

DEPARTMENT OF COMMERCE

Item 64 from the General Fund

Budget page 163

Requested 1970-71 -----	\$1,396,042
Estimated 1969-70 -----	1,414,176
Actual 1968-69 -----	1,409,782
Requested decrease \$18,134 (1.3 percent)	
Total recommended reduction -----	\$17,700

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

We recommend disapproval of the new chief economist for a General Fund savings of \$17,700.

GENERAL PROGRAM STATEMENT

The Department of Commerce was formed under the Governor's Reorganization Plan No. 1 of 1968, which consolidated existing units of state government that have the responsibility of promoting business and industrial development, world trade, and tourism. The following agencies were transferred to the department in 1968.

1. The Economic Development Agency which formerly was part of the Department of Finance.
2. The California World Trade Coordinating Council, the San Francisco World Trade Center Authority, and the Southern California World Trade Center Authority were all consolidated into a World Trade Division within the Department of Commerce.
3. The Office of Tourism and Visitor Services, formerly an independent agency reporting to the Governor.

The Department also is responsible for the administration of the Museum of Science and Industry. The Department of Commerce merged the activities of the Economic Development Agency and the World Trade Division into a single Industry and World Trade Promotion Program when Chapter 1161, Statutes of 1969, created a California Industry and World Trade Commission.

ANALYSIS AND RECOMMENDATIONS

PROMOTION OF ECONOMIC DEVELOPMENT

Industry and World Trade Promotion

We recommend approval of the new deputy director for industry and trade (\$19,512), and disapproval of the new chief economist (\$17,700).

The industrial development element of this program primarily responds to requests from business and industry for site location information and related assistance. Industrial development activities also include the collection, analysis and dissemination of economic data and involves the housekeeping function of gathering available economic data from other agencies and consolidating the information to meet requirements of a specific request. This program element is headed by a senior business specialist who is assisted by an associate specialist, an associate economist, and two clerical positions.

Department of Commerce—Continued

The Department of Commerce had presented a significantly reduced budget for 1969-70 which reflected the following changes in the world trade program:

1. The world trade offices in San Francisco and Los Angeles were closed.
2. The overseas attaché offices in Tokyo and Frankfurt were closed.
3. It was intended that state support for the world trade library in San Francisco should be continued until it could be taken over by an appropriate public or private organization.
4. The new world trade division offices were to be located in Sacramento.
5. The authorized staff was reduced from 11.3 positions to five positions requested for 1969-70.

The 1969 Legislature deleted all the funding for the revised World Trade Program. Despite this lack of funding, the Department of Commerce directed a limited world trade program during 1969-70. The library in San Francisco remained open and was financed on a reimbursement basis by private funds donated by contract. The World Trade Authority met twice during the year without compensation and also held three public hearings regarding the proposed future role of a statewide world trade program. The World Trade Authority was discontinued at the end of 1969 and was replaced by the new 15-member California Industry and World Trade Commission. The Department is requesting a deputy director for industry and trade (\$19,512) to act as executive officer to the new commission and to administer the world trade program. We concur with the establishment of this new position which could act as a coordinator of world trade activities.

The Department of Commerce is also requesting a new chief economist for the budget year. The department was organized to perform a service function and to utilize the economic data generated by other agencies in answering requests for information from industry and world trade groups. We indicated last year that the type of economic data gathered by this office did not warrant the creation of a separate economic research section. We are, therefore, recommending disapproval of the chief economist on both a policy and workload basis.

Tourism Promotion

The Office of Tourism and Visitor Services was established by Chapter 101, Statutes of 1964, and is advised by a 15-member commission appointed by the Governor. The office is staffed with the following personnel:

	<i>Positions</i>	<i>Monthly salary range</i>	<i>Total salaries</i>
Director -----	1	\$1,515	\$18,180
Information Officer -----	1	1,155-1,405	16,860
Senior Stenographer -----	1	535-651	7,248
Stenographer II -----	1	469-571	6,154
Clerk-typist II -----	1	435-556	5,396
Temporary help -----	-	-	1,804

Department of Commerce—Continued

The office generally assists regional promotional organizations in their development and distribution of travel material and in other activities designed to attract visitors to California. The office also distributes basic literature about statewide tourist attractions.

PUBLIC EDUCATION IN SCIENCE AND INDUSTRY

This program is limited to those activities performed by the Museum of Science and Industry located in Exposition Park in the City of Los Angeles. The museum was created by Chapter 69, Statutes of 1880, as the Sixth District Agricultural Association. The 1962 Legislature approved its present name which describes the facility's actual educational function. A nine-member board of directors, appointed by the Governor, administers the museum as well as 104 acres of state-owned land called Exposition Park, which is held in trust by the museum. In addition to featuring various permanent and temporary exhibits, the museum maintains an educational program consisting of lecture series, mathematics seminars, teacher institutes, science films, and a summer science workshop.

The museum's budget, through 1969-70, is funded from two sources, the General Fund and the Museum of Science and Industry Fund. Revenue from the latter is derived primarily from parking lot fees and rental proceeds paid by the Coliseum Commission for the use of the land on which Los Angeles Memorial Coliseum and the Los Angeles Sports Arena are located. Beginning in 1970-71 museum support is to be funded entirely from the General Fund as directed by Chapter 1162, Statutes of 1969. Proceeds formerly accruing to the Museum of Science and Industry Fund will be deposited directly into the General Fund. In effect, abolition of the Museum of Science and Industry Fund places the museum under direct General Fund appropriation control and eliminates the partial dependence for support on a nonrelated revenue source.

Table 1 shows the past, present and proposed revenues by fund for the support of the museum.

Table 1
Source of Funding for the Museum of Science and Industry

	<i>Actual</i> 1967-68	<i>Actual</i> 1968-69	<i>Estimated</i> 1969-70	<i>Proposed</i> 1970-71
General Fund -----	\$462,406	\$377,783	\$671,355	\$1,132,042
Museum of Science and Industry Fund -----	469,016	444,997	473,033	-
Fair and Exposition Fund -----	15,000	15,000	15,000	-
Emergency Fund -----	-	152,000	-	-
Total -----	\$946,422	\$989,780	\$1,159,388	\$1,132,042

The Governor's 1969-70 budget had anticipated that revenues for 1968-69 to the Museum of Science and Industry Fund would increase by \$133,550 over those of 1967-68. Instead revenues actually declined and created a deficit situation which required an Emergency Fund allocation of \$152,000. When the declining revenue situation was recognized the Legislature augmented the museum's 1969-70 budget by \$250,000 above the amount originally requested in the Governor's Budget.

Item 65

Corrections

Department of Commerce—Continued

The museum is requesting a General Fund appropriation of \$1,132,-042 for fiscal 1970-71. The museum proposes to allocate these funds in the following manner.

<i>Personnel</i>	<i>Positions</i>	<i>Total expenditures</i>
Administration -----	33	\$269,447
Maintenance -----	40	316,746
Security -----	30	218,629
Total, museum personnel -----		\$804,822
Parking lot personnel -----	17	104,450
Operating expenses and equipment -----		216,770
Reimbursements -----		6,000
Total requested -----		\$1,132,042

The allocation of personnel to provide security for the museum has grown more rapidly than the museum program. In 1961, when there was 68,000 square feet of exhibit space the museum assigned one security position for every 7,500 square feet of area. Today, the museum has increased total exhibit space to 115,000 square feet but has increased security personnel by more than a proportional amount so that now there is one security officer for every 3,500 square feet of exhibit space. The museum should be encouraged to find alternative methods for protecting the premises in order to reduce this expensive service.

The museum has allocated \$317,000 to maintenance and custodial operations. Although there are 17 positions directly assigned to exhibit repair and maintenance, we found many of the exhibits, especially those funded by the state, to be in very poor operating condition. Most of the state exhibits, which represent approximately one-half of the total museum presentations, were constructed prior to 1953. Many of these have become noticeably deteriorated. The state exhibits take up valuable museum space, but their educational contribution becomes questionable considering their present condition.

DEPARTMENT OF CORRECTIONS

Item 65 from the General Fund

Budget page 169

Requested 1970-71 -----	\$99,427,418
Estimated 1969-70 -----	97,934,129
Actual 1968-69 -----	89,224,978
Requested increase \$1,493,289 (1.5 percent)	
Increase to improve level of service -----	123,805
Total recommended reduction -----	14,451