

salary. Subsequent salary increases will continue to increase the state's share of each judge's salary under present statutory provisions. If the salaries of the 445 superior court judges were shared equally by the state and the counties, the state expenditure would be \$7,433,058, a reduction of \$3,477,162 under the amount requested for 1971-72.

GOVERNOR'S OFFICE

Items 22-25 from the General Fund

Vol. I p. 19

Budget p. 9

Requested 1971-72	\$1,705,632
Estimated 1970-71	1,594,588
Actual 1969-70	1,594,236
Requested increase \$111,044 (6.9 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The State Constitution vests the supreme executive power of the State of California in the Governor and assigns him responsibility 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 annual 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 granting pardons to convicted criminals and commanding the state militia.

The Governor's Budget request consists of four elements as shown in Table 1.

Table 1
Governor's Budget Request

Detail	Actual 1969-70	Estimated 1970-71	Proposed 1971-72
1. Governor's office	\$1,561,836	\$1,547,188	\$1,658,232
2. Residence—support	17,400	17,400	17,400
3. Residence—rent	—	15,000	15,000
4. Contingency expense	15,000	15,000	15,000

Staff for the Governor's office is currently authorized at 86.4 positions and is proposed for continuation at this level in the budget year.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Expenditures proposed for fiscal year 1971-72 amount to \$1,705,632, which is \$111,044 or 6.9 percent over the estimated current level. All of the increase is in the Governor's office budget, and \$69,044 of the

Governor's Office—Continued

increase represents adjustments in staff salaries. No detail is provided in explanation of other increases. Rental for the Governor's residence is a new item added by the 1970 Budget Act. The residence support and contingent expense items by law are not subject to audit. The amounts requested are the same for the current and past fiscal years.

Governor's Office

SECRETARY FOR AGRICULTURE AND SERVICES

Item 26 from the General Fund

Vol. I p. 20 Budget p. 10

Requested 1971-72	\$105,643
Estimated 1970-71	99,266
Actual 1969-70	91,633
Requested increase \$6,377 (6.4 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The position of Secretary for Agriculture and Services was established by a reorganization plan in 1968 as one of four cabinet-level secretaries to the Governor. The secretary provides leadership and policy guidance for the Agriculture and Services Agency, which is composed of the following:

- Department of Agriculture
- Department of Commerce
- Public Employees Retirement System
- Department of General Services
- Department of Consumer Affairs
- Teacher's Retirement System
- Department of Veteran's Affairs
- State Fire Marshal
- Franchise Tax Board
- State Personnel Board (liaison by executive order)

The secretary and his assistant review departmental budgets, legislative programs, and administrative policies. The secretary meets frequently with the department directors so that he may be informed of departmental programs and problems, and serves as a communication link between the departments and the Governor. Administration of department programs is the responsibility of the respective department directors. The authorized staff of the secretary's office consists of four positions, including two clerical. Personal services accounts for 87 percent of the proposed expenditures in fiscal year 1971-72.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes an expenditure of \$105,643, which is \$6,377 or 6.4 percent more than in the current year. The increase includes \$2,810

Item 27**Governor's Office**

to continue a part-time (0.4) clerical position which was added administratively in the current year to handle bill analysis processing workload generated by the legislative session. Last year the secretary's office processed 1,350 bill analyses, which required the borrowing of clerical help on a part-time basis from constituent departments. From a budgetary standpoint, the proposal to reflect this workload in added salary costs for the secretary's office is preferable to assigning such costs to departmental budgets.

Governor's Office**SECRETARY FOR BUSINESS AND TRANSPORTATION**

Item 27 from the Motor Vehicle Fund Vol. I p. 22 Budget p. 11

Requested 1971-72 -----	\$114,100
Estimated 1970-71 -----	112,200
Actual 1969-70 -----	107,146
Requested increase \$1,900 (1.7 percent)	
Total recommended reduction -----	Pending

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Include staff positions currently utilized by the agency secretary that are charged to the budgets of constituent departments. 24
2. Develop funding schedule that reflects the responsibility of agency. 24

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. The agency is composed of two distinct groups of state departments, one oriented toward business regulatory activities and the other toward transportation.

Business

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

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

Secretary for Business and Transportation—Continued

The agency provides a communication link between the Governor and its constituent operating units. It serves as a vehicle to clarify lines of authority and to improve accountability for program results within the several departments. Specific objectives are to reduce expenditures, seek increased efficiency and eliminate overlapping and duplication of effort.

Authorized staff of the agency consists of four positions, i.e., the agency secretary, the assistant to the agency secretary and two clerical positions. Financial support for these positions, including related operating expenses and equipment, is derived from the Motor Vehicle Fund.

ANALYSIS AND RECOMMENDATIONS

We recommend that this item include the full-time staff positions now being utilized by the agency secretary which are currently charged to departmental budgets. Because of this proposal we are withholding any recommendation with regard to the level of this budget until we are provided with a schedule of positions, functional responsibilities and related costs which will properly reflect the actual staffing workload of this office.

During the current year, the agency has utilized approximately eight positions from its constituent departments for full-time agency work: three professional positions and five clerical positions. The eight positions represent a salary cost in the current year of approximately \$93,306 plus related staff benefits.

As presented in the budget, the number of authorized positions and the corresponding source of funding do not now: (a) properly reflect the true manpower workload and utilization of the agency or (b) represent a funding source which differentiates between agency activities concerned with business as opposed to transportation.

We also believe that a funding schedule should be adopted which would recognize that the agency uses staff positions on matters pertaining to its business related activities as well as to transportation.

During the 1971-72 fiscal year, the Governor's Budget recognizes the establishment within the agency secretary's office of an Office of Traffic Safety and the Office of Transportation and Planning and Research. The former office has been transferred administratively from the budget of the Department of Public Works and will constitute an expenditure of federal funds of \$441,500 in the budget year. The latter office created under Chapter 151, Statutes of 1970, will be discussed in Item 167 of the analysis.

Governor's Office

SECRETARY FOR HUMAN RELATIONS

Item 28 from the General Fund

Vol. I p. 12 Budget p. 23

Requested 1971-72 -----	\$157,572
Estimated 1970-71 -----	155,040
Actual 1969-70 -----	144,229
Requested increase \$2,532 (1.6 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 poverty, 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 Mental Hygiene
- Youth Authority
- Department of Public Health
- Department of Rehabilitation
- Department of Social Welfare
- Department of Industrial Relations
- Department of Health Care Services
- Department of Human Resources Development

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 department.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of proposed item of \$157,572 and recommend that the Human Relations Agency be directed to consolidate its budget for the 1972-73 Governor's Budget.

This item proposes funds to only partially support the activities of the Human Relations Agency. In addition to the \$157,572 proposed by this item, on page 181 of the Governor's Budget an amount of \$228,804 is shown as support for "special services" provided by the agency. There is no item in the Budget Bill for the services since they are shown as being funded in the budgets of the Departments of Health Care Services, Social Welfare, Public Health, Mental Hygiene and the California Council on Criminal Justice.

In addition to the two amounts identified above, the Program Budget for the Secretary for Human Relations, Governor's Office (Budget Supplement, Volume 1, Page 23, line 41) states that "to provide for the flow and processing of essential information to and from the agency, three professional and six clerical positions are funded by the Depart-

Secretary for Human Relations—Continued

ments of the Youth Authority, Social Welfare, Mental Hygiene, Human Resources Development, Rehabilitation and Corrections."

The budget does not identify the amount of the funding for the nine positions. A check with the Secretary's office resulted in our being informed that the estimated cost during the 1971-72 fiscal year for the nine positions will be \$97,344. We were not provided a breakdown as to which department funded which position.

In summary it appears that the proposed level of support for the Office of the Secretary for Human Relations consists of \$157,572 proposed in Item 28, \$228,804 for "special services" (page 181 of the Governor's Budget for which there is no budget item), and \$97,344 for positions on loan from various departments, or an overall total of \$483,720.

Last year we questioned the method used to budget additional funds and positions for the office of the Secretary for Human Relations. Although the practice of "borrowing" funds and staff allocated to departments within an agency to augment the secretary's staff is not confined to this agency alone, we felt it was important that the Legislature in its review of the Human Relations Agency be aware of all the facts.

In the supplementary report of the Committee on Conference relating to the 1970 Budget Bill, the Legislature recommended "that in the preparation of the 1971-72 Governor's Budget the total expenditure for the Office of the Secretary, Human Relations Agency, be consolidated in one item."

We cannot understand why the legislative request has not been met and why the consolidation has not occurred. The Department of Finance representative at the subcommittee hearings last year indicated there would be no technical problem with the consolidation.

As best we can determine, the budget proposes a total of 24 positions in addition to the secretary position. The 24 positions consist of 13 technical and 11 clerical personnel.

We are able to identify the functions performed by the five positions funded by this item and the 11 positions shown in the budget under this category "special services."

Six of the 11 positions listed under special services result from legislation which placed specific responsibilities relating to mental retardation and drug abuse programs in the secretary's office. Four of the remaining five positions are in the standard and rates unit where they analyze health care data and recommend appropriate rate and program levels for the various departments in the agency. The remaining position provides coordination between the secretary and the many public health programs administered by the State Department of Public Health.

We are not able to identify the functions performed by the nine borrowed positions.

Governor's Office

SECRETARY FOR RESOURCES

Item 29 from the General Fund

Vol. I p. 25 Budget p. 13

Requested 1971-72	\$213,100
Estimated 1970-71	201,951
Actual 1969-70	182,713
Requested increase \$11,149 (5.5 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, and generally coordinates environmental programs. 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, coordinates 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)
- Department of Fish and Game
- Department of Navigation and Ocean Development
- Department of Parks and Recreation
- Department of Water Resources
- Air Resources Board
- Colorado River Board
- State Reclamation Board
- State Water Resources Control Board and nine regional water quality control boards

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The authorized staff of the Resources Secretary's office consists of eight positions including the secretary. In addition, an exempt position and a secretary have been borrowed from the Department of Water Resources in recent years to provide an assistant to the secretary for administrative matters. These two positions are funded by assessment against the budgets of the constituent departments of the agency. The funds for the secretary's budgeted position of resources planning coordinator are used to finance an exempt position borrowed by the secretary from the Department of Parks and Recreation.

During the current year, 2.5 man-years of secretarial and clerical help were added by administrative adjustments. One man-year was established to serve the Environmental Policy Committee and is being moved to the Lieutenant Governor's budget in 1971-72. The other 1.5 man-years were borrowed from the Department of Conservation and

Secretary for Resources—Continued

funded by charges against the constituent departments of the Resources Agency. Authorization to continue these 1.5 man-years on a permanent basis is included in the budget year request. With these additions the effective working strength of the office is 12 positions. The substantial additional duties which have been added to the secretary's office by new legislation and gubernatorial directives, such as powerplant siting studies, approval to fill or establish positions and regional planning studies, along with lengthened legislative sessions, increased number of environmental bills and special problems which are not the responsibility of any present agency, justify these positions.

Governor's Office

OFFICE OF EMERGENCY SERVICES

Item 30 from the General Fund

Vol. I p. 27 Budget p. 14

Requested 1971-72	\$957,000
Estimated 1970-71	957,567
Actual 1969-70	1,030,512
Requested decrease \$567	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The California State Disaster Council, the Office of Civil Defense and State Disaster Office were successively the predecessors to the Office of Emergency Services, which was created by Chapter 1454 of the Statutes of 1970. Authority for these earlier agencies was contained in the Military and Veterans Code because their orientation was primarily to war-related emergencies or disasters.

The Office of Emergency Services is authorized by sections in the Government Code largely in recognition that since World War II the philosophies and activities of the present and predecessor agencies have mainly been oriented toward natural or internally caused disasters or emergencies. While the several organizations nominally functioned to provide emergency services to offset militarily caused situations or disasters in order to satisfy the federal government and to qualify for federal aid, the practical effect was that these activities were also useful and available for nonmilitary situations which occurred virtually every year as the result of major fires, floods, earthquakes and, more recently, riots. In support of these practical activities, the federal government has recently expanded its recognition of the nonmilitary activities of the state organization on the premise that capabilities to handle nonmilitary situations are equally useful in handling those caused by military action. Statistically, over the years, by far the greatest federal financial assistance or grants have been concerned with natural disasters of all types but particularly those resulting from storms and floods.

In keeping with this expanded concept, the activities of the office are being somewhat reorganized and reemphasized, although in the broadest sense the agency continues to function largely as it has in the past. Since the agency is a relatively small one, its major mission is basically that of coordinating the activities of other state agencies and various county, city or district activities in a network of mutual aid agreements. Its second major mission consists of providing and deploying various kinds of backup equipment such as fire pumper trucks, rescue trucks, communications trucks and equipment, radiological vehicles and equipment and portable medical facilities which can be moved and concentrated as required by local conditions and situations.

Its third major mission is to develop and promulgate emergency plans at the state responsibility level and to aid and encourage the development of such plans at the various local levels. Plans are periodically updated as changes in circumstances and conditions indicate the need.

The Office of Emergency Services has its headquarters in Sacramento and four regional offices. Its program objectives are divided into two areas, "emergency mutual aid services" and "administration." The first area has four subdivisions:

- (a) Provision and coordination of mutual aid,
- (b) Development and utilization of emergency communications systems,
- (c) Development and implementation of emergency plans, and
- (d) Management and maintenance of state resources.

Administration is distributed among the other programs because of the small size of the total organization. The current year authorized roster totals 102.8 positions. The same number is proposed for the budget year, of which 86.8 positions are scheduled for the headquarters operation or for directly related purposes and 16 positions are distributed among the four regional offices.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The amount requested for the 1971-72 fiscal year is \$957,000, a decrease of \$567 from the estimated General Fund expenditure in the current year. The total support expenditure for this office is estimated at \$2,022,580 for the budget year to be funded by this appropriation plus \$1,065,570 in federal funds, which is composed of \$331,512 in reimbursements and \$734,068 in matching grants. The 100.8 net man-years continues the current year level. Small increases in the cost of personal services in the budget year as a result of merit salary increases have been more than offset by net decreases in operating expenses and equipment. Actual expenditures of \$319,269 for equipment in 1969-70 are scheduled at \$247,000 in the current year, and a further reduction to \$177,834 is proposed for the budget year. This major reduction in the equipment budget results from a slowdown in the replacement program for fire pumpers and rescue trucks which had been scheduled at eight units per year but which has now been re-

Office of Emergency Services—Continued

duced to five units per year. Contractual services are scheduled for a decrease in 1971-72; other operating costs are scheduled for minor increases.

Work Standards

Work standards are difficult to apply to the staff of this organization, particularly at the headquarters level, because virtually all of the positions other than purely clerical are engaged in more than one functional area. Even the clerical positions tend to be used in various functions and at various part-time sequences. At the regional offices, the positions are at an irreducible minimum so that work standards are not practical. Also because the federal government supplies more than half of the funds expended by the organization as a whole, many of the activities must be maintained to satisfy federal matching requirements. Some activities are maintained at 100 percent federal reimbursement.

Federal Funds Not Reported Elsewhere

One of the most significant activities of the organization concerns overseeing (1) federal financial assistance to local areas for disaster relief, (2) for matching local activity in personnel and administrative expenses, civil defense equipment and training, and (3) federal surplus property donated at nominal fees. The federal government requires that all of its assistance be funneled through the central control of the Office of Emergency Services in order to assure that all claims are reviewed and properly authenticated. Statistical information indicates that in the current year over \$67 million in federal funds will be disbursed for disaster relief.

For the budget year this is estimated at about \$42 million. For the current year, over \$3,300,000 will be disbursed to local governments for personnel and administrative expenses and civil defense equipment and training. For the budget year, this is estimated at approximately the same amount. During the current year, it is estimated that over \$4,770,000 of surplus property will be donated to local entities. This is the value at federal government acquisition level. For the budget year, it is estimated to be over \$5 million, particularly since the reduction in military activity in Vietnam will result in a considerable increase in surplus property available to local agencies throughout the country.

We believe that the current level of activity of this organization is, for all practical purposes, at an irreducible minimum if loss of life and property are to be minimized or avoided in the event of disasters such as have occurred in many parts of the state over the past several years.

OFFICE OF INTERGOVERNMENTAL MANAGEMENT

Item 31 from the General Fund

Vol. I p. 35 Budget p. 17

Requested 1971-72 -----	\$40,000
Estimated 1970-71 -----	41,352
Requested decrease \$1,352 (3.3 percent)	
Total recommended reduction -----	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. General Administration. We recommend that the organizational structure of the Office of Intergovernmental Management and related agencies be improved. 32
2. State Clearinghouse. We recommend legislation to require all state agencies, excluding the University of California, to report their intent to apply for any federal funds to the Office of Intergovernmental Management according to the procedures developed for Bureau of the Budget Circular A-95. 33

We further recommend that the Office of Intergovernmental Management report this information to the Legislature and to other interested agencies of state and local government.

GENERAL PROGRAM STATEMENT

The Office of Intergovernmental Management (OIM) was created in October 1969 by Executive Order R17-69, which also made the office responsible for coordinating the state approach to intergovernmental relations. This includes (1) administering the operation of the state clearinghouse, (2) coordinating the staffs of several independent councils whose functions directly involve intergovernmental problems, (3) developing procedures for disseminating information on intergovernmental problems, and (4) providing technical assistance to the eleven model cities in California.

The 1971-72 budget proposal is shown in Table 1 by program element and by source of funds.

Table 1
Office of Intergovernmental Management

1971-72 Budget Proposal by Program Element and Source of Funds				
Program element	State funds	Federal funds	Totals	Positions
1. State clearing house; staff coordination; intergovernmental re- view and information ----	\$40,000	\$100,000	\$140,000	9
2. Model Cities Liaison ----	----	150,000	150,000	7
Budget total -----	\$40,000	\$250,000	\$290,000	16
Other state costs associated with the state clearinghouse -----	19,950 ¹	--	19,950	
Program total -----	\$59,950	\$250,000	\$309,950	

¹ The agency is using \$10,000 of these funds for federal matching requirements.

Office of Intergovernmental Management—Continued

ANALYSIS AND RECOMMENDATIONS

The budget is based on two federal grants, one for \$100,000 which funds the state clearinghouse, the intergovernmental review, and information program element, and the other for \$150,000 which funds the model cities liaison program. The former is a "701" comprehensive planning assistance grant which must be matched two-thirds federal, one-third state, while the model cities grant is wholly federal funded. The agency proposes no new positions for the 1971-72 fiscal year.

Not shown in the proposed budget, nor in the 1970-71 budget, is the agency's receipt of federal funds in the 1970-71 fiscal year for a preliminary study of the need for automating the state clearinghouse. This will have a significant budgetary impact on the program. OIM applied to the federal Department of Housing and Urban Development (HUD) to reapply for and amend a federal comprehensive planning grant previously offered to the model cities liaison group by the federal agency, but refused by the state. The grant proposal was amended by OIM to fund the state clearinghouse, and HUD gave program approval in January 1971. The grant is for a seven-month period, beginning December 1, 1970, and ending June 30, 1971. It requires one-third state matching, so that, of the \$68,615 total, \$45,625 is federal funds and \$22,990 is state "in-kind services."

General Administration

As stated in Executive Order R17-69, OIM provides *administration* and coordinates the staffs of six agencies whose functions are intergovernmental in nature. These agencies are (1) the state clearinghouse, (2) the Council on Intergovernmental Relations, (3) the Environmental Study Council, (4) the model cities liaison group, (5) the Intergovernmental Board on Electronic Data Processing, and (6) the California Public Service Educational Advisory Council. Detailed information on these agencies appears in their individual budget analyses. By the same executive order, coordination of *policy* formulation and reporting of all committees created for intergovernmental advisory purposes is vested in the Council on Intergovernmental Relations (CIR). To complicate these relationships, the state clearinghouse and the model cities liaison group are funded by this budget item, while the Environmental Quality Study Council, the Council on Intergovernmental Relations, and the Intergovernmental Board on Electronic Data Processing (IBEDP) each have separate budget items, except that part of the support for IBEDP appears in the CIR budget.

Further, all of these agencies are receiving federal grants which are contracted to the Council on Intergovernmental Relations. This is because the council is the only agency in the group with the statutory power to contract with the federal government. The existing interrelationship between these agencies is inconsistent with good administrative and policy procedures. *Therefore, we recommend that the organizational structure of the Office of Intergovernmental Management and related agencies be improved by vesting the responsibility for reporting, administration, contracting, and policy coordination for these agencies in a single entity.*

STATE CLEARINGHOUSE

Pursuant to the provisions of the Intergovernmental Cooperation Act of 1968, P.L. 90-577, and Bureau of the Budget Circulars A-95 (BOB A-95) and A-98 (BOB A-98), the Governor designated the Office of Intergovernmental Management to be the state clearinghouse for information on federal grants. Under the act as implemented by BOB A-95 and BOB A-98, the clearinghouse currently receives information (1) on applications for 50 *designated* grant programs, (2) on applications to amend 50 *designated* grant programs, and (3) on *all* grant awards. Information on the applications is obtained from the applicant, while information on the grant awards is obtained from the appropriate federal agency. The clearinghouse is further required by the federal act to provide this information to state and local agencies. This information is available to the Legislature through the Legislative Analyst, as required by Chapter 318 (AB 767) and Res. Chapter 97 (ACR 68), Statutes of 1970.

Information on Specified Grant Applications

An applicant for any one of the 50 designated grant programs must notify the state clearinghouse twice: (1) early in the process the applicant must submit a "notice of intent", and (2) 30 to 60 days prior to the actual submittal of the grant application the applicant must submit a "summary notice." The notice of intent and summary notice each contain a description of the grant application. However, the notice of intent is designed to give the clearinghouse an early warning of the application, while the summary is a followup designed to summarize the final application. The same process is followed for applications to amend the designated grants.

A proposed revision of the federal guidelines for this program now being considered by the federal Bureau of the Budget would expand the number of programs subject to this requirement from 50 to 90. The proposed revision would also require that these notices include environmental impact statements.

When an applicant sends a notice of intent to the state clearinghouse, it is examined by that office and forwarded to any state agencies having programs that might be affected by the grant. The average notice is reviewed by four or five state agencies. The state comments are then forwarded to the applicant, who in turn forwards them to the appropriate federal agency at the time he files his grant application. The total cost of the review process averages about \$35 per notice at the state level.

Application Information Program Costs

The office received 1,200 notices of intent and summary notices during the 1970 calendar year. However, the clearinghouse transmitted only 570 of these notices to other state agencies for review. Therefore, the estimated cost of the review process to state agencies other than OIM was \$19,950 ($570 \times \35). These funds have been absorbed by the various state agencies reviewing the notices, and are not identified in their budgets. Applications which are not forwarded to other agencies for review are those which OIM judges to be entirely local in nature.

Office of Intergovernmental Management—Continued

The General Fund expenditures for all OIM functions in the 1970-71 fiscal year is estimated to be \$41,352. The proposed General Fund expenditure for 1971-72 fiscal year is \$40,000. Prorating this \$40,000 by the number of staff positions in the clearinghouse (6) as compared to the total number of positions in this program element (9) the total General Fund contribution to the clearinghouse is roughly estimated at six-ninths of \$40,000 or \$26,667. Thus, the total cost to the state of operating the clearinghouse in a one-year period, under the current federal guidelines, is estimated to be \$46,617 (\$26,667 OIM, plus \$19,950—absorbed by other state agencies—for review of notices by these state agencies). These figures do not include the federal contribution to the clearinghouse.

Application Program Evaluation

Of the notices received by the clearinghouse which were judged to warrant review, approximately 21 percent generated comments from state agencies. This 21 percent does not include the comments of state agencies administering federal programs, such as the Council on Intergovernmental Relations, which administers the federal Comprehensive Planning Program. These 570 applications were for an estimated \$486 million in federal grants. The total federal, state, and local funds involved in these applications was over \$1 billion. The estimated state cost (\$46,617) of the total operation is therefore less than 0.005 percent of the total value of the projects.

There are no figures available to indicate the total savings or benefits to the state from this review program. However, two examples of the types of comments originating from state agencies follow. The state clearinghouse received a "notice of intent" for a flood control project in Santa Barbara. The information was forwarded to the Department of Parks and Recreation. The department responded with the comment that the flood control project infringed on land acquired for a state park. Subsequently, a conference was arranged between all interested parties, and the problem was resolved.

The second example occurred in Monterey where both the Association of Monterey Bay Area Governments (AMBAG) and the State Department of Water Resources proposed to develop water quality studies of the Salinas River Basin. AMBAG arranged a conference with legislators concerned, the Department of Water Resources, and other interested parties. Subsequently, it was concluded that the study be directed by a "Program Policy Committee" appointed by AMBAG. The state's participation was limited to a planned financial contribution of \$320,000 over several years. The total cost of the program is estimated to be \$1,130,000.

The process is not only valuable to the state because of possible savings in state funds, but because state officials have become more aware of their local counterparts which has resulted in new working relationships. The process also has informational value. All the notices serve as information on ongoing activities which, if properly monitored, could increase the effectiveness of the executive branch and the Legis-

lature. By linking the notice of intent process to the grant award information received by the clearinghouse under BOB A-98 and Congressional appropriations, it may be possible to monitor the flow of federal funds between all levels of government in California.

The disadvantages of the program lie in the increased paper flow and the possibility of creating another level of bureaucracy.

At the present time, the process is limited to 50 planning and construction programs. Most of the recipients of these programs are local agencies. If the clearinghouse program were extended to all federal grant applications submitted by all state agencies, excluding the University of California, it would add an estimated 100 major federal aid programs, for which an estimated 400 applications per year would be made. University of California research grants should presently be excluded for several reasons, including: (1) the volume of applications—between June and September 1970, the University applied for 964 federal grants; (2) the University has a computerized information system which already includes this type of data.

Increasing the coverage of the program would provide the Legislature with an early warning of the intended use of federal funds by state agencies and serve to identify possible conflicts between various state agencies at an early stage in the development of a proposed federal grant program or project. In the case of an agency required by law to submit an environmental impact statement, it could also serve to alert other agencies of the intended project.

We therefore recommend legislation to require all state agencies, excluding the University of California, to report their intent to apply for any federal funds to the Office of Intergovernmental Management according to the procedures developed for Bureau of the Budget Circular A-95.

We further recommend that the Office of Intergovernmental Management report this information to the Legislature and to other interested agencies of state and local government.

INTERGOVERNMENTAL REVIEW AND INFORMATION

Included in the OIM budget proposal are a number of currently ongoing work elements. These are: (1) coordinating the federal regulation review process (Bureau of the Budget Circular A-85), (2) developing a federal legislative monitor, (3) developing a newsletter to focus on intergovernmental problems, and (4) communicating the state's position on various problems for disadvantaged persons who "feel powerless because of poverty." The individual costs of these elements are not readily identifiable.

MODEL CITIES LIAISON

The second major program element in the OIM budget proposal is the Model Cities program. The program, as set forth in the Demonstration Cities and Metropolitan Development Act of 1966, provides federal grants and technical assistance for local programs which improve the general welfare of people residing in economically deprived neighborhoods. The individual program must be a coordinated attack on the economic, social and physical problems of the area. During 1967 and

Office of Intergovernmental Management—Continued

1968, 11 California cities applied for and received these grants. These cities are Berkeley, Compton, Fresno, Los Angeles City, Los Angeles County neighborhood, Oakland, Pittsburg, Richmond, San Diego, San Francisco, and San Jose.

The basic federal grant to these cities has a planning phase and an action phase. The basic grant is for 80 percent of the total cost of the program; the 20 percent nonfederal share may be in cash or in "in-kind services." In the action phase of the grant, the city may use the federal funds received under this grant to meet the matching requirements of other federal grants. Thus, some cities have been able to parlay the amount of their original grant four or five times.

The responsibility for coordinating state aid and technical assistance to these cities is vested in the Model Cities Liaison Group. One hundred percent federally funded, the group has a staff of seven, of which four are professionals. The group works directly with the 11 model cities to provide a focal point of state contact for the city project directors, but only in response to a request from the project director.

OFFICE OF PLANNING AND RESEARCH

Item 32 from the General Fund

Vol. I p. 37 Budget p. 18

Requested 1971-72	\$84,957
Estimated 1970-71	43,047
Requested increase \$41,910 (97.4 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Environmental Impact Statements—Review. We recommend that the Office of Planning and Research be responsible for reviewing environmental impact statements received by the Office of Intergovernmental Management pursuant to the proposed revision of Bureau of the Budget Circular A-95. 37
2. Environmental Impact Statements—Coordination. We recommend that the Office of Planning and Research coordinate procedures with the Office of Intergovernmental Management for commenting on environmental impact statements. 38
3. Environmental Policy Report. We recommend the Office of Planning and Research seek federal funds to finance the land use element of this plan. 38

GENERAL PROGRAM STATEMENT

The Office of Planning and Research was created by Chapter 1534, (AB 2070) Statutes of 1970 to replace the State Office of Planning. The statute specifies that the office must (1) serve the Governor as staff for long-range planning and research and constitute the comprehensive state planning agency; and (2) prepare and update a report on state-

wide environmental goals and policy. The office is located in the Governor's office. The 1971-72 budget proposes 8.8 positions. The office is authorized to contract with private consultants in order to carry out its duties.

ANALYSIS AND RECOMMENDATIONS

The proposed budget for the office is shown in Table 1.

Table 1
Office of Planning and Research Proposed Budget Expenditures

	1970-71	1971-72	Proposed Positions 1971-72
General Fund -----	\$43,047	\$84,957	
Federal funds -----	30,088	92,587	
	<u>\$73,135</u>	<u>\$177,544</u>	8.8

The \$73,135 shown in the table for the 1970-71 fiscal year is a carry-over from the State Office of Planning, which was closed on November 23, 1970. The \$177,544 shown for the 1971-72 fiscal year is to be used to implement the program as mandated in AB 2070.

COMPREHENSIVE STATE PLANNING

According to statute, the office has seven basic planning functions. These are to (1) assist in the formulation and evaluation of long-range policies of all activities affecting the state's environment, (2) assist in the preparation of short-range plans to enhance the state's environment, (3) evaluate plans and programs of state agencies affecting the environment, (4) assist the Department of Finance in setting environmental priorities as an aid in the preparation of the state budget, (5) develop policies to ensure that federal grants administered by the state will advance statewide environmental goals, (6) coordinate the development and operation of a statewide environmental monitoring system, (7) coordinate the environmental impact reports required of state and local agencies by Sections 21102-21150 of the Public Resources Code, and (8) provide assistance to the Council on Intergovernmental Relations in assuring that plans prepared under the council's supervision are consistent with statewide environmental goals.

Environmental Impact Reports

Several of the responsibilities of the office are concerned with coordinating and identifying potential threats to the environment and with developing a statewide monitoring system. Directly related to the latter is the office's responsibility to ensure that federal grants-in-aid administered or directly expended by the state advance statewide environmental goals.

At the federal level, the Bureau of the Budget is currently considering a revision of its guidelines relating to state clearinghouses and applications for federal grants. Under the current guidelines, the state

Office of Planning and Research—Continued

clearinghouse located in the Office of Intergovernmental Management in the office of the Lieutenant Governor is notified by a local agency when that agency intends to apply for certain federal planning and construction grants. The state clearinghouse circulates these notices to interested state agencies which may comment on the application. The state comments then become a permanent part of the local application. The proposed revision of the federal guidelines would require that these notices include the environmental impact of the proposed program. The state clearinghouse is now considering procedures to handle these statements.

At the state level, the Office of Planning and Research, in conjunction with the appropriate state, regional, and local agencies, is to coordinate the preparation and evaluation of environmental impact reports. *In the interest of not creating certain duplicate functions, we recommend that upon the implementation of the revised federal guidelines, the Office of Planning and Research also be responsible for review of the environmental impact statements received by the state clearinghouse from local agencies.*

We further recommend that the Office of Planning and Research use the communications channels developed by the state clearinghouse to allow the appropriate local agencies to comment on environmental impact statements originating at the state level.

STATEWIDE ENVIRONMENTAL POLICY REPORT

The Statewide Environmental Policy Report is intended to provide an overview of state growth and development and to include statements of state environmental goals. The report is to be reviewed by the legislature and approved by the Governor. The office is directed to focus its immediate attention on the development of a statewide land use policy with emphasis upon the identification of lands which are of scientific, scenic, and recreational value. The report is also to include the identification of valuable forest and agricultural lands and areas which provide green space in high-density metropolitan developments.

Section 735 of the Housing and Urban Development Act of 1970 (Public Law 91-609) signed into law December 31, 1970, is designed to encourage states to formulate land use plans. In addition, the section authorizes the Secretary of Housing and Urban Development to make grants to any governmental agency for up to 75 percent of the cost of developing a land use plan. *We, therefore, recommend that the Office of Planning and Research investigate the use of these federal funds to develop a state land use plan.*

OFFICE OF THE LIEUTENANT GOVERNOR

Item 33 from the General Fund

Vol. I p. 39 Budget p. 19

Requested 1971-72	\$360,000
Estimated 1970-71	237,700
Actual 1969-70	232,494
Requested increase \$122,300 (51.5 percent)	
Increase to improve level of service \$47,883	
Total recommended reduction	\$47,883

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. *Proposed new positions. We recommend deletion of four proposed positions for a saving of \$47,883.* 39

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 chief executive in the absence of the Governor and serves as presiding officer of the Senate, voting only in the case of a tie.

By executive order, the Lieutenant Governor has been designated as Chief Executive Officer for Intergovernmental Relations. In this capacity, he is responsible for coordinating the activities of several independent state agencies: 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. He serves as chairman of the latter two agencies, and also chairs the Commission of the Californias, the Governor's Task Force on Narcotics Enforcement, and the Governor's Flood Task Force.

He is a member of (1) the Regents of the University of California, (2) the Board of Trustees of the State College System, (3) the State Lands Commission, (4) the Commission on Interstate Cooperation, (5) the State Disaster Council, (6) the State Reciprocity Commission, and (7) the Governor's Cabinet.

The authorized staff of the Lieutenant Governor's office currently is 12 positions. As discussed later in this analysis, the budget proposes the addition of 8 positions at a salary cost of \$95,766. Personal services represent 80.7 percent of the expenditures proposed in the budget year.

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of 4 of the 8 requested positions for a savings of \$47,883 (half of the amount requested), specific positions retained to be determined by the Lieutenant Governor's office.

The proposed budget of \$360,000 is \$122,300 or 51.5 percent above estimated current-year expenditures. The increase reflects the full-year cost of the \$10,000 increase in the Lieutenant Governor's salary (from \$25,000 to \$35,000) authorized by Chapter 1599, Statutes of 1969, plus

Office of the Lieutenant Governor—Continued

\$95,766 to cover the salaries of 8 proposed new positions shown in Table 1, and \$9,500 in added salary costs for 7 presently authorized positions (an executive assistant, and assistant II, and 5 clerical positions) which were administratively upgraded or reclassified in the current year.

Table 1
Proposed New Positions, Lieutenant Governor's Office

Position	Total of annual salary
1 Assistant II	\$24,000
2 Assistants I	32,904
3 Senior stenographers	24,588
2 Stenographers II	14,274

The proposed new positions represent, in part, a reorganization of the Lieutenant Governor's office resulting from the adoption of Ballot Proposition No. 14 by the electorate in November 1970. This proposition authorized the exemption of all employees of the Lieutenant Governor from civil service. Heretofore, the authorized staff of this office has consisted of two exempt positions with the remainder composed of civil service positions.

In addition to the presently authorized positions, we are advised that the office is utilizing 10 civil service employees (8 clerical and 2 administrative) on a loan basis from other state agencies. Two of these persons are filling vacant positions which are budgeted to the Lieutenant Governor's office, and the remaining 8 are working in classifications covered by the 8 proposed new positions. The borrowing pattern is as follows:

Office of Intergovernmental Management: 1 assistant, 1 secretary I, 2 stenographers II and 1 clerk;

State Office of Planning: 1 administrative assistant and 1 senior stenographer;

Department of General Services: 1 senior stenographer;

Office of Management Services: 1 stenographer II;

Resources Agency: 1 senior stenographer.

Under the new staffing proposal, the borrowed positions would be restored to the respective agencies, and the persons occupying those positions in the Lieutenant Governor's office would be appointed to exempt status, thus providing a staff of 20 authorized positions as shown in Table 2. We understand that some of the borrowed positions

Table 2
Total Proposed Staff, Lieutenant Governor's Office

Position	Monthly salary
1 Executive assistant	\$2,291
3 Assistants II	2,000
3 Assistants I	1,337-1,626
3 Administrative assistants I *	863-1,048
1 Secretary II	717- 870
1 Secretary I	651- 791
5 Senior stenographers	562- 683
3 Stenographers II	492- 599

* Classified as clerical positions.

will be deleted or remain vacant in the agencies to which they are budgeted, but detailed information in this regard is not presently available.

Staffing Needs

The staff requirements of the Lieutenant Governor's Office may be grouped into three major categories: (1) general office staff to assist with such activities as routine office functions, personal correspondence, and general public relations; (2) general government staff to assist with responsibilities relating to the Lieutenant Governor's membership in the Governor's Cabinet and position as presiding officer of the Senate; and (3) board and commission staff to provide liaison between the Lieutenant Governor and the various boards and commissions of which he is a member.

The Lieutenant Governor's office has indicated that the proposed staff of 20 positions will be allocated to the above three program categories as follows:

Category 1, general office: 4 administrative, 8 clerical

Category 2, general government: 2 administrative, 3 clerical

Category 3, boards and commissions: 1 administrative, 2 clerical

In our discussions with the Lieutenant Governor's office there has been agreement that categories 2 and 3 would be adequately staffed with administrative positions under the proposed schedule because, as previously noted, most of the boards and commissions on which the Lieutenant Governor serves are independently staffed and do not entail substantial added workload for his immediate office staff. However, information supplied to us does not support a need for 12 positions in category 1 nor, in our judgment, does the office require a total of 12 clerical positions (excluding the Lieutenant Governor's private secretary) to support a staff of 7 administrative positions.

We have developed the following organizational staffing structure, consisting of 16 positions, which would appear adequate to meet the identifiable workload elements of the Lieutenant Governor's office. In addition to the positions shown, the Lieutenant Governor is furnished with a chauffeur by the Highway Patrol.

Lieutenant Governor

Administrative assistant

Private secretary

Executive assistant

Secretary

Receptionist

Calendar and travel secretary

Public information officer

Secretary

Business services manager

2 Administrative assistants for cabinet liaison

Secretary

Administrative assistant for board and commission liaison

Secretary

2 Clerk-typists for overflow workload, duplicating messenger and miscellaneous functions

Office of the Lieutenant Governor—Continued

We are unable to determine the exact functions or workload of the existing authorized and borrowed positions from information supplied. Based on our evaluation of staffing needs as outlined above, we recommend that 4 of the proposed new positions be deleted for a saving of \$47,883, thereby allowing the Lieutenant Governor administrative flexible to determine the specific positions to be retained. The staffing level which we have recommended should eliminate the necessity of borrowing positions from other state agencies and permit a reassessment of the staffing needs of the agencies involved.

COUNCIL ON INTERGOVERNMENTAL RELATIONS

Item 34 from the General Fund

Vol. I p. 42 Budget p. 21

Requested 1971-72	-----	\$119,000
Estimated 1970-71	-----	125,000
Actual 1969-70	-----	138,791
Requested decrease \$6,000 (4.8 percent)		
Total recommended reduction	-----	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

1. Comprehensive Planning. Discussion of the implementation of council resolutions affecting the administration of the federal Comprehensive Planning Assistance Program. 43
2. Effective Policy Communication. We recommend that the council study means of communicating its policy positions effectively. 45
3. Board on Electronic Data Processing. Discussion of funding arrangement. 45

GENERAL PROGRAM STATEMENT

The Council on Intergovernmental Relations (CIR) is an advisory board to local government, established by the Governor's reorganization Plan No. 1, of 1968. The council (1) administers the Federal Comprehensive Planning Assistance Grant Program, (2) provides a forum for the development of long-range policies to assist state and local agencies in meeting problems presented by growth and development in urban areas, and (3) provides administration for the Intergovernmental Board on Electronic Data Processing (IBDP).

The council is composed of 18 members representing cities, counties, school districts, and the state. There are also four "public members." Legislation approved in the past session adds the chairmen of the Assembly Committee on Local Government and the Senate Committee on Local Government as nonvoting members.

ANALYSIS AND RECOMMENDATIONS

The council's 1971-72 budget proposal contains three program elements. These are summarized in Table 1, together with proposed expenditures.

Table 1
Council on Intergovernmental Relations
1971-72 Budget Proposal

<i>Program element</i>	<i>General Fund</i>	<i>Federal funds</i>	<i>Total</i>	<i>Man-years</i>
1. Administration of Comprehensive Planning Assistance Program-----	\$95,796	\$128,000	\$223,796	9.2
2. Intergovernmental problem solving	18,204	20,000	38,204	2.0
3. Administration for the Intergovernmental Board of Electronic Data Processing (IBEDP) -----	10,000	26,000	36,000	1.3
Total -----	\$124,000	\$174,000	\$298,000	12.5
Transfer to (IBEDP)-----	-5,000	--	-5,000	
Net Total Available to CIR----	\$119,000	\$174,000	\$293,000	

The total of \$298,000 is a 6.4 percent increase over the \$280,000 estimate for the 1970-71 fiscal year. However, the General Fund portion of the budget has decreased from \$125,000 to \$119,000, indicating the council is making increased use of federal funds.

ADMINISTRATION OF THE COMPREHENSIVE PLANNING ASSISTANCE PROGRAM

The Federal Comprehensive Planning Assistance Program, commonly called the "701" program, is to provide planning funds to cities with populations of less than 50,000, to counties, and to other local agencies for general governmental purposes. The council assumed the administration of this program from the State Office of Planning in September 1968.

Agencies receiving these grants are expected to fund one-third or one-quarter of the cost of the project, depending upon the location of the project. In the period between May 15, 1970 and May 15, 1971, the council will be administering a total grant program of \$1,457,650. The federal share of the program is \$950,000; the state and local share is \$547,650.

In the past, the state has used this program to bring eligible cities and counties up to a minimum standard of planning as evidenced by a city or county general plan as defined by law. All 58 counties and over one-half of the eligible cities now have some form of general plan. The responsibility for revising and up-dating these plans lies with the local agencies. In the 1970-71 Budget Analysis we criticized the council for being "process" oriented (i.e., bringing eligible agencies to a minimum standard of planning) as opposed to being "problem" oriented in the administration of these grants.

The 1970-71 Budget Conference Report directed that the Ways and Means Committee staff, in cooperation with the Legislative Analyst and the staff of the Council on Intergovernmental Relations, review the council's administration of the "701" program. Three specific admin-

Council on Intergovernmental Relations—Continued

istrative problems were described in the 1970-71 Budget Analysis. These were (1) the need to identify local and regional problems of immediate concern, (2) the need to adopt meaningful guidelines to give priority to "701" proposals directed toward the identified problems, and (3) the improvement of the local decisionmaking process through "modern management" techniques.

Pursuant to the criticisms above, the council passed three resolutions, CIR 70-19, CIR 70-20, and CIR 70-21. In accordance with these resolutions, "701" grants awarded in the 1971-72 fiscal year are to be limited to projects involving one or more of the following three elements: (1) the implementation of housing elements of local and area-wide comprehensive plans; (2) the preparation of local and areawide plans for the improvement of the environment; and (3) the improvement of the local decisionmaking process through "modern management" techniques.

Eligible cities and counties were notified of the availability of these "701" funds for the coming year in November, 1970. Letters of interest from both were due by January 1, 1971. As of that date, the council had received 65 applications.

However, it will be impossible to tell if these resolutions have had their intended effect until the council has made its grant awards for the 1971-72 fiscal year.

INTERGOVERNMENTAL PROBLEM SOLVING

The council proposes to allocate \$38,204 in state and federal funds to intergovernmental problem solving. These funds are to be used for three purposes:

1. To prepare specific recommendations for (a) the allocation of public services and (b) to examine economies of scale in local jurisdictions.
2. To develop long-range policy recommendations on specific local problems as identified by local jurisdictions.
3. To encourage cooperation between levels of local government.

Allocation of Public Services—Economies of Scale

In July, 1970, the council published a report on the allocation of public services. The report examines the functions and responsibilities of all levels of government within the state and makes specific recommendations for shifting various functions between levels of governments. The council now proposes to apply the guidelines set down in the report to a particular public service system such as transportation, education, or public health within a local jurisdiction.

Related to the Allocation of Public Services Report, the council is developing a report on economies of scale in local governments. The problem is to determine whether or not increased spending on a particular public service such as fire protection will result in a corresponding increase in the level of the service, e.g., fewer fires or less damage from a fire.

These two projects will be funded by "701" grants as described earlier. However, the council feels that these projects are of statewide interest, and therefore should be budgeted separately.

Long-Range Policy Formation

The second purpose for which these funds are proposed to be expended involves the formulation of long-range policy recommendations on specific local problems. In October, 1970, the council adopted a resolution which identified major items of concern to city, county, and regional governments, such as revenue sharing. The council staff is in the process of developing position papers on each of these items for presentation to the council. In the past, the council has not been as effective as other commissions in communicating its policy positions. *We recommend that the council study means to effectively communicate its policies to the legislature and to the public.*

Intergovernmental Cooperation

Pursuant to legislation, the council designated nine areawide planning districts. The council is now in the process of negotiating with other agencies to recognize and utilize these planning areas. In addition, the staff is providing technical planning assistance in particular areas.

INTERGOVERNMENTAL BOARD ON ELECTRONIC DATA PROCESSING

The Intergovernmental Board on Electronic Data Processing (IBEDP) was established by Chapter 1327, Statutes of 1968. The board's function is to establish goals and objectives for intergovernmental information systems in California—that is, to provide a means whereby the state, counties, cities, and other local agencies may comment on and approve statewide goals, policies and plans for intergovernmental computer information systems.

The board's 1970-71 budget request of \$47,455 was reduced to \$10,000. In order to continue its operation, the board worked out an agreement with the Council on Intergovernmental Relations. Under the agreement, the council provides administration and staff for the board. Thus, the board's 1971-72 budget proposal is divided between the council and the board's own item. The total proposal is shown in Table 2.

Table 2
Intergovernmental Board on Electronic Data Processing
1971-72 Budget Proposal

	General Fund	Federal funds	Total
Intergovernmental Board on Electronic Data Processing -----	\$5,000		\$5,000
Council on Intergovernmental Relations -----	5,000	\$26,000	31,000
Program Total -----	\$10,000	\$26,000	\$36,000

This represents no increase in general fund support. During the 1970-71 fiscal year, the board developed criteria for evaluating intergovernmental information systems. For the 1971-72 fiscal year, the

Council on Intergovernmental Relations—Continued

board proposes to test the applicability of these criteria in the criminal justice field. The board has negotiated with the California Council on Criminal Justice for \$300,000 over a three-year period to review grant applications of local agencies intending to use electronic data processing techniques. The board's 1971-72 program, together with a recommendation that the board make provision for full fiscal and operational autonomy by the 1972-73 fiscal year is discussed under the board's own budget proposal.

INTERGOVERNMENTAL BOARD ON ELECTRONIC DATA PROCESSING

Item 35 from the General Fund

Vol. I p. 51 Budget p. 24

Requested 1971-72	\$5,000
Estimated 1970-71	11,632
Actual 1969-70	63,453
Requested decrease \$6,632 (57 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. We recommend the Intergovernmental Board on Electronic Data Processing make provision for full fiscal and operational autonomy for fiscal 1972-73. 47
2. We recommend that the board more clearly define the scope and purpose of the intergovernmental system evaluation criteria and clearly delineate the expected results before they are applied statewide. 48

GENERAL PROGRAM STATEMENT

The Intergovernmental Board on Electronic Data Processing (IGB EDP) was established by Chapter 1327, Statutes of 1968, and continued by Chapter 1193, Statutes of 1970. Principal responsibilities of the board are to establish policies, goals and objectives relative to intergovernmental information systems, determine priorities, provide for methods of coordination and review, and set system standards. The board also provides advice to the Legislature and Governor on policies, plans and programs involving the use of electronic data processing in systems of an intergovernmental nature.

The 1970 legislation increased the board's membership from 12 to 14 representatives of state and local government, the added members appointed from the Department of Justice and the State Board of Education. This legislation also substantially increased the board's authority to require governmental units to comply with its determinations.

The board elects its own chairman and members serve without compensation except that the chairman is reimbursed for actual expenses incurred in performance of his duties.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

1970 Legislature Reduces Budget

Recognizing the inability of IGBEDP to accomplish any substantive results during its two-year history, and faced with a serious shortage of funds prior to passage of the Budget Act of 1970, the Legislature reduced the board's 1970-71 budget by \$37,455—from \$47,455 to \$10,000. This reduction had the effect of eliminating the board's executive secretary and a large part of the general administrative and clerical support.

New Direction

While reducing the board's financial resources significantly, the 1970 Legislature also adopted in the Supplementary Report of the Committee on Conference relating to the Budget Bill, our recommendation that the board reevaluate its purpose and set a limited number of specific objectives which could be substantially achieved during the 1970-71 fiscal year. These objectives were to include a thorough analysis of at least one major intergovernmental information system and a review of the problems surrounding computer data security and confidentiality. A report to the Joint Legislative Budget Committee outlining the objectives selected and the progress made toward achievement of the objectives was required by January 1, 1971. The report was made and is discussed later in this analysis.

Board's Response to Budget Reduction

Faced with a severe and immediate budget reduction and a legislative mandate for discernible results, the board requested that the Council on Intergovernmental Relations (CIR) provide it temporary staff support on a reimbursable basis during fiscal 1970-71. This request resulted in an interagency agreement which supplies staff support on a 20-percent-of-full-time basis and clerical support as required. This agreement appears to have provided adequate support of the board's planning activities. However, if the board is to begin carrying out the responsibilities delegated to it, increased staff will eventually be required.

Interagency Agreement Extended

In view of the continuing shortage of state general funds, it was decided to extend the interagency agreement with CIR at an increased level of support for at least one more fiscal year. During the 1971-72 fiscal year, CIR will provide 1.1 man-years of staff and clerical support totaling \$36,000. The State General Fund will bear \$10,000 of this expense (\$5,000 in the board's budget and \$5,000 in the CIR budget) and the remaining \$26,000 will be generated through federal sources. This represents no increase in General Fund support over the current fiscal year.

Need for Autonomy

We recommend the Intergovernmental Board on Electronic Data Processing make provision for full fiscal and operational autonomy for fiscal year 1972-73.

Intergovernmental Board on Electronic Data Processing—Continued

The executive committee of the board believes that in spite of the limited resources available, the board's objectives can best be served if the board remains autonomous. We concur with this determination.

The present arrangement for staff and fiscal support, although adequate for the next fiscal year, should not continue beyond the board's present planning activities. An increased level of staff support will be required if the plans now being formulated by the board are implemented during fiscal 1972-73. Fiscal autonomy although not as critical as operational autonomy, should also be achieved by the end of the next fiscal year. The present staff and funding arrangement obfuscates the scope of existing organizational relationships and may dilute the board's objectivity and ability to determine its goals and to render independent judgments.

Current Year Activities

In response to legislative recommendations, the board identified in the January 1971 report three specific objectives it would seek to achieve during the 1970-71 fiscal year: (1) development of evaluation criteria which could be analytically applied to intergovernmental information systems; (2) development of a plan for an on-going project of reviewing the intergovernmental implications of information systems in the community safety field, especially criminal justice systems; and (3) identification of the board's responsibility with regard to data security and confidentiality, distribution of information and conclusions already developed by the board on data security and confidentiality, and the establishment of a method for continuing review and analysis of security and confidentiality issues. Finally, the board has published a report of the conclusions and recommendations resulting from a six-month, \$18,000 survey by a private consulting firm of electronic data-processing systems in the state. This survey was initiated during the 1969-70 fiscal year.

Review of Evaluation Criteria

We recommend that the board more clearly define the scope and purpose of its recently developed evaluation criteria. The expected results of their application should be clearly delineated before the criteria are applied on a statewide basis.

Our analysis of the evaluation criteria indicates that they may be structured toward determining the value of the functional objectives of information systems. This emphasis could obscure the intergovernmental implications of the system being evaluated. It is the prerogative of the local jurisdiction (law enforcement for example) to make judgments as to the functional objectives to be achieved. It is the duty of the board, on the other hand, to evaluate the interrelationship of systems and to bring about conformance with statewide systems objectives such as common programming languages, operational standards, and hardware compatibility. If conformity depends on a redirection of functional objectives by one or more jurisdictions, the board should act as an advocate of sound intergovernmental systems design and not an arbitrator of the functional objectives.

Our analysis also indicates that the criteria developed do not make explicit any action which may be taken by the board upon conclusion of a given application. The criteria do not state whether the intent is simply to make governmental jurisdictions aware of intergovernmental systems relationships or whether noncompliance will result in sanctions by the board. It appears quite possible that a governmental jurisdiction may be able to comply with the letter of the criteria without complying with the intent, which is to insure compatibility of intergovernmental information systems. *We recommend the board clarify this ambiguity.*

Community Safety Program

The board intends that the above evaluation criteria be applied to community safety information systems (principally in the criminal justice field). This project will serve as a test of the applicability and validity of the criteria and will precede a full-scale evaluation program of all intergovernmental information systems. The community safety field was chosen for three principal reasons: (1) a substantial number of systems have been developed in this field and are well documented; (2) the board has, during the current year, entered into an interagency agreement with the California Council on Criminal Justice (CCCJ) to provide a technical review of grant applications flowing through that agency, therefore the Community Safety Program is a natural extension of that agreement; and (3) there is a distinct possibility that the board can obtain a planning grant through CCCJ which will provide funds to meet the board's staffing requirements for this program. If this activity is to be expanded to include evaluation of all intergovernmental systems, the board will require additional staff funded by the state.

Board Review of Grant Proposals

During the current fiscal year, the board entered into an interagency agreement with the CCCJ for the purpose of providing a technical review of grant applications received by CCCJ from local jurisdictions which anticipate the use of electronic data processing techniques. The California Council on Criminal Justice is the state agency responsible for the distribution of federal funds obtained through the Omnibus Crime Control and Safe Street Act of 1968. To date, the board has been asked to review nine grant proposals but has not been able to respond in a timely manner because of a lack of adequate staff resources.

The interagency agreement has been extended through the 1971-72 fiscal year and the board has submitted a grant application for \$300,000 to CCCJ for funds over a three-year period. This funding will provide a staff of data processing technicians experienced in the criminal justice/community safety field.

Privacy and Confidentiality of Data

In response to language contained in the Supplementary Report of the Committee on Conference, the board has reported to the Joint Legislative Budget Committee on its activities with regard to the issue of data security and confidentiality. The report indicates the board: (1) is updating its past findings and will publish a report in the near

Intergovernmental Board on Electronic Data Processing—Continued

future; (2) is prepared to provide advice to the Governor and the Legislature regarding any policy or legislation which may be at issue; and (3) is reviewing its findings with the intent of introducing appropriate legislation.

Consultant's Survey of Systems

During the last fiscal year the board contracted for a consultant to make a survey of all governmental electronic data processing systems in the state. This survey reviewed city, county and state agencies, school districts and other special governmental jurisdictions for the purpose of creating an inventory of intergovernmental computer systems. It is intended that the inventory will aid the board in determining the scope of its task and alternative approaches toward fulfilling its statutory responsibilities.

The consultant's study was concluded in November and the board has prepared a report based on the consultant's findings and recommendations. We received this report on January 28, 1971, and have not concluded an analysis of its contents. We will be prepared to discuss the report before the fiscal committees.

COMMISSION OF THE CALIFORNIAS

Item 36 from the General Fund

Vol. I p. 53 Budget p. 25

Requested 1971-72	\$38,000
Estimated 1970-71	37,795
Actual 1969-70	36,453
Requested increase \$205 (0.5 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Commission of the Californias was established in 1964 to promote favorable economic and cultural relations with the State of Baja California. The law was amended in 1967 to extend such activity to the Mexican Territory of Baja California Sur, thus embracing the entire peninsula of Lower California. The California group meets with similar delegations representing the Baja California areas.

The California delegation consists of 7 public members, 10 legislative members, and 38 individuals representing special groups and activities. The headquarters of the California delegation is located in San Diego, and staff consists of two authorized positions.

The commission holds occasional formal meetings, but its work is accomplished mostly through committees and by assignments to individual members and specialists. Activity is at a subdiplomatic level. Current activities are concerned with (1) drug abuses, (2) U.S. tariff relaxation with reference to industrial assembly and processing at the border, (3) pest eradication, (4) tourist convenience with reference to travel restrictions, and (5) student exchanges.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

For the budget year, the commission requests \$38,000, which is \$205 or 0.5 percent in excess of estimated current expenditures. Personal services account for 66 percent and travel expenses 15 percent of the proposed budget.

OFFICE OF MANAGEMENT SERVICES

Item 37 from the General Fund

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Requested 1971-72	\$500,000
Estimated 1970-71	633,990
Actual 1969-70	289,786
Requested decrease \$133,990 (21.1 percent)	
Total recommended reduction	Pending

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Recommend exemption of University of California, State Compensation Insurance Fund, the Legislature and the Judiciary from requirements of Section IV, Budget Bill of 1971. 57
2. Recommend raise from \$3,000 to \$10,000 in the amount required for certification of electronic data processing (EDP) expenditures by Office of Management Services (OMS) under Section IV, Budget Bill of 1971. 57
3. *Withhold* recommendation on a funding level for OMS pending resolution of the broader statewide issues involving EDP. 71
4. Recommend that immediate steps be taken to centralize (exclusive of the University of California, State College system, and State Compensation Insurance Fund) all EDP planning, management of EDP facilities, equipment, technical consulting services and software development within one department of state government (Department of Data Processing Services). 71
5. Recommend transfer of the statutory authority, responsibility and staff of the Office of Management Services to the new department. 72
6. Recommend that operating departments and other users be in control of defining their data processing requirements and that they justify the necessary funds through the executive control agencies and the Legislature. 72

GENERAL PROGRAM STATEMENT

The responsibility for providing leadership, coordination and control of electronic data processing (EDP) is vested in the Office of Management Services (OMS) by Government Code Sections 11700-11731 and Section IV of the Budget Act of 1970. Because OMS has these responsibilities on a statewide basis, we discuss most of the major

Office of Management Services—Continued

issues related to the efficient and effective utilization of EDP throughout state government under this budget item. Issues related to individual department EDP requirements are discussed under the budget items for those departments.

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 included: (1) the development, maintenance, and implementation of a long-range statewide EDP Master Plan; (2) development of EDP policies, standards and procedures; (3) the continuous evaluation of the effectiveness of departmental use of EDP technology; (4) the fiscal review of EDP expenditures and analysis of EDP budget requests; (5) the consolidation of EDP computer facilities and the elimination of excess EDP capacity within state government; (6) the effective use of personnel (including training of EDP personnel); and (7) the development of integrated functional information systems by elimination of narrowly conceived systems and duplicate information files throughout individual state departments and agencies.

A Turbulent Five Years

Before examining the programs and accomplishments of the Office of Management Services and its proposals and plans for statewide EDP in the years 1970-75, it will be helpful to review briefly the occurrences of the past five years. The issues and problems surrounding the utilization of electronic data processing technology (EDP) in California state government have made the years 1965 to 1970 a turbulent period. The electronic computer was first introduced into state service in 1956. It was not until 1964 (three generations of technological development later) that the machines advanced to a stage where the electronic computer was capable of contributing significantly to the information needs of state managers. Prior to that time, the computer was generally considered as a high-speed calculator and accounting device which was used by individual departments in a restricted manner for limited tasks.

In July 1965, the Lockheed Missiles and Space Company completed a report entitled *California Statewide Information System*. This document drew attention to the need for an integrated statewide information system and recommended a complex approach involving a central data index and computer switching center connected to all of the various incompatible computers and information files located in the individual departments. The cost to develop this system was estimated to be \$98 million and yearly operating costs were set at \$13 million exclusive of departmental EDP costs. Legislation to establish a Statewide Federated Information System (the Lockheed proposal) was introduced in the 1966 First Extraordinary Session (Assembly Bill 89).

Joint Legislative Budget Committee Study

Assembly Bill 89 passed the Assembly but was held in the Senate for interim study. However, the Joint Legislative Budget Committee

was required to conduct a study of electronic data processing and related systems analysis techniques by Senate Concurrent Resolution 34, 1966 First Extraordinary Session. 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." In this study, we discussed in considerable detail: (1) the total absence of policy to guide the development of EDP in state government; (2) the lack of a statewide master plan; (3) the proliferation of electronic computers throughout the individual departments of state government; (4) the inability to exchange similar information between departments because of a lack of standardized data elements, codes and programming languages; and (5) the probability of EDP costs rising from \$32 million annually in 1966 to \$140 million by 1975. We recommended numerous actions to correct the above problems including creating one central agency to establish EDP policy, planning and control. Our report also concluded that it would be premature to implement the Lockheed study as originally proposed.

Executive Response

The Governor's Survey on Efficiency and Cost Control conducted during 1967 essentially agreed with all of the findings and recommendations in our report and contained 135 specific recommendations relating to the use of EDP by state departments. The Office of Management Services was established by executive order in November 1967 to serve as a central coordination and control agency as recommended by the Governor's Survey. Since 1967, OMS has developed and published a short-range master plan for EDP covering the period 1968-1970 and a long-range master plan covering the five year period 1970-75.

Legislative Action Reflects Concern

During the past five years electronic data processing has received major attention by the California Legislature. In our judgment, the Legislature has been able to view the development and potential of EDP technology from a far more objective vantage point than the executive branch because: (1) the Legislature does not have a vested interest in controlling and operating computers (as do the constitutional officers and executive departments); and (2) the Legislature and its related staff organizations have recognized that inadequate application of available computer technology has resulted in a lack of critical management information for all state government. It has become very apparent that the costs of EDP will continue to increase beyond reasonable levels if unilateral planning by departments is allowed to continue and, further, development of integrated information systems will be impossible under this approach.

The actions of the Legislature during the past five years clearly reflect this concern. In addition to passing a number of resolutions dealing with EDP, the Legislature enacted Senate Bill 959 (Miller) during the 1968 Regular Session which became Chapter 1327, Statutes of 1968. This legislation clearly established legislative intent, objectives and policies for EDP and three organizational entities: The Intergov-

Office of Management Services—Continued

ernmental Board of Electronic Data Processing, the State Electronic Data Processing Policy Committee and the Office of Management Services.

Special hearings on EDP have been scheduled by the Joint Legislative Budget Committee and the fiscal committees. Additional studies relating to EDP include a report *Centralized Management of Data Processing in the State of California* prepared by consultants to the Subcommittee on Data Processing of the Joint Rules Committee and a special review of 1970-71 EDP budgets by a private consultant for the Assembly Ways and Means Committee.

Actions relating to the Budget Bill include a reduction of \$3 million in proposed expenditures for EDP in 1969, and the inclusion of special control language (Section IV) in the Budget Acts of 1969 and 1970 requiring the Office of Management Services to certify that criteria set forth in the Supplemental Report of the Committee on Conference are met before expenditures for expansion, improvement and additions for Electronic Data Processing are authorized. Numerous other statements of intent and recommendations relating to EDP were included in the Committee on Conference Report for both 1969 and 1970. The establishment of a "shared computed utility" in the Department of General Services using an underutilized and inefficiently operated computer formerly installed in the Department of Education was accomplished by transfer of funds between items of the Budget Act of 1970.

Finally, during the 1970 Regular Session, SB 724 (Teale) was introduced. This bill proposed removing the ownership of executive branch computers (excluding the California State Colleges and the University of California) from the individual departments and establishing a Department of Data Processing Operations. The primary purpose of this bill was to provide an organizational framework that would facilitate the uniform management and control of EDP within California state government. SB 724 passed the Senate and was held on the third reading file of the Assembly on the last day of the legislative session.

ANALYSIS AND RECOMMENDATIONS

The functions of the Office of Management Services as described by the Governor's Budget include: Planning and training; research and technology; standards and procedures; budget, contract and expenditure review; and evaluation. Because OMS has been in the center of EDP activities which we previously described, its specific accomplishments should be reviewed before discussing the EDP Master Plan for the years 1970-75.

Evaluation of EDP Effectiveness

Government Code Section 11731(c) requires OMS to maintain continued evaluation of operational effectiveness and performance (including costs) of electronic data processing applications in state government. In our last year's analysis, we reported that in two instances urgent problems necessitated the acquisition of highly specialized con-

sultant services and OMS secured these services in record time. In one instance (Department of Education) the consultant was highly critical of the department and the Bureau of System and Data Processing. This study resulted in a transfer of the department's computer to the Department of General Services. The second study (Secretary of State) found that this office had not accurately defined its EDP requirements and had failed to address completely a number of technical problems regarding file definition and data collection in conversion of a proposed new application. This study resulted in delaying acquisition of a new computer and a redirection of a planned new system.

In addition to these special evaluations, it is important that OMS continually evaluate EDP operations as prescribed by the Government Code and the Long-range EDP Master Plan. In this plan, OMS states that it intends to contract for services of an outside consultant in devising evaluation methods, forms and procedures. In addition it is proposed that the consultant, with assistance from OMS, perform "test-run" evaluations of at least three state EDP installations to test and improve details of the proposed system.

On our recommendation, the fiscal committees augmented the OMS by \$100,000 last year for this purpose. However, the fiscal situation at the close of the legislative session required that this amount be reduced to \$30,000. After a competitive bidding procedure, OMS contracted with a private consulting firm for assistance in designing and testing the evaluation system. By using various auditing techniques and employing sophisticated measurement tools, it is expected that these evaluations will significantly enhance the effectiveness of EDP installations. This first phase of the evaluation project will be completed by the end of the current fiscal year.

EDP Personnel—A Critical Resource

For the past two years, we have recommended in our analyses that emphasis be given to training, classifying, compensating and effectively utilizing the most expensive and critical resource for a successful EDP program—the technical personnel. As requested by the Conference Committee (Budget Bill of 1969), OMS completed a comprehensive survey and submitted on November 1, 1969, a report to the Joint Legislative Budget Committee entitled Electronic Data Processing Personnel Requirements for the State of California. This report contained many sound recommendations in the areas of classification, recruitment, selection, training and personnel management. Because of the substance of these recommendations, we suggested a follow-up report detailing success in implementing them by OMS and the State Personnel Board. The Long-range Master Plan also contains numerous references to personnel and training practices.

A final draft of the latest report has been received and indicates that considerable progress is being made. For example, OMS with the assistance of a private consultant surveyed more than 1,000 state EDP personnel to determine current and projected training needs. Various kinds of computer specialists were asked to specify which of 82 de-

Office of Management Services—Continued

scribed areas of knowledge and skill were most important to performing well on the job. This information will be used to develop training programs designed to satisfy specific employee needs. Table 1 illustrates the extent of the training program for fiscal year 1970-71. Participation in this program has doubled since the Legislature first provided a special budget augmentation of \$43,000 in fiscal 1969-70 to increase emphasis on EDP training.

Table 1
EDP Training Program—Fiscal Year 1970-71

<i>Course</i>	<i>Duration (hours)</i>	<i>Num- ber of classes</i>	<i>Maximum class size</i>	<i>Maximum graduates per year</i>
EDP principles for executive management....	3	2	30	60
EDP principles for systems users.....	6	17	25	425
Theories and techniques of EDP management	3	3	100	300
Fundamentals of systems analysis.....	35	8	15	120
Advanced systems analysis.....	21	2	15	30
Fundamentals of computer programming....	35	3	15	45
Advanced computer programming.....	21	2	15	30
Totals.....		37		1,010

A committee has been formed to receive suggestions and recommendations concerning changes to improve the EDP classification structure. This committee will request the State Personnel Board to investigate such issues as (1) the need for journeyman programmer classifications higher than the present programmer II level, (2) the validity of disparity in pay between system analysts and programmers, (3) the necessity of recognizing software programming as a special skill, and (4) the need for new classes to include data control and tape librarian functions.

The current economic situation has altered to some degree the critical shortage of technical personnel that has existed in the past but this problem is likely to reoccur as the economy improves. The need to consider pooling or centralizing of EDP personnel is a solution which has not been thoroughly explored and must be a part of any future planning.

Certification Under Section IV—Budget Act of 1970

To insure that expenditures for EDP conform to legislative intent, the Office of Management Services is required to certify that expenditures for EDP over \$3,000 which are expended for expansion, improvement or addition to EDP activities, personnel, equipment, facilities or supplies, meet specific criteria contained in the Supplementary Committee on Conference Report—Budget Act of 1970. This provision was substantially revised from the original requirement specified in the Budget Bill of 1969 but the intent of the Legislature remained substantially the same.

OMS was required to submit a report to the fiscal committee chairmen by the 10th day of the 1971 legislative session. This report has suggested that Section IV be continued in the budget year as a

control mechanism with two recommendations: (1) The language should be specific as to whether the University of California, State Compensation Insurance Fund, the Legislature and the Judiciary are subject to Section IV; and (2) the \$3,000 exemption from Section IV should be raised to \$10,000 because the smaller amount represents insignificant expenditures and results in considerable paperwork.

We concur with the above and *recommend that: (1) Section IV be continued in the Budget Bill of 1971; (2) the University of California, State Compensation Insurance Fund, the Legislature and the judiciary be specifically exempt from this section; and (3) the \$3,000 figure should be raised to \$10,000 as the amount required for certification of EDP expenditures by OMS.*

Before OMS certification, the legislative criteria requires detailed information such as feasibility studies and implementation plans from departments. OMS is also required to apply the criteria to all requests for EDP funding for the budget year. As part of this procedure, each department submits supplementary planning and budgeting information for EDP to Management Services, the Department of Finance and an information copy to the Legislative Analyst. An analysis of each budget is prepared with any recommended funding adjustment and copies of each analysis are sent to the Department of Finance and our office.

Any control agency should carefully avoid too much emphasis on procedures and too little emphasis on program analysis. OMS is no exception, and we have noted in the past in both certification under Section IV and in departmental budget analysis a concentration on procedure and regulations rather than on program content. Departments have complained of this emphasis and OMS is currently taking steps to improve its image. We have noted a significant improvement during the current budget cycle.

Executive Branch Now Operates 47 Computers

Exclusive of the state colleges and the University of California, the executive branch now operates 47 computers. According to the Governor's Budget, the proliferation of computers has been halted because the total number of these machines has increased by only one since January 1967. It is apparent that without the existence of a central EDP control group and declarations of policy by both the executive and legislative branches, the total number of computers would be significantly higher than it is today. However, the halting of proliferation does not complete the job. The total number, capability and deployment of these devices continues to fragment the state's ability to use effectively the advanced technology available today. For example, we anticipate that the "shared computer utility" now operated by the Department of General Services will demonstrate how "state-of-the-art" technology can be applied in the state government environment. This machine (an IBM 360/50) was transferred from the Department of Education and converted from a minimally configured machine to a powerful computer with a capability of serving numerous users from remote locations, running many jobs concurrently, providing large

Office of Management Services—Continued

random access files and a large memory to its customers, and permitting the most advanced programming and file management language capability. Customers on this machine will be the Departments of Education and Finance and the Legislature during the first year of operation. The Secretary of State is also a potential customer.

There is today an indication of a willingness on the part of state departments to begin sharing computing facilities. OMS reports that the state's 47 computers are now operated by 21 departments with 16 of these departments acting as data processing service centers. This represents an increase over 1967 when six departments provided such services. Finally, the EDP resources of an additional 21 departments have been consolidated into five of the above service centers. Although these statistics demonstrate progress, the large proportion of the above departments and units of state government receiving EDP service represent the smaller departments which could never reasonably justify their own machines (although a number of them have earnestly tried).

The remaining 21 departments are an entirely different matter. Most show little interest in consolidation or in cooperation to better utilize existing capacity. Similarly, there is little interest in planning for integrated information systems that require cutting across departmental lines and authorities for development and implementation.

OMS Fails to Effectively Coordinate OCR Test

Perhaps the most vivid example of the lack of resolve on the part of departments to participate in any cooperative venture which might end in equipment sharing, and the inability of OMS to effectively exercise its role as a control coordinator is the recent test of optical character recognition equipment (OCR).

In our last year's analysis, we optimistically discussed this unique test and recommended that a number of departments, including those with large paperwork volumes and data entry problems, actively participate. We reported that the state spends at least \$19 million on conversion and handling data for input to EDP equipment and that the primary technique for this conversion is keypunching.

The test was arranged with the cooperation of the Departments of General Services and Finance, the State Treasurer, Office of Management Services, and the Joint Legislative Budget Committee. Originally, \$84,170, was made available for this experiment and the Department of General Services was designated as the OCR Test Center. The entire premise of the venture was to determine whether significant savings could be achieved in the cost of data input. A manufacturer of OCR equipment (Recognition Equipment Incorporated), offered to install one of their large machines on a rent-free basis (rental is usually about \$30,000 per month) for six months. This machine has a capability of reading 27 different typewriter fonts (including pica and elite type), a number of computer printer fonts and various special symbols. All of these fonts can be assessed at one time with no decrease in the read rate of the machine. This multifont capability permits reading 93 percent of all typewriters in state service.

The test was scheduled to start in April 1970 but it actually began on June 15, 1970, and ended on December 15, 1970. Because of the necessity to recruit staff for training purposes prior to the test and due to other costs which were not expected, the total cost of this test was approximately \$110,000. The service center approach was proposed because the speed, flexibility and cost of this machine dictates that it must normally have multiple users or be installed in a very large department. The flexibility permitted multiple users with different size forms and typewriter fonts to utilize the machine without significant changes in their input procedures.

Technically, the machine passed the various tests and demonstrated its versatility and capability. Reading capability was established at 95 percent accuracy of all documents read in an intermixed font situation. The remaining 5 percent were retyped and entered to achieve 100 percent data capture. The overall operational up-time of the machine was in excess of 98 percent. Reading rates were demonstrated at from 600-1,200 documents per minute and from 8 to 24 pages per minute. The size of the documents and the number of lines of print read varied this read rate. It was also determined that for every \$4 to \$5 spent in keypunching, data could be captured on the REI device for approximately \$1.

What was most disheartening about this test was the complete lack of enthusiasm on the part of some of the departments which have the largest paperwork problems and data conversion costs. For example, the Franchise Tax Board and State Controller each tested less than one hour and the State Personnel Board ran no tests even though six million pieces of paper are generated yearly associated with personnel transactions. The Department of Motor Vehicles did conduct an evaluation of OCR but ran no documents in the test center. Finally, OMS demonstrated little leadership in working with the departments and urging (or insisting) that they evaluate existing data input processes and test the feasibility of this equipment. In our judgment, this illustrates that, left to their own devices, individual state departments will not willingly investigate alternative solutions if they might result in their losing an opportunity to install dedicated equipment or having to modify existing procedures.

During the OCR test coordinated by OMS, eight manufacturers of OCR and data input devices were evaluated. As of this moment, no decision has been reached on the fate of the REI equipment, which was the only device actually installed and operated. The State Treasurer was the only department to test the equipment thoroughly and those results are discussed under that item in the analysis. Therefore, the state finds itself in the uncomfortable position of recognizing the potential for cost avoidance by using this machine, but also finding that individual departments display little enthusiasm for using a device that they cannot control. In a time of fiscal crisis, this appears to be a particularly shortsighted attitude.

Table 2
Summary of Departmental Electronic Data Processing Budget Requests

Department	Personnel		Equipment		Services received		Other costs		Total gross costs	
	1970-71	1971-72	1970-71	1971-72	1970-71	1971-72	1970-71	1971-72	1970-71	1971-72
Agriculture and Services Agency										
Agriculture, Dept. of -----	\$219,854	\$225,636	\$29,798	\$30,248	\$139,407	\$134,054	\$52,819	\$54,292	\$441,878	\$444,230
Consumers Affairs, Dept. of -----	23,196	23,516	-	-	328,720	328,720	6,880	3,050	358,796	355,286
Franchise Tax Board ¹ -----	2,317,577	2,275,093	1,128,860	1,303,879	57,830	57,530	288,791	316,675	3,793,058	3,953,177
General Services, Dept. of -----	1,167,645	1,635,212	990,444	1,114,269	119,471	106,486	359,222	411,873	3,136,782	3,267,840
Personnel Board, State -----	278,757	284,308	129,719	80,055	-	-	35,626	36,858	444,102	401,021
PERS -----	582,681	610,513	304,674	304,669	147,998	86,076	100,600	101,600	1,135,933	1,102,858
STRS -----	268,234	272,420	28,955	30,977	130,000	134,810	46,952	46,890	474,141	485,097
Veterans Affairs, Dept. of -----	66,240	68,374	900	900	45,600	45,600	18,900	18,900	131,640	133,774
Business and Transp. Agency										
Alcoholic Beverage Control -----	-	-	-	-	36,540	38,370	669	669	37,209	39,039
Corporations, Dept. of -----	-	-	-	-	22,000	22,000	-	-	22,000	22,000
Highway Patrol, Calif. -----	1,196,342	1,256,690	543,962	556,902	21,241	21,241	93,074	87,651	1,854,619	1,922,484
Housing & Comm. Development -----	-	-	-	-	13,750	13,750	-	-	13,750	13,750
Insurance, Dept. of -----	-	-	-	-	-	31,198	-	-	-	31,198
Motor Vehicles, Dept. of -----	7,706,342	7,881,466	2,608,501	2,611,692	43,000	-	1,087,617	1,175,702	11,445,460	11,668,860
Public Utilities Commission -----	134,300	135,600	25,400	28,500	101,500	116,400	21,000	20,800	282,200	299,300
Public Works, Dept. of -----	3,325,042	3,473,626	2,346,326	2,431,451	692,401	272,260	460,900	471,000	6,824,669	6,648,337
Real Estate, Dept. of -----	53,516	55,020	14,400	21,600	5,400	5,400	11,377	12,653	84,693	94,673
Savings & Loan, Dept. of -----	39,744	44,363	-	-	40,000	40,000	-	-	79,744	84,363
Human Relations Agency										
Corrections, Dept. of -----	17,809	20,433	9,887	11,949	230,141	243,570	1,633	1,782	259,470	277,734
Health Care Services, Dept. of -----	188,995	199,824	-	-	14,131,907	17,525,714	-	-	14,320,902	17,725,538
Human Resources Development -----	3,973,512	4,017,195	544,872	1,324,713	216,755	278,645	407,981	431,676	5,143,120	6,052,229
Industrial Relations, Dept. of -----	242,911	217,774	26,779	12,275	55,000	70,000	8,627	12,070	333,317	312,119
Mental Hygiene, Dept. of -----	746,587	779,736	531,982	514,447	308,808	155,747	49,389	71,106	1,636,566	1,521,036
Public Health, Dept. of -----	786,771	814,515	238,516	254,040	45,000	24,000	245,188	265,734	1,315,475	1,358,289
Rehabilitation, Dept. of -----	222,192	227,568	6,312	6,312	60,350	66,350	24,244	25,288	313,098	325,498
Social Welfare, Dept. of -----	854,857	860,399	272,464	277,061	102,847	102,674	84,271	102,900	1,314,439	1,343,034
Youth Authority, Dept. of -----	367,487	380,193	40,650	41,030	1,000	11,600	56,717	69,434	465,854	502,257

Resources Agency											
Air Resources Board	6,065	15,276	-	-	72,940	92,000	-	-	79,005	107,276	
Conservation, Dept. of	-	-	-	-	72,765	132,865	-	-	72,765	132,865	
Fish & Game, Dept. of	87,600	87,600	10,800	10,800	44,000	51,800	10,700	13,300	153,100	163,500	
Parks & Recreation, Dept. of	31,696	32,357	-	-	381,000	498,000	49,000	72,000	441,696	602,357	
Reclamation Board	-	-	-	-	10,200	-	-	-	10,200	-	
State Lands Commission	73,600	77,200	24,300	24,300	18,000	14,000	900	900	116,800	116,400	
Water Resources, Dept. of	1,065,353	1,034,788	608,508	455,629	64,500	60,000	626,959	606,806	2,365,320	2,157,223	
Higher Education											
Calif. Maritime Academy	-	-	-	-	3,500	3,500	600	800	4,100	4,300	
Community Colleges	29,351	30,507	-	-	3,500	4,250	-	-	32,851	34,757	
Coordinating Council for Higher Ed.	-	-	-	-	6,500	-	-	-	6,500	-	
State Colleges	3,467,035	3,581,801	2,354,338	2,775,264	215,006	187,108	785,090	1,070,443	6,821,469	7,614,616	
University of Calif. (Admin. only)	1,909,000	2,153,000	1,056,600	1,193,900	108,300	104,000	347,700	367,000	3,421,600	3,817,900	
Others											
Controller, State	642,871	655,749	9,425	9,425	46,500	46,500	68,505	68,561	767,301	780,235	
Criminal Justice, Council on	-	-	-	-	15,000	-	-	-	15,000	-	
Disaster Office	-	-	756	756	5,400	5,400	-	-	6,156	6,156	
Education, Department of	467,900	864,300	-	-	1,287,966	1,206,700	37,900	48,200	1,793,766	2,119,200	
Equalization, Board of	1,503,466	1,532,583	597,889	603,786	-	-	137,308	141,582	2,238,663	2,277,901	
Finance, Dept. of	29,374	31,027	-	-	333,376	252,650	5,200	9,000	367,950	292,677	
Intergovernmental Board on EDP	33,285	-	-	-	-	-	14,170	-	47,455	-	
Justice, Dept. of	2,149,186	2,277,902	2,629,767	2,739,038	100,616	110,616	313,781	325,319	5,193,350	5,452,875	
Management Services, Office of ¹	505,612	513,813	-	-	92,500	117,339	54,548	69,500	652,680	700,652	
Military, Dept. of	39,249	39,249	12,200	12,200	-	-	8,784	8,784	60,233	60,233	
Scholarship & Loan Commission	-	-	-	-	33,000	35,000	4,721	6,001	37,721	41,001	
Secretary of State	364,061	307,109	175,526	187,051	4,000	3,000	45,679	41,050	589,266	588,210	
Treasurer, State	130,838	132,165	10,075	10,995	237,296	198,256	4,250	4,400	382,459	345,816	
Totals	\$37,816,113	\$39,125,900	\$17,313,585	\$18,978,063	\$20,232,331	\$23,055,179	\$5,978,272	\$6,592,029	\$81,340,301	\$87,761,171	

¹ The figures submitted in the supplementary EDP budget do not agree with those actually appearing in the Governor's Budget.

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Table 3
Summary of Changes—1971-72 Budget Requests

Department	Total Gross Costs		Reimbursements		Net EDP Costs		Change	
	1970-71	1971-72	1970-71	1971-72	1970-71	1971-72	Amount	Percent
Agriculture and Services Agency								
Agriculture, Department of -----	\$441,378	\$444,230	\$89,540	\$91,540	\$352,338	\$352,690	\$352	0.1
Consumer Affairs, Department of -----	358,796	355,286	20,000	15,000	338,796	340,286	1,490	0.4
Franchise Tax Board ¹ -----	3,793,058	3,953,177	7,228	3,000	3,785,830	3,950,177	164,347	4.3
General Services, Department of -----	3,136,782	3,267,840	1,948,404	1,881,656	1,188,378	1,386,184	197,806	16.6
Personnel Board, State -----	444,102	401,021	473	350	443,629	400,671	(42,958)	(9.7)
PERS -----	1,135,933	1,102,858	175,600	180,410	960,333	922,448	(37,885)	(3.9)
STRS -----	474,141	485,097	--	--	474,141	485,097	10,956	2.3
Veterans Affairs, Department of -----	131,640	133,774	--	--	131,640	133,774	2,134	1.6
Business and Transportation Agency								
Alcoholic Beverage Control -----	37,209	39,039	--	--	37,209	39,039	1,830	4.9
Corporations, Department of -----	22,000	22,000	--	--	22,000	22,000	--	--
Highway Patrol, California -----	1,854,619	1,922,484	--	--	1,854,619	1,922,484	67,865	3.7
Housing and Community Development -----	13,750	13,750	--	--	13,750	13,750	--	--
Insurance, Department of -----	--	31,198	--	--	--	31,198	31,198	100.0
Motor Vehicles, Department of -----	11,445,460	11,668,860	10,410	10,919	11,435,050	11,657,941	222,891	2.0
Public Utilities Commission -----	282,200	299,300	--	--	282,200	299,300	17,100	6.1
Public Works, Department of -----	6,824,669	6,648,337	70,443	14,000	6,754,226	6,634,337	(119,889)	(1.8)
Real Estate, Department of -----	84,693	94,673	--	--	84,693	94,673	9,980	11.8
Savings and Loan, Department of -----	79,744	84,363	--	--	79,744	84,363	4,619	5.8
Human Relations Agency								
Corrections, Department of -----	259,470	277,734	--	--	259,470	277,734	18,264	7.0
Health Care Services, Department of -----	14,320,902	17,725,538	--	--	14,320,902	17,725,538	3,404,636	23.8
Human Resources Development -----	5,143,120	6,052,229	68,480	69,220	5,074,640	5,983,009	908,369	17.9
Industrial Relations, Department of -----	333,317	312,119	--	40,000	333,317	272,119	(61,198)	(18.4)
Mental Hygiene, Department of -----	1,636,566	1,521,036	78,355	100,500	1,558,211	1,420,536	(137,675)	(8.8)
Public Health, Department of -----	1,315,475	1,358,289	654,169	680,361	661,306	677,928	16,622	2.5
Rehabilitation, Department of -----	313,098	325,498	--	--	313,098	325,498	12,400	4.0
Social Welfare, Department of -----	1,314,439	1,343,034	484,038	496,682	830,401	846,352	15,951	1.9
Youth Authority, Department of -----	465,854	502,257	216,894	231,168	248,960	271,089	22,129	8.9

Resources Agency									
Air Resources Board	79,005	107,276	--	--	79,005	107,276	28,271	35.8	
Conservation, Department of	72,765	132,865	--	--	72,765	132,865	60,100	82.6	
Fish and Game, Department of	153,100	163,500	--	--	153,100	163,500	10,400	6.8	
Parks and Recreation, Department of	441,696	602,357	--	--	441,696	602,357	160,661	36.4	
Reclamation Board	10,200	--	--	--	10,200	--	(10,200)	100.0	
State Lands Commission	116,800	116,400	--	--	116,800	116,400	(400)	0.3	
Water Resources, Department of	2,365,320	2,157,223	399,165	470,865	1,966,155	1,686,358	(279,797)	(14.2)	
Higher Education									
California Maritime Academy	4,100	4,300	--	--	4,100	4,300	200	4.9	
Community Colleges	32,851	34,757	--	--	32,851	34,757	1,906	5.8	
Coordinating Council for Higher Education	6,500	--	--	--	6,500	--	(6,500)	100.0	
State Colleges	6,821,469	7,614,616	35,804	--	6,785,665	7,614,616	828,951	12.2	
University of California (Admin. Only)	3,421,600	3,817,900	--	--	3,421,600	3,817,900	396,300	11.6	
Others									
Controller, State	767,301	780,235	105,134	78,162	662,167	702,073	39,906	6.0	
Criminal Justice, Council on	15,000	--	--	--	15,000	--	(15,000)	100.0	
Disaster Office	6,156	6,156	--	--	6,156	6,156	--	--	
Education, Department of	1,793,766	2,119,200	--	--	1,793,766	2,119,200	325,434	18.1	
Equalization, Board of	2,238,663	2,277,901	491,119	436,407	1,747,544	1,841,494	93,950	5.4	
Finance, Department of	367,950	292,677	--	--	367,950	292,677	(75,273)	(20.5)	
Intergovernmental Board on EDP	47,455	--	--	--	47,455	--	(47,455)	100.0	
Justice, Department of	5,193,350	5,452,875	--	--	5,193,350	5,452,875	259,525	5.0	
Management Services, Office of ¹	652,660	700,652	18,670	--	633,990	700,652	66,662	10.5	
Military, Department of	60,233	60,233	--	--	60,233	60,233	--	6.6	
Scholarship and Loan Commission	37,721	41,001	--	--	37,721	41,001	3,280	8.7	
Secretary of State	589,266	538,210	--	--	589,266	538,210	(51,056)	(8.7)	
Treasurer	382,459	345,816	--	--	382,459	345,816	(36,643)	(9.6)	
TOTALS	\$81,340,801	\$87,751,171	\$4,873,926	\$4,800,240	\$76,466,375	\$82,950,931			
GROSS INCREASE							7,406,485	9.7	
DECREASES							921,929	--	
NET INCREASE							6,484,556	8.5	

¹ The figures submitted in the Supplementary EDP budget do not agree with those actually appearing in the Governor's budget.

**Office of Management Services—Continued
Other OMS Responsibilities**

An important role of any central coordination group in the EDP environment is the development and enforcement of standards and procedures. We have stressed this need in earlier reports and both the Government Code and the EDP Master Plan require the development of statewide standards. Little progress has been made in this area and we urge OMS to actively develop such standards and procedures for system design, common programming languages, file management languages, common data elements, common communication codes, and a uniform method of determining computer EDP service center rates.

OMS should also have specific procedures for determining computer utilization and the availability of computer time by clock hours or available shifts. We recently inquired as to the shift utilization of state computers and were informed by OMS that this information was not available. If the state is to utilize effectively every available computer hour, such information must be maintained by the central EDP agency.

EDP Costs for Fiscal Year 1971-72

Electronic data processing expenditures, by department and the state as a whole, are displayed in Table 2 and Table 3. Table 2 arrays, by department, the estimated costs for EDP personnel, equipment, contract services (services received from other state agencies and outside vendors) and other costs (magnetic tapes, cards, office supplies, etc.). Table 3 reflects 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 contained in this table.

The basic source of this information is the Supplementary Planning and Budgeting Information for EDP required by Management Memo 70-22 and the State Administration Manual (SAM). These data have been verified to the extent possible with the Governor's Budget and available supporting information, but it is quite possible that certain information will have to be modified once the final proposed expenditures for EDP have been determined.

1970 Estimates

It is evident from Table 2 that overall state costs for EDP are expected to increase by 8.5 percent during the 1971-72 fiscal year. This increase, however, is based on current year estimates which are 13.2 percent greater than the original estimates. Based on the original estimates for 1970-71, the increase in EDP costs during fiscal year 1971-72 is 22.8 percent.

The increase of current year estimates by 13.2 percent (from \$67,567,018 to \$76,466,375) can be explained in part by the substantial increase reported by the Department of Health Care Services. This department revised its estimate upward by nearly \$5 million, primarily because of increased costs for the fiscal intermediaries and increased development costs for a Medi-Cal management system. Once this de-

partment is removed from the increase, the remaining increases amount to 4 percent, a reasonable margin of error considering that estimates are made by 52 individual departments.

EDP Costs Increase

Costs of EDP services are expected to increase in every category shown in Table 2. This results in an overall statewide net increase of \$6,484,556 or 8.5 percent over estimated costs for this fiscal year. Table 4 displays the 10 departments which account for nearly 93 percent of the increase. The Department of Health Care Services accounts for 46 percent of the total statewide increase. Other departments in this table are experiencing costs associated with continuing development of major systems, major upgrades made necessary by statutory demands, and increased data entry and processing requirements due to increased workloads.

Our review of the \$6,484,556 net increase, indicates that the stabilization we predicted in last year's analysis is continuing for at least another year. We expect however, that in spite of the administration's freeze on EDP hardware purchases and personnel, a number of departments will require substantial increases in proposed EDP expenditures to meet the demand of increased workloads and statutory requirements. For example, if the Legislature passes an income tax withholding bill, the Franchise Tax Board will require a major upgrade in its EDP capability, costing perhaps as much as \$2 million. The Secretary of State, although reporting a decrease in estimated 1971-72 EDP costs, is expected to request a budget augmentation for 1971-72 of nearly \$500,000 for a major upgrade of its computer system to accommodate a new corporate officer filing program. The Departments of Motor Vehicles, Human Resources Development, Justice, Health Care Services, Public Works, Highway Patrol, and the State Personnel Board and Controller, are also planning for computer systems which will require new expenditures for electronic data processing over the next two years.

Table 4
Summary of 1971-72 EDP Budget Increases

Department	Amount	Percent over 1970-71	Percent of gross increase	Percent of net increase
Health Care Services -----	\$3,404,636	23.8	46.0	52.0
Human Resources				
Development -----	908,369	17.9	12.3	14.0
State Colleges -----	828,951	12.2	11.2	12.8
University of California -----	396,300	11.6	5.4	6.2
Education -----	325,434	13.1	4.4	5.0
Justice -----	259,525	5.0	3.5	4.0
Motor Vehicles -----	222,891	2.0	3.0	3.4
General Services -----	197,806	16.6	2.7	3.1
Franchise Tax Board -----	164,347	4.3	2.2	2.5
Parks and Recreation -----	160,661	36.4	2.2	2.5
Total -----	\$6,868,919	---	92.6	---
All other departments -----	541,566	---	7.4	---
Total increase -----	\$7,410,485	---	100.0	---

Office of Management Services—Continued
Estimated Decrease in Some Departments

A significant difference between the 1971-72 proposed EDP expenditures and the 1970-71 estimated EDP expenditures is the number of departments which report expected decreases. Table 5 displays these departments and the decreases expected. During the current fiscal year, nine departments estimated decreases in EDP expenditures of \$147,474. The estimate for 1971-72 is that 13 departments will experience a total of \$921,929 decrease. This amount is 625 percent greater than the previous year.

Table 5
Summary of 1971-72 EDP Decreases

Department	Amount	Percent under 1970-71	Percent of Total decrease
Water Resources -----	\$297,797	14.2	32.3
Mental Hygiene -----	137,675	8.8	14.9
Public Works -----	119,889	1.8	13.0
Finance -----	75,273	20.5	8.2
Industrial Relations -----	61,198	18.4	6.6
Secretary of State -----	51,056	8.7	5.5
Intergovernmental Board on EDP ----	47,455	100.0	5.1
State Personnel Board -----	42,958	9.7	4.7
PERS -----	37,885	3.9	4.1
State Treasurer -----	36,643	9.6	4.0
Calif. Council on Criminal Justice -----	15,000	100.0	1.6
Reclamation Board -----	10,200	100.0	1.1
Coordinating Council for Higher Education -----	6,500	100.0	0.7
State Lands Commission -----	400	0.3	0.0
Total decrease -----	\$921,929	---	100.0

This appears to be a significant achievement toward checking the costs of the state's EDP services, but in fact it is not the achievement it appears for four principal reasons: (1) the expected decrease for 1970-71 did not materialize—in fact the revised estimates indicate that four of the nine departments which were to have experienced decreases, actually experienced increases totaling \$428,466, (2) four of the departments in Table 5 have eliminated all EDP activities due to lack of resources, (3) a number of departments such as Public Works, Mental Hygiene, and Finance had nonreoccurring development costs in the current year which are not carried over to the next fiscal year, and (4) the largest single decrease (Water Resources) is due to a major loss of workload resulting in the elimination of one operating shift per day.

For these reasons it is apparent that instead of having the state's EDP costs in check, we may have excess computer time not being used because of a shrinking workload and poor estimating of needs in past years. As indicated in our discussion of consolidation, a true statewide analysis is difficult to achieve because (1) EDP resources and management control are so diffused and (2) decisions for integrating systems and other EDP resources are difficult to implement.

Are EDP Costs too High?

It is difficult to access accurately what California should be spending to support its EDP and information systems activities. OMS estimated in the draft Master Plan that the state could save \$4 million annually if it reduced the number of computers to 26.

One guide for budgeting EDP expenses that is often used in private industry and government is that the costs for EDP should equal 1 percent of the total budget. Applying this criteria California costs would appear to be about \$10 million high. In our judgment, given the existing level of information system development, state EDP costs could be reduced by this amount if consolidation of computers and personnel resources were achieved and effective utilization of both were mandated. Such consolidation would also permit an improved level of service without a disproportionate rise in costs.

A State EDP Master Plan for 1970-75

The Office of Management Services prepared and the state EDP Policy Committee adopted the Long-range Master Plan for the Utilization of Electronic Data Processing in the State of California on May 21, 1970. This 55 page document purports to set forth a direction for the state in its use of EDP during the period 1970-75. The major topics in the plan include: background information, projected EDP environment, policies, consolidation structure, confidentiality and security of data, information systems requirements, need for improved personnel practices and training, and requirements for statewide standards, procedures and effectiveness evaluation.

In previous sections of this OMS analysis, we have discussed other programs such as evaluation and personnel practices which are a part of the EDP Master Plan. However, the major mission of this plan is to provide a structure that will permit the development of integrated information systems and the consolidation of EDP equipment into some feasible and practical number of data processing service centers. Therefore, any judgment of the adequacy of this plan must be made in terms of its capability of accomplishing this mission.

Before turning to the final plan, it should be noted that the best technical judgment of the Office of Management Services was published in a draft Long-range EDP Master Plan, dated September 26, 1969 and prepared with the assistance of outside consulting assistance. This draft recommended consolidation of all state EDP resources (except those of the University of California and the state college system) into six functionally or geographically related EDP service facilities and the centralized management of EDP resources by a Department of EDP Services. The special review committee of the Governor's Cabinet in its January 1970 report on the draft Long-range EDP Master Plan, rejected this concept and recommended the formation of seven functional consolidation groups.

Office of Management Services—Continued

The "Tea-Party" Approach

After the release of the EDP Master Plan in May 1970, we commented before the fiscal committees that in our judgment, the formation of seven consolidation groups made up of operating departments, represented a "tea party" approach to solving the very real and critical issues surrounding the state's use of EDP in the period 1970-75. By this we meant that we expected this approach to produce much talk about issues and little concrete action. The makeup of the seven consolidation groups is illustrated in Table 6. From the chart, it is readily apparent that all of the large departments currently operate their own computer systems. There is an attempt however to structure the groups by functionally related areas.

Table 6
Organization of Master Plan Consolidation Groups

Consolidation Group No. 1

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

Consolidation Group No. 2

*Justice, *Highway Patrol, *Motor Vehicles, *Public Works

Consolidation Group No. 3

*Water Resources, Conservation, Parks and Recreation, Fish and Game, Navigation and Ocean Development, Air Resources Board, Reclamation Board, Water Resources Control Board, San Francisco Bay Conservation and Development Commission, State Lands Commission, Colorado River Board

Consolidation Group No. 4

*Public Employees' Retirement System, State Teachers' Retirement System, Veterans Affairs, *Franchise Tax Board, *Secretary of State, *State Controller, *State Personnel Board, State Treasurer

Consolidation Group No. 5

*General Services, Military, Real Estate, Public Utilities Commission, Insurance, Finance, Savings and Loan (Los Angeles), Banking, Corporations, Housing and Community Development, State Office of Planning, Fire Marshal, Disaster Office, Alcoholic Beverage Control, Aeronautics, Commerce

Consolidation Group No. 6

*Board of Equalization, Professional and Vocational Standards, *Agriculture

Consolidation Group No. 7

*Education, *State Colleges, *University of California, Community Colleges, Coordinating Council for Higher Education

*Existing data processing service centers.

Lack of Accomplishment Apparent

Space does not permit a detailed review of the proceedings of each consolidation group since May 1970. We have attempted to closely monitor the proceedings of the consolidation groups. The specific charges to each group and the timetable for accomplishment are outlined in the EDP Master Plan. Although the groups started with great resolve, we are not aware of any significant accomplishments of the stated goals by any group except the recommendation that the EDP workload of the Departments of Youth Authority and Corrections be assumed by the Department of Mental Hygiene.

Consolidation Group No. 1

We will review the activity of Consolidation Group No. 1 as an illustration of the problems facing all groups, and as a demonstration of the unique opportunity that is available in the Human Relations Agency to establish an agencywide data processing center to serve the member departments. In only one other instance (Resources—Group No. 3) do we have a total agency represented within a single consolidation group and in this case, a single agency data processing center already exists.

Of the nine departments in the Human Relations Agency, seven are now engaged in some degree of electronic data processing and have their own equipment and personnel. The Department of Health Care Services, which does not have its own EDP capability, is a user of EDP services at the Departments of Social Welfare, Public Health and Water Resources. The Department of the Youth Authority shares its computer facility with the Department of Corrections. Every department in the agency requires some level of electronic data processing support. It is estimated that the departments within the Human Relations Agency will spend nearly \$16,000,000 on EDP during the current fiscal year. This represents 22 percent of the estimated EDP expenditures for the entire state. Not all of this expenditure will be from the state's General Fund, however, since some departments in this agency received heavy federal support.

Agency Leadership Required

The Human Relations Agency currently has a full-time EDP specialist at the EDP manager IV level to coordinate the work of Consolidation Group No. 1. Unfortunately the continued availability of the specialist is in question because of budgetary restrictions. *In our judgment, the retention of this position is essential if any progress is to be made.*

The work of this consolidation group as outlined in the EDP Master Plan includes the following: (1) an analysis of the departmental and agency EDP needs, (2) a determination of the advisability of consolidating the EDP facilities at the Departments of Social Welfare and Mental Hygiene, (3) an evaluation of the relationship of the fiscal and personnel systems being implemented at the Department of Social Welfare and Department of Public Health to the agency and statewide EDP consolidation plans, (4) a determination as to whether the Bay Area Data Processing Service Center should continue in its present form, (5) a determination of whether the Department of Human Resources Development should remain as a service center or be consolidated with other agency departments, (6) a continuing cognizance of the EDP requirements of the new Department of Health if it is approved, and (7) an assessment of the relationships between major departmental systems development projects now being implemented.

In our opinion, the consolidation group approach to EDP consolidation is inadequate for the departments within the Human Relations Agency. Although initial progress toward consolidation of the Youth

Office of Management Services—Continued

Authority and Corrections data processing resources has been made, the pattern has been set for many interdepartmental struggles in the future. Other departments in the agency are significantly larger, more complex and politically powerful. We expect them to resist any move to consolidate EDP resources for very parochial reasons. Thus, the present consolidation group approach cannot achieve a reasonable level of analytical objectivity since it will reflect the parochial attitudes of the participating departments. The result is likely to be a continual exercise in bickering and foot-dragging. *To make any progress toward developing an agency data processing center, it is essential that the agency assume a leadership role and retain the staff specialist for EDP.*

It has been our experience in monitoring the consolidation groups' activities that nearly all departments embrace the concept of consolidation for greater economy and effectiveness, but each is reluctant to give up its EDP resources to another agency or service center. Each department appears ready to become a service center, but is reluctant to receive its EDP services from one.

Role of OMS—Fiscal Year 1971-72 and Beyond

Support for the Office of Management Services is proposed at a reduced level of \$500,000 for the budget year. This decrease of \$152,660 is a result, according to the Governor's Budget, of an evaluation of functions and priorities and a reduction in program costs. The decrease in man-years from 31 to 25 reflects the abolishment in January 1971 of five associate data processing systems analyst positions and the transfer of one position to another agency.

In reviewing the role of OMS since its establishment in November 1967, it is clear that the office has fulfilled a vital and necessary role during this interim period. The emphasis has been on control, and control was needed to bring some order to an otherwise impossible situation. It is obvious, however, that leadership and a program of positive service are preferable to control and the problems surrounding the utilization of EDP technology will ultimately be solved by central authority coupled with strong and positive leadership.

We believe the the Office of Management Services should become a part of a proposed Department of Data Processing Services. The placement of the planning, evaluation, fiscal control, coordination and training functions of OMS as an integral part of the organization recommended to provide management control and EDP service to California state government is a necessary move, given the fragmentation of leadership and authority that exists today.

The exact funding requirements of the OMS functions if they are absorbed into the proposed department are not known at this time. If a Data Processing Revolving Fund is established as recommended, all moneys for EDP activities will be considered as a part of that fund. Certain economies will result from a more efficient utilization of both personnel and equipment but they may not be realized in the budget year.

Because of the uncertainty of the role of OMS for the budget year, *we withhold recommendation on a funding level pending resolution of the broader statewide issues involving EDP.*

Statewide EDP Recommendations

In last year's analysis, we recommended that a Department of Data Processing Operations be established to manage and operate state EDP installations. The essentials of this recommendation were contained in SB 724 (Teale) which, as we previously indicated, passed the Senate and was held on the third reading file of the Assembly.

In 1971, we find California state government is attempting to implement a Long-Range EDP Master Plan that is devoid of the necessary organizational structure to provide a technical leadership and coordination throughout state government. In our judgment therefore, what is now required is a single department which is responsible for EDP planning, technical consulting services, software development and computer operations. Under such an organizational approach, the state will be assured of the uniformly high quality of technical planning and management which will in turn meet the information needs of operating departments requiring EDP services.

Given our findings in earlier EDP reports, our discussion in this OMS analysis, our findings and recommendations in the other budget items with EDP issues and our assessment of the utility of the current Long-Range EDP Master Plan, we propose the following for legislative consideration.

1. *We recommend that immediate steps be taken to centralize (exclusive of the University of California, state college system, and State Compensation Insurance Fund) all EDP planning, management of EDP facilities, equipment, technical consulting services and software development within our departments of state government. This proposal would centralize leadership, control and coordination within one department and also remove EDP equipment and computer management responsibilities from individual departments.*

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

3. *We recommend that the authority for this proposed centralization be granted in fiscal year 1971-72. Specific consolidations of EDP resources into the various data processing service centers, however, should occur as a result of thorough study, economic justification and an analysis of user requirements. The consolidation group approach specified in the EDP Master Plan can provide a framework for these studies under the strong leadership of the director of the Department of Data Processing Services.*

4. *We conclude that the current environment clearly indicates the feasibility and necessity of designating the facilities of certain departments or agencies as data processing service centers. Therefore we recommend that the EDP installations in the Department of Public Works, Department of Motor Vehicles, Department of Justice, and the Department of General Services be designated as data processing serv-*

Office of Management Services—Continued

ice centers to be operated by the Department of Data Processing Services. We further recommend that a data processing service center be formed at the agency level in the Human Relations Agency, thereby providing service to the member departments under the operational control of the Department of Data Processing Services.

5. We recommend the transfer of all computer operations personnel, EDP managers required for supervision of data processing service centers, and software programmers to the Department of Data Processing Services. Remaining EDP managers needed for departmental coordination, and application programmers and system analysts should remain in departments pending a thorough analysis by the Director of the Department of Data Processing Services to determine coordination policies and the feasibility of central pools of programmers and analysts vs. departmental based technical personnel (or a mix of both alternatives).

6. The statutory authority and responsibility, and the staff of the Office of Management Services should be transferred to the new department. This transfer will insure an orderly implementation of the state EDP Master Plan in line with existing legislative intent.

7. We recommend that operating departments and other users be in control of defining their data processing requirements and that they justify the necessary funds through the executive control agencies and the Legislature.

ADVISORY COMMISSION ON MARINE AND COASTAL RESOURCES

Item 38 from the General Fund

Vol. I p. 60 Budget p. 27

Requested 1971-72	\$49,000
Estimated 1970-71	58,745
Actual 1969-70	62,984
Requested decrease \$9,745 (16.6 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 statute 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; 5 members of the public appointed by the Governor with conservation interests or specialized disciplines; and 6 members of the Legislature.

Under the statute the commission is to (1) secure information directly from any executive department, agency or independent instru-

mentality of state government, (2) review the California Comprehensive Ocean Area Plan (COAP) and recommend any changes or additions in the plan and the organization structure of state government which can carry out the plan's provisions, (3) undertake a comprehensive investigation and study of all aspects of marine sciences and the marine and coastal environment; and (4) transmit to the Governor and the Legislature each year a report on the activities and accomplishments of all agencies of the state in the conservation and development of marine and coastal resources.

In August 1967, 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. A small staff, attached to the Resources Agency, was established to begin work on the plan.

Last year the Budget Bill as introduced requested an appropriation for the Lieutenant Governor to finance the staff preparing the COAP. However the appropriation for COAP was actually made to the Department of Navigation and Ocean Development based on a general agreement. The staff preparing the plan has been transferred from the Resources Agency to that department and the budget requests \$150,640 in Item 199 for the Department of Navigation and Ocean Development to continue preparation of the plan.

The Governor, by executive order dated January 30, 1970, designated the Lieutenant Governor to undertake operational and management responsibility for the Advisory Commission on Marine and Coastal Resources.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes to spend \$49,000 to support CMC in 1971-72, a reduction of \$9,745 over estimated expenditures of \$58,745 in the current year. This amount will finance staff support of the commission, which includes an assistant to the commission and a clerical position. During the current year the executive officer position has been replaced with an administrative assistant position and one clerical position has been discontinued. The commission has budgeted about the same amount in operating expenses, including travel, for the budget year as in the Governor's Budget for 1970-71.

The commission has never been adequately budgeted to carry out all its responsibilities as stated in the statutes. In the beginning the commission did attempt as directed to report on the activities and accomplishments of state agencies in the conservation and development of marine and coastal resources. However, that project was so burdensome that the effort has been dropped. Almost all the 1970 effort of the commission has been limited to the more narrow role of reviewing the development of the COAP and preparing recommendations to the Governor and the Legislature on coastal zone management legislation.

Advisory Commission on Marine and Coastal Resources—Continued

Although there is no statutory deadline for completion of the COAP, the announced goal of a completed plan by the spring of 1972 appears to be optimistic and unobtainable if a high quality document is to be prepared. The budget year would be critical for the commission if that body were actually going to review and make recommendations on the plan as the completion date nears. Although the commission membership has been formed into seven working groups to do this by reviewing problem areas as the plan is developed, the commission's budget is inadequate to finance the necessary meetings of both the working groups and the commission to review the COAP. We do not believe the present status of development indicates that a high quality COAP will be ready for review next year. In addition, we are recommending in Item 199 that the Legislature limit the work of the Department of Navigation and Ocean Development on COAP to data gathering and analysis until the Legislature specifies the planning approval mechanisms for COAP and provides some means of administering it. Therefore the reduced expenditure level of \$49,000 should be adequate for the limited work of the commission next year.

DEPARTMENT OF JUSTICE

Items 39 and 40 from the General Fund
and the Motor Vehicle Fund

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Requested 1971-72	\$25,441,263
Estimated 1970-71	24,757,794
Actual 1969-70	20,321,262
Requested increase \$683,469 (2.8 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. We recommend that the Division of Law Enforcement be reorganized to produce a cohesive operating unit in accordance with the plan proposed by the Governor's 1967 Task Force. 79
2. We recommend (a) that whenever the department runs a fingerprint check of a job applicant who is found to have no criminal history, the fingerprint card be stamped "No criminal record" and returned to the submitting agency, and (b) that the department charge a fee equal to the cost of processing each set of applicant fingerprints which it receives for checking. 80
3. We recommend legislation requiring that the State of Nevada be charged for the job applicant fingerprints which it routinely submits to California for processing free of charge. 82
4. We recommend that the department initiate a grant proposal for \$600,000 from the federal Law Enforcement Assistance Administration or the California Council on Criminal Justice to assist in the further implementation of the Criminal Justice In- 83