57,075	62,063	4,988	8.7
Fish and Game, Department of -----	144,100	146,100	--	--	144,100	146,100	2,000	1.0
Parks and Recreation, Department of -----	342,225	443,140	13,000	--	329,225	443,140	113,915	34.6
Reclamation Board -----	12,200	10,200	--	--	12,200	10,200	(2,000)	(16.4)
State Lands Commission -----	108,000	108,100	--	--	108,000	108,100	100	.9
Water Resources, Department of -----	2,566,978	2,606,727	467,125	499,612	2,099,853	2,107,115	7,262	.3
<b>Higher Education</b>								
California Maritime Academy -----	2,600	4,000	--	--	2,600	4,000	1,400	53.8
State Colleges -----	4,834,207	6,241,081	--	--	4,834,207	6,241,081	1,406,874	29.1
University of California (Admin. Only) --	2,742,684	3,163,419	--	--	2,742,684	3,168,419	425,735	15.5
<b>Others</b>								
Controller, State -----	705,952	720,211	59,840	59,374	646,112	660,837	14,725	2.3
Criminal Justice, Council on -----	15,000	15,000	--	--	15,000	15,000	--	--
Disaster Office -----	5,856	5,856	--	--	5,856	5,856	--	--
Education, Department of -----	1,612,392	2,056,265	11,000	90,000	1,601,392	1,966,265	364,873	22.8
Equalization, Board of -----	2,103,860	2,167,626	442,432	417,872	1,661,428	1,749,754	88,326	5.3
Finance, Department of -----	135,550	206,450	--	--	135,550	206,450	70,900	52.3
Intergovernment Board on EDP -----	69,975	47,455	--	--	69,975	47,455	(22,520)	(32.2)
Justice, Department of -----	3,547,397	5,115,602	--	--	3,547,397	5,115,602	1,568,205	44.2
Management Services, Office of -----	644,813	611,203	360,238	18,670	284,575	592,533	307,958	108.2
Military, Department of -----	52,909	57,013	--	--	52,909	57,013	4,104	7.8
Secretary of State -----	370,561	381,099	--	--	370,561	381,099	10,538	2.8
Treasurer's Office -----	191,332	309,396	--	--	191,332	309,396	118,064	62.0
<b>TOTALS</b> -----	<b>\$62,469,012</b>	<b>\$70,701,389</b>	<b>\$3,158,413</b>	<b>\$3,134,371</b>	<b>\$59,310,599</b>	<b>\$67,567,018</b>		--
<b>GROSS INCREASE</b> -----							<b>\$8,403,893</b>	<b>14.2</b>
<b>DECREASES</b> -----							<b>147,474</b>	--
<b>NET INCREASE</b> -----							<b>8,256,419</b>	<b>13.9</b>

Office of Management Services—Continued

Table 3  
Summary of 1970-71 Budget Increases

<i>Department/Agency</i>	<i>1970-71 Dollar increase over 1969-70</i>	<i>1970-71 Percent increase over 1969-70</i>	<i>1970-71 Increase as a percent of total net increase</i>
Human Resources Development	\$1,132,759	25.9%	13.7%
Department of Justice -----	1,568,205	44.2	19.0
State Colleges -----	1,406,874	29.1	17.0
	<hr/>		
	\$4,107,838	---	49.8%
Franchise Tax Board -----	553,461	17.9	6.7
Human Relations Agency -----	565,000	113.0	6.8
Dept. of Mental Hygiene -----	498,810	48.7	6.0
Dept. of Motor Vehicles -----	442,239	3.8	5.4
University of California -----	425,735	15.5	5.2
	<hr/>		
	\$2,485,245	---	30.1%
Department of Education -----	364,873	22.8	4.4
Dept. of Health Care Services	274,204	4.4	3.3
Office of Management Services	307,958	108.8	3.7
Department of General Services	132,546	20.7	1.6
Dept. of Parks and Recreation	113,915	34.6	1.4
Department of Public Works --	161,580	2.7	2.0
State Treasurer -----	118,064	62.0	1.4
	<hr/>		
	\$1,473,140	---	17.8%
All Others -----	337,678	---	4.1
	<hr/>		
TOTAL INCREASES -----	\$8,403,893	---	101.8
TOTAL DECREASES -----	(147,474)		(1.8)
	<hr/>		
NET INCREASE			
STATEWIDE -----	\$8,256,419		100.0%

addition to low utilization, the opportunity for inefficient management of the EDP facility because the installation of similar software (the collection of programs and routines associated with a computer) on numerous machines for file management, data communications control, and operating system control, creates extensive overhead problems leaving only a minimum amount of memory for actual data processing—the primary function of each installation.

Use of Consultants to Evaluate Effectiveness

The Office of Management Services has the responsibility for the evaluation of EDP effectiveness. Recently, two urgent problems necessitated the acquisition of highly specialized consultant services and OMS secured these services in record time. One instance involved a troubled EDP installation and the other a request for immediate upgrading of equipment. We support the use of consultants for specialized work because specific problems are attacked. One of the consulting firms brought to the state a specialized set of computer programs which actually measured the efficiency of the major operational programs and also determined the efficiency of the computer and peripheral component utilization. In addition, this firm conducted a detailed management effectiveness audit of the department.

**Office of Management Services—Continued**

The use of consultants for specific evaluation of specific systems design and programming jobs is much more desirable than the typical situation in the state environment where more general studies over longer periods have been the tradition. Often, the consultant is brought in before the responsible state personnel have adequately defined the problem on the premise that outside advice is needed. However, the consultant is often responsive to the bias of his customer as evidenced in a recent situation where the same consulting firm gave different answers to two government entities with essentially the same basic problem.

**Federal Support of State Computers**

*We recommend that federal requirements which mandate the acquisition of dedicated computers for the particular program or research project being funded by the federal government be evaluated by the Joint Legislative Budget Committee. We suggest that the General Accounting Office to the Federal Congress may wish to determine the extent to which economies could be realized by encouraging federal agencies to purchase their computer requirements from available state computing centers rather than by separate acquisitions of EDP equipment.*

There are a number of instances where the federal government provides a major share of the funds required to support the acquisition and operation of electronic computers. Examples are the Department of Human Resources Development (formerly Employment) where 100 percent support is available for many programs and the University of California where \$7,000,000 is provided to support all or part of its 113 computers used in research and instruction (discussed in detail under Item 87 of the analysis). Based on an initial investigation, it appears that federal requirements are often unduly restrictive and tend to mandate the acquisition of dedicated computers for the particular program or research project being funded. The granting agencies in some instances are apparently not interested in having their work done on anything except a dedicated computer regardless of the cost of this policy.

We will continue to review this situation and suggest that the General Accounting Office of the Federal Congress may also wish to determine the extent to which economies could be realized by encouraging federal agencies to purchase their computer requirements from available state computing centers rather than by separate acquisitions. Such a move could be of benefit to both the state by helping to fund and fully utilize large facilities and to the federal government through purchasing only computer time that is actually needed.

**Facilities Management**

There is a growing trend in the private sector for firms who specialize in the management of EDP facilities to take over the complete operation and management of these facilities for their customers. A major reason for the growth of this segment of the computing industry has been the dissatisfaction and disenchantment with the management of

**Office of Management Services—Continued**

this expensive and vital tool by company personnel, and the shortage of qualified personnel to adequately perform this work.

One large organization that provides the state with extensive service which includes the use of computers has had outstanding success by using a facilities management firm. We are not necessarily suggesting that the state turn over the managing of its EDP facilities to private firms. We are suggesting however, that private industry has found that the dissatisfaction over rising costs and poor performance of computers can often be helped by concentrating on the operation and management of facilities using thoroughly trained personnel who are motivated towards achieving operating effectiveness.

In our judgment, the state might achieve similar benefits by centralizing the operational responsibility for all EDP facilities within one department whose specific mission should be the effective and efficient operation of electronic computers and related devices.

**The Effects of "Unbundling" (Separate Pricing)**

*We recommend that OMS maintain a continued effort to determine the costs to the state of the unbundling policies of certain major EDP vendors, particularly as they affect expenditures for software development, systems engineering and training. A plan to effectively reduce this potential cost increase should be included as part of the State Long-Range EDP Master Plan.*

Three of the major vendors of electronic data processing equipment have announced a new policy of separately pricing some or all aspects of their products and services including: (1) equipment, (2) equipment maintenance, (3) software (vendor supplied computer programs) and its maintenance, (4) systems engineering including programming support; and (5) education and training. This new pricing policy is referred to in the industry as "unbundling" and is a departure from the general practice of including most of these services in the overall lease or purchase price of computing equipment. It is not known at this time what the policies of the other major manufacturers will be on separate pricing.

The Office of Management Services published a report on unbundling dated December 17, 1969. This report quoted one industry source as estimating that this separate pricing policy will result in an increase of EDP costs to the average user of from 2-50 percent or a comparable reduction in the capabilities of the indicated EDP installation. Although we have made no detailed analysis of unbundling as it effects the state EDP budget, it appears likely that this policy will increase state costs in the areas of software development, systems engineering support, and training. We have noticed however, increased budget requests for technical training and software. Therefore, OMS should develop as part of its responsibility, plans to monitor the effects of unbundling and reduce the potential costs to the state.

**Recommendations for State EDP**

Given the discussion in this analysis, our findings in earlier EDP reports, the results of other studies and our assessment of the current

## Office of Management Services—Continued

environment with respect to the prospects for implementing a Long Range EDP Master Plan, we offer the following recommendations for legislative consideration. It is imperative in our judgment that the issues surrounding the operations, organizational placement, coordination and control of EDP be resolved in a manner that represents the "best alternative" for California state government. Our recommendations provide for a separation of operations from the planning, policy development and control of EDP. If these functions are not separated, objective planning and policy formulation cannot be achieved. Historically, it has been impossible for those responsible for day-to-day operations to accurately perceive the long-range needs of the state. Once these basic issues are settled, it will then be possible to focus attention on the good management practices required to make optimum use of this valuable resource.

1. *We recommend that immediate steps be taken to centralize (exclusive of the University and state colleges), all equipment, operations and management of EDP facilities within one department of state government. Such a move would remove EDP equipment and operations from under the control of individual departments and permit service to be provided to all users in a more efficient and economical manner. This centralization should occur on July 1, 1970. No changes in procedures or service to users need result during the first year of operation. All changes thereafter should be on the basis of thorough study, economic justification and an analysis of user requirements.*

2. *We recommend that a Department of Data Processing Operations and a Data Processing Revolving Fund be legislatively established to accommodate our first recommendation.*

3. *We recommend the transfer of all operations personnel (except data entry operators), EDP managers needed for supervision of multiple computer installations and software programmers to the Department of Data Processing Operations. Most departmental EDP managers and all application programmers and systems analysts should remain in departments pending further study to determine the ultimate organizational plan.*

4. *We recommend that the consolidation of equipment into EDP service centers according to function or state agency be coordinated and controlled by the Office of Management Services and implemented by the Department of Data Processing Operations.*

5. *We recommend that departments and other users be in control of their data processing requirements and that they justify the necessary funds before the EDP control agencies and the Legislature.*

6. *We recommend that the Office of Management Services remain as the single independent entity in state government responsible for the control and coordination of EDP as delegated to it under Chapter 1327, Statutes of 1968 (SB 959) and the State Administrative Manual. We do not recommend that the Office of Management Services become a unit of the Department of Finance on January 1, 1971 as currently provided by statute and therefore suggest legislation to establish OMS as a separate planning, coordinating and control office.*

## Office of Management Services—Continued

## Funding Request for The Office of Management Services

*We withhold recommendation on the funding request of \$592,533 for support of the Office of Management Services, pending receipt of the Long Range EDP Master Plan from the administration and the resolution of the problems associated with the operation, control and coordination of EDP.*

The Budget requests \$592,533 to support the designated program of the Office of Management Services and 29.5 personnel man-years. We are in support of a strong central EDP control and coordination group and the Office of Management Services in our judgment, is capable of discharging this responsibility.

However, because the administration has not formulated and transmitted to the Legislature a Long Range EDP Master Plan and because numerous problems associated with the operation, control and coordination of EDP are unresolved, we withhold recommendation on the funding for this budget item.

### ADVISORY COMMISSION ON MARINE AND COASTAL RESOURCES

## Item 37 from the General Fund

Budget page 53

Requested 1970-71	\$57,384
Estimated 1969-70	69,388
Actual 1968-69	64,724
Requested decrease \$12,004 (17.3 percent)	
Total recommended reduction	None

## GENERAL PROGRAM STATEMENT

Chapter 1642, Statutes of 1967, directed the Governor to prepare the California Comprehensive Ocean Area Plan for the orderly, long-range conservation and development of marine and coastal resources. The same statutes also established the California Advisory Commission on Marine and Coastal Resources (CMC). With a membership of 36, the commission consists of 25 members appointed by the Governor from academic, research, development and marine law interests, both public and private; five members of the public appointed by the Governor with conservation interests or specialized disciplines; and six members of the Legislature.

Under the statute the commission is (1) to secure information directly from any executive department, agency or independent instrumentality of state government, (2) to review the California Comprehensive Ocean Area Plan and recommend any changes or additions, (3) to undertake a comprehensive investigation and study of all aspects of marine sciences and the marine and coastal environment, and (4) to transmit to the Governor and the Legislature each year a report

**Advisory Commission on Coastal Resources—Continued**

on the activities and accomplishments of all agencies of the state in the conservation and development of marine and coastal resources.

The Governor established the Interagency Council on Ocean Resources (ICOR) by executive order to provide a means for the state agencies to prepare an Ocean Area Plan for CMC to review. The council consists of the Lieutenant Governor, who serves as chairman, the Secretaries of the Resources, Transportation, and Health and Welfare Agencies, and the Chairman of the State Lands Commission. ICOR presently has a staff preparing the Ocean Area Plan and the budget requests \$142,000 in Item 32 for ICOR to continue this work.

**ANALYSIS AND RECOMMENDATIONS***We recommend approval.*

The budget proposes to spend \$57,384 to support CMC in 1970-71, a reduction of \$12,004 over estimated expenditures of \$69,388 in the current year. This amount will finance the staff support of the commission, an executive officer and two clerical assistants. The current year budget has financed three meetings of the commission. The executive officer indicates the proposed budget will finance two commission meetings with related travel and printing costs.

For the past two years, the appropriation for CMC has been in the Department of General Services. This year the appropriation is included with those for the Lieutenant Governor. The Governor, in his reorganization message to the Legislature in March 1969, indicated he was giving the Lieutenant Governor the responsibility for assuring that the state has an orderly plan for the recreational and commercial development of the ocean.

In the same message, the Governor indicated CMC can serve in an advisory capacity to the new Department of Navigation and Ocean Development. That department was created by the Governor's Reorganization Plan No. 2 of 1969 to focus ocean oriented activities in one agency and ultimately to implement the Ocean Area Plan. The department has its own statutory commission, the Navigation and Ocean Development Commission, to serve the department in an advisory capacity. Presumably, then, the Department of Navigation and Ocean Development is served in an advisory capacity by two commissions. The result is major uncertainty regarding the direction of organization development, programs and responsibilities in the general subject matter of ocean development.

The major, near term responsibilities of CMC will include continued liaison with the ICOR staff preparing the Ocean Area Plan. Following completion of the plan in 1972, CMC must review the plan and make recommendations for changes or additions it deems desirable.

The budget for ICOR has been increased. That increase will provide for additional input where the immediate workload exists, i.e., the preparation of the Ocean Area Plan. Since CMC's role of plan review will begin in 1972, the commission's reduced request for 1970-71 appears to be adequate.

**STATE OFFICE OF PLANNING**

Item 38 from the General Fund

Budget page 56

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Requested 1970-71 -----	\$243,000
Estimated 1969-70 -----	179,856
Actual 1968-69 -----	187,975
Requested increase \$63,144 (35 percent)	
Total recommended reduction -----	\$243,000

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**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

We recommend elimination of the State Office of Planning.

We recommend a legislative study to evaluate the impact and extent single purpose planning has had on the state and to determine the proper authority and location of a central planning function.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend the elimination of this item for a General Fund savings of \$243,000 in 1970-71.*

The State Office of Planning was established by Chapter 1641, Statutes of 1959 within the Department of Finance. Its primary responsibility has been the preparation of a state development plan. After six years and an outlay of \$4 million in state and federal funds, a "report" on the State Development Plan was finally published in 1968. About one-half of the development costs of the report consisted of hiring outside consultants to prepare studies covering such diverse areas as population and economic forecasting, land use, transportation problems and projections, resource management, and welfare and employment programs. In total, there were approximately 60 studies assigned to outside consultants. The published document is not a plan, but rather a report about a plan or a series of plans which were never formally made public and which are now found to be generally outdated. The published report was 363 pages in length and was divided into six chapters covering three major subject areas:

1. Social resources, including growth characteristics of population and employment.
2. Physical resources, their utilization and management.
3. Urban growth, emphasizing intergovernmental planning.

The report contained more than 100 recommendations but a review of the document reveals important shortcomings.

1. More than 60 percent of the recommendations in the study urged additional planning research and about 20 percent encouraged greater cooperation between competing interest groups. Little attention was given to existing problems in need of more immediate attention.
2. When specific recommendations were given, there was seldom sufficient backup information or analytical material for the reader to independently evaluate the magnitude of the problem.



## State Office of Planning—Continued

3. The impact of budgetary expenditures for state operations and local assistance upon the social and economic structure of California was generally overlooked. Except in areas of unemployment and urban growth where direct state agency involvement is minor, minimal attention was given to government organizational structures which impede effective planning efforts.

4. The report did not delineate specific major goals which the Legislature could translate into effective legislation.

Probably the most important conclusion to be drawn from this report was that a plan, or planning process as it is now referred to, can be effective only when the plan becomes a guideline for action and the agency responsible for planning is given full authority for implementation. The State Office of Planning was organized as the central agency for statewide planning with the expectation that a centralized planning function would contribute to the elimination of undesirable "secondary effects" resulting from single purpose programs. However, the office has not devised a meaningful state development plan, and it has no authority to execute such a plan if it were developed.

Since the report was published the planning office has defined its continued role in planning as "to assist the executive and the Legislature in the formulation of state policies regarding the state's physical, social and economic growth and development and to provide for the proper interrelationship of the plans, projects and proposals of the departments and levels of government."

Effective July 1, 1970, the Office of Planning is to be transferred from the Department of Finance to the Office of the Lieutenant Governor. Table 1 indicates the level of General Fund support received by this office since it commenced work on the State Development Plan in 1962.

Table 1  
State Office of Planning  
General Fund Expenditures

<i>Budget year.</i>	<i>Staff</i>	<i>General Fund expenditures</i>
1962-63-----	19.8	\$175,000
1963-64-----	22.5	201,000
1964-65-----	27.0	233,000
1965-66-----	30.3	293,000
1966-67-----	28.9	348,000
1967-68-----	20.0	204,000
1968-69-----	11.2	188,000
1969-70 estimated-----	9.0	180,000
1970-71 proposed-----	12.0	243,000

The office presently has an authorized staff of seven, three professional planners, three clerical positions, and one other professional position located in the Governor's office. Two additional positions were administratively established during the current year. Five additional positions (including the two established in 1969-70), three senior planners and two clerical, are requested for the budget year. The office proposes to assign two of these planners to a new land use and popu-

**State Office of Planning—Continued**

lation policy study, and the other to assist in the monitoring and continued coordination of other state agencies' planning activities.

We are recommending elimination of the State Office of Planning for the following reasons:

1. Its success as an effective leader in state planning has been minimal. The source of responsibility for most of the states' planning activities remains at the department level, resulting generally in a continued single-purpose approach to planning.

2. By executive order the Governor recently transferred the responsibility for environmental policy and planning coordination to the State Environmental Policy Committee. The stated purpose of this committee is to "catalog all state projects affecting the environment, monitor and coordinate such projects, eliminate duplication, and conflict . . . and to coordinate the development of a long-range program of California's environmental goals, and the criteria for priorities." Staff services are to be provided by each of the four agencies and by the Department of Finance with staff coordination to be the responsibility of the Office of Intergovernmental Management. There is no reference in the executive order or in the budget regarding policy or staff involvement in this program by the State Office of Planning.

3. Current activities have been primarily devoted to federal grant coordination, a program which should be integrated with the activities of the new federal grant clearinghouse located in the Office of Intergovernmental Management.

4. There is a recognition that the future role of this office is uncertain. The Lieutenant Governor's office has retained a consultant to redefine the State Office of Planning's role in state government.

A partial listing of groups in state government who are now responsible for the coordination of planning would include:

1. The State Environmental Policy Committee.
2. The Office of Intergovernmental Management.
3. The State Office of Planning.
4. The Environmental Quality Study Council.
5. The Council on Intergovernmental Relations.

In addition the Department of Finance performs a coordinating function for budgetary planning within the budget division and the program and policy office.

Some attempt should be made to consolidate these coordinating activities and to strengthen the central planning process. We are therefore recommending a legislative study to evaluate the impact and extent single-purpose planning has had on the state and to define the proper authority and location of a central planning function.

**BOARD OF CONTROL****Item 39 from the General Fund****Budget page 58**

Requested 1970-71	\$117,486
Estimated 1969-70	115,208
Actual 1968-69	106,039
Requested increase \$2,278 (1.9 percent)	
Increase to improve level of service \$1,500	
Total recommended reduction	None

**GENERAL PROGRAM STATEMENT**

This item funds the staff for the Board of Control and the Merit Award Board. Although the boards are separate bodies they share an administrative staff which serves under the Secretary of the Board of Control.

**The Board of Control**

The Board of Control has four areas of responsibility: claims, awards, rule-making, and miscellaneous fiscal settlements. Claims against the state for tort liability, aid to victims of crimes of violence, and other actions must be approved by the board before payment. Indemnification for tort liability and aid to victims of crimes of violence are paid from funds appropriated specifically for these purposes, while claims arising from other actions are included in a special claims bill submitted each year to the Legislature. Tort liability claims must be filed with and denied by the board as a prior condition to bringing suit against the state.

Although the board appoints the members of the Merit Award Board and shares a joint staff, it must also approve any awards this group recommends. All awards of more than \$150 also require legislative approval.

The board adopts all rules and regulations governing travel and meal allowances for state employees, use of state automobiles, and relocation allowances.

**Table 1**  
**Annual Total of Board of Control Claims**

	1966-67	1967-68	1968-69	1969-70	1970-71
Original Estimate	1,600	2,300	2,608	2,759	3,500
Actual	2,000	2,086	2,429 <sup>1</sup>	2,274 <sup>2</sup>	

<sup>1</sup> Based on the average for the first 11 months.

<sup>2</sup> Based on the August-November average.

Table 1 reviews the workload in the board during the most recent four years and as proposed for the budget year. The June 1969 and July 1969 monthly totals have been excluded from the table because they were unusually high figures. During those two months the board considered almost five times the average caseload. Most of these claims resulted from a flood condition in southern California and were handled in two large groups. All were denied. These cases do not represent continuing workload and would give a false impression of annual workload if included in the totals.

Board of Control—Continued

Merit Award Board

The Merit Award Board's staff receives employee suggestions and refers them to the department concerned for investigation and recommendations. Table 2 shows the volume of suggestions offered during the past four years and the estimate for the budget year.

Table 2  
Annual Total of Employee Suggestions

	1966-67	1967-68	1968-69	1969-70	1970-71
Suggestions Offered	3,513	3,394	2,942	3,025	3,050
Change from Prior Year	+17%	-3.4%	-13.3%	+2.7%	

We believe the reversal in trend during the current year is due primarily to the \$1,000 augmentation which the Legislature placed in the 1969-70 allowance for printing to publicize the suggestion program.

ANALYSIS AND RECOMMENDATIONS

*We recommend approval.*

The proposed budget contains an increase of 0.3 man-years in temporary help to meet the clerical workload during the summer vacationing period. This \$1,500 increase in personnel costs will be offset by a \$2,623 reduction in operating expenses. The major portion of this reduction in operating expenses consists of the elimination of \$1,000 for printing expenses which the Legislature added to this budget during the current fiscal year to publicize and stop the decline in the employee suggestion program.

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Items 40, 41 and 42 from the General Fund, Public Employees' Retirement Fund and the State Employees' Contingency Reserve Fund  
Budget page 60

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Requested 1970-71	\$3,812,108
Estimated 1969-70	3,812,108
Actual 1968-69	3,233,346
Requested increase—None	
Total recommended reduction	None

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**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

1. We recommend consolidation of the system's annual "Financial Report and Report of Operations" (required by Sections 20206.5 and 20232 of the Government Code) with the Board of Administration's "Annual Report to the Governor and the Legislature" (required by Section 20140 of that code).

2. We recommend that the system's annual financial report separately identify state employer costs by membership category as a part of the total cost of retirement benefits.