

GOVERNOR'S OFFICE

Items 20-23 from the General

Fund

Budget p. 6 Program p. 13

Requested 1972-73	\$1,737,850
Estimated 1971-72	1,705,632
Actual 1970-71	1,586,270
Requested increase \$32,218 (1.9 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

<i>Detail</i>	<i>Actual 1970-71</i>	<i>Estimated 1971-72</i>	<i>Proposed 1972-73</i>
1. Governor's office	\$1,539,470	\$1,658,232	\$1,690,450
2. Residence—support	17,400	17,400	17,400
3. Residence—rent	14,400	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.

Proposed expenditures for the budget year amount to \$1,737,850, which is \$32,218 or 1.9 percent over the estimated current level. All the increase is in the operation of the Governor's office and \$11,350 of

the increase represents adjustments in staff salaries. No detail is provided in explanation of other increases. Rental for the Governor's residence was 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 24 from the General

Fund

Budget p. 7 Program p. 14

Requested 1972-73	\$118,753
Estimated 1971-72	105,643
Actual 1970-71	91,924
Requested increase \$13,110 (12.4 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 Industrial Relations (administratively transferred in 1971)

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 established by executive order)

During the current year, the Department of Commerce was transferred by executive order from the Agriculture and Services Agency to the Lieutenant Governor's office, and the Department of Industrial Relations was administratively transferred from the Human Relations Agency to the Agriculture and Services Agency. The administration believes that the Department of Industrial Relations has more in common with the other departments in the latter agency (principally the State Personnel Board and retirement systems) and that its transfer will help develop a single point of contact for employer-employee relations.

SECRETARY FOR AGRICULTURE AND SERVICES—Continued

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 4.4 positions.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes an expenditure of \$118,753, which is \$13,110 or 12.4 percent more than estimated current-year expenditures. This increase is comprised of \$8,448 for salaries, wages and staff benefits and \$4,462 for operating expenses. The increase in salaries reflects the proposed addition of a senior stenographer (\$7,428) which the office needs to meet clerical workload requirements. Last year the secretary's office processed 1,750 bill analyses, which required the borrowing of clerical help from constituent departments.

The increase in operating expenses is mainly attributable to higher rent charges assessed to the secretary's office by the Department of General Services. The increase also represents minor increases in equipment and other miscellaneous office operating expenses.

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

Items 25-26 from the Motor
Vehicle Account in the
State Transportation Fund
and the General Fund

Budget p. 8 Program p. 16

Requested 1972-73	\$202,178
Estimated 1971-72	197,600
Actual 1970-71	90,770
Requested increase \$4,578 (2.3 percent)	
Total recommended reduction	None

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 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
Loans
Department of Alcoholic
Beverage Control

Transportation

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

Also within the agency are the Office of Traffic Safety which is supported by federal funds and the Office of Transportation Planning and Research which will be discussed in Items 169-172 of the Analysis.

The agency provides a communication link between the Governor and its constituent operating departments. Specific objectives are to reduce expenditures, increase efficiency and eliminate overlapping and duplication of effort.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

The budget proposes an expenditure of \$202,178 which represents funding for 10 full-time positions (four professional and six clerical) plus related costs. Financial support is derived from two sources, i.e., \$192,776 from the Motor Vehicle Account and \$9,402 from the General Fund. The proposed budget is consistent with our recommendations contained in the 1971-72 Analysis of the Budget Bill relative to transferring six positions and related funding previously contained in the budgets of constituent departments to the agency secretary's budget in order to properly reflect the true workload and staffing requirements of the agency.

Governor's Office
SECRETARY FOR HUMAN RELATIONS

Item 27 from the General

Fund

Budget p. 9 Program p. 18

Requested 1972-73.....	\$301,096
Estimated 1971-72	157,572
Actual 1970-71	135,416
Requested increase \$143,524 (91.1 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Secretary for Human Relations, as the administrative head of the Human Relations Agency, is responsible for management of state government activities relating to corrections-oriented departments, health-related departments, and welfare/manpower-related departments. The following departments are within the agency:

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

Also within the agency are the Office of Alcoholism, the Office of Narcotics and Drug Abuse, the Office of Mental Retardation, and the California Job Development Corporation Law Executive Board.

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted.

The budget proposes an appropriation of \$301,096 for the 1972-73 fiscal year, which is \$143,524, or 91.1 percent, more than the budget shows as being expended during the current fiscal year. The proposed increased expenditure that is shown in the budget is misleading. The budget for the 1972-73 fiscal year for the first time identifies specific positions used by the agency that heretofore have been borrowed from various departments within the agency.

In past years, we have been critical of this agency in that it "borrowed" several positions that were budgeted in various departments. We pointed out in last year's *Analysis* that the agency had budgeted and borrowed positions amounting to \$483,720, including operating expenses.

The budget for 1972-73 deletes three of the five currently authorized positions and has \$182,336 to contract with various departments

for the services of 14 positions, 5 of which are professional and 9 clerical. The budget proposes a total of 16 positions for the agency as compared to 22 positions in the 1971-72 fiscal year and 30 positions in the 1970-71 fiscal year.

Governor's Office SECRETARY FOR RESOURCES

Item 28 from the General

Fund	Budget p. 10	Program p. 21
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Requested 1972-73.....		\$251,178
Estimated 1971-72		213,100
Actual 1970-71		194,722
Requested increase \$38,078 (17.9 percent)		
Total recommended reduction		None
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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 10 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 in the current

SECRETARY FOR RESOURCES—Continued

year 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.

Consistent with the action of the Legislature last session on other secretary's budgets, the two positions borrowed from the Department of Water Resources are being funded by an increase in the secretary's budget. This increase in contractual services money will be transferred to the Department of Water Resources to pay for the two borrowed positions. The secretary will no longer finance these two positions by an assessment against each department of the agency. The result will be that all positions serving the secretary's office will be funded by this item.

Governor's Office
OFFICE OF EMERGENCY SERVICES

Item 29 from the General

Fund

Budget p. 11 Program p. 23

Requested 1972-73	\$1,006,451
Estimated 1971-72	957,000
Actual 1970-71	889,800
Requested increase \$49,451 (5.16 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

Authority for the Office of Emergency Services and its activities is contained in the Government Code as established by Chapter 1454, Statutes of 1970. It is part of the Governor's office.

The major mission of the Office of Emergency Services is to deal with problems arising from natural or manmade disasters anywhere in the state. The office is also expected to function as a central control in a "state of war" emergency. To this end, most of its activities serve dual purposes.

Since the organization is relatively small in terms of manpower, its programs emphasize planning, coordination of planning and activities of other state agencies, local governmental entities, federal agencies and industries in the private sector, dissemination of information, education and maintenance and security of state-owned equipment.

In addition, it functions as a clearinghouse for various kinds of federal assistance to local entities. These include the distribution of federal surplus property useful for educational purposes as well as in

disaster relief and rescue work, direct monetary aid for disaster relief, reconstruction and repair and special studies contracts.

Costs are almost fully reimbursed by the federal government in the cost of special studies contracts. For the rest of the agency's activities the federal government contributes about 50 percent of the cost.

Program Organization

The operations of this office function under two major program designations, I—Emergency Mutual Aid Services, and II—Administration. The first, which covers virtually all of the technical and field activities of the office, is subdivided into four significant subprograms:

A. Provision and Coordination of Mutual Aid

This program encourages and coordinates mutual aid agreements between and among various state and local agencies having fire, rescue, law enforcement and communication capabilities and equipment. This is implemented and supervised through the state operations headquarters in Sacramento and six regional offices.

In addition, it provides the central "clearinghouse" function for the dissemination of federal surplus equipment and disaster aid funding. In the last completed year of 1970-71, it processed and disbursed \$1,645,000 of federal matching funds for personnel and administrative expenses, \$454,726 for civil defense equipment and planning and construction of emergency operating centers. Acquisition cost of federal surplus property distributed was over \$5,318,000 and over \$47,000,000 represented direct federal disaster relief under several public laws.

B. Development and Utilization of Emergency Communications Systems

This program aims, primarily, at maintaining a statewide disaster warning system on a 24-hour basis with major control exercised at the Sacramento headquarters. In addition, it encourages and assists in the development of local communication networks to permit interties between and among state and local fire and law enforcement agencies as well as local civil defense agencies.

The radio and land-line system now serves 52 counties, as to the statewide warning system and the intercity law network. Over 123 city/county jurisdictions also have compatible equipment.

C. Development and Implementation of Emergency Plans

The entire capability of the Office of Emergency Services and its subsidiary cooperative agencies rests on well-developed plans for action in various kinds of emergencies. The office maintains a statewide overall plan and encourages and assists other agencies and local jurisdictions in the development and periodic updating of compatible plans. Tests and exercises evaluate the viability and effectiveness of these plans.

D. Management and Maintenance of State Resources

The state owns a substantial and valuable inventory of fire pumper trucks and equipment, rescue trucks and equipment, communications

OFFICE OF EMERGENCY SERVICES—Continued

trucks or vans and portable equipment, medical equipment, radiation detection equipment and training equipment. Most of these are deployed to local governmental jurisdictions and state agencies. While this equipment is generally maintained by the agencies in possession, inventory control, maintenance standards and replacement cycling is the responsibility of the Office of Emergency Services. In some instances the office provides direct maintenance of certain kinds of equipment. The inventory can be moved about the state as emergency situations require to provide a vital backup capability to local forces.

The second major program of administration provides the conventional housekeeping activities such as accounting, personnel processing, general office services and management as well as basic executive and departmental policy activities.

Administrative costs, which represent a relatively small portion of the total budget, are distributed to the major programs mentioned above rather than set forth as separate costs.

The organization as a whole is proposed to be manned by 117.8 authorized positions, which continues the current-year level. Of these, 12 are in the regional offices and the balance in the Sacramento headquarters. Also, it should be mentioned that of the grand total, 36 positions are fully financed by federal funds and the balance on a matching basis. Included in the 36 positions are 15 positions for a fully federally financed study program on fallout shelters. These will function only for the duration of the contract.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

The proposal for the budget year represents an increase of 5.16 percent or \$49,451 from the General Fund in excess of the expenditures estimated for the current fiscal year. For the most part, this represents increases in operating expenses due to cost rises with equipment remaining at about the same level as the current fiscal year. However, included are two additional positions in the federal financial program section where the overall workload has been rising for several years due to increased natural disaster benefits available to the state and its local communities. As previously pointed out, these benefits must be funneled through the Office of Emergency Services in order to satisfy federal requirements for certification as to propriety and accuracy. The costs for these two positions would be shared with the federal government as are other positions of a similar nature previously mentioned.

Virtually all of the operations of this office for which state financing is provided represent natural disaster relief capabilities. The federal government has recognized that it too has a responsibility in this area by providing approximately 50 percent of the cost of these services. In view of the fact that the federal government has indicated its desire

to deal only through a single central state agency, any attempt to disseminate the responsibility for these services among other related state agencies would probably result in loss of the federal matching and thereby cost the state more money to provide the service. Consequently, it is our position that the total operation and staff is now at the practical minimum level adequate to provide a basic program.

Governor's Office

OFFICE OF PLANNING AND RESEARCH

Item 30 from the General

Fund

Budget p. 13

Program p. 28

Requested 1972-73.....	\$89,457
Estimated 1971-72	84,957
Actual 1970-71	32,479
Requested increase \$4,500 (5.3 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Federal Projects. Recommend Office of Planning and Research review proposed federal projects for state-wide significance. 29
2. Budget approval. Recommend approval be contingent upon agreement to develop a statewide plan for protecting land and water resources of the state as directed in Section 65041 of the Government Code. 27

GENERAL PROGRAM STATEMENT

The Office of Planning and Research was created in 1970 to replace the State Office of Planning. The statutory duties of the office are to (1) prepare and update a report on statewide environmental goals and policies, and (2) serve as a long-range planning staff to the Governor.

The office has eight basic functions: (1) assist in the preparation and updating of long-range goals for land use, population growth, and distribution and other factors having a significant influence on the environment, (2) assist in the preparation of short-range plans which relate to the preservation of the environment, (3) assist the Department of Finance in preparing as part of the state budget a program priority actions to achieve statewide environmental goals, (4) evaluate regularly plans and programs of state agencies to identify and resolve possible conflicts between these plans and programs and statewide environmental goals, (5) ensure that federal grants administered or expended by state government advance statewide environmental

OFFICE OF PLANNING AND RESEARCH—Continued

goals, (6) coordinate the development and operation of a statewide monitoring system, (7) coordinate the development of environmental impact reports required by Sections 21102 and 21150 of the Resources Code, and (8) provide assistance to the Council on Intergovernmental Relations to ensure that regional and local plans are consistent with statewide environmental goals.

The agency also administers the Federal Comprehensive Planning Grant Program.

Environmental Goals and Policies

A statutorily required environmental goals and policy report, due March 1, 1972, is to consist of an overview of state growth and development and a statement of approved environmental goals and objectives, looking twenty to thirty years ahead. The law also requires that the report include a description of new and revised state policies needed to implement approved environmental goals.

As required by Section 65041 of the Government Code, the office has given top priority to the development of a statewide land use policy. The first environmental goals and policy report will consist of the findings from the land use study. According to a report by the office transmitted to the Legislature on June 1, 1971, the land use study is to be conducted in three phases. Phase I, which is to be submitted to the Governor December 31, 1971 and then to the Legislature by March 1, 1972, (1) Identifies existing social, environmental, and economic problems, (2) inventories California land, and (3) describes existing land use policies. Phase II, which is to be completed June 30, 1972, will (1) project current development trends, (2) evaluate the impact of continued development trends upon California's undeveloped lands, and (3) evaluate the cost to state and local government of continued development trends. Phase III, which is to be accomplished during the 1972-73 fiscal year, will (1) evaluate the impact of development upon alternative land use and environmental goals and policies, (2) develop and recommend alternative land use policies, (3) identify management systems necessary to maintain a statewide planning process on a continuing and informed basis, and (4) identify alternative implementation procedures.

ANALYSIS AND RECOMMENDATIONS

The 1972-73 budget proposal is shown by program element and activity in Table 1. The budget proposes a General Fund expenditure of \$89,457. In addition, the office has received an \$80,000 federal grant from the Department of Housing and Urban Development for the 1972-73 fiscal year. The office is also in the process of applying for another \$15,000 in federal funds, bringing this budget proposal to a total of \$184,457. This \$15,000 does not appear in the Governor's Budget document. The office has 8.8 authorized positions.

Table 1
1972-73 BUDGET PROPOSAL

<i>Element</i>	<i>Man- months</i>	<i>Proposed Allocation</i>
1. Statewide environmental goals and policies—		
Land use study		
(a) Evaluate development trends.....	5	\$7,000
(b) Evaluate cost to government of development trends.....	9	16,000
(c) Evaluate impact of development on alternate land use goals	15	31,000
(d) Complete and maintain environmental resource management system	8	12,000
(e) Executive review	5	7,000
(f) Identify alternative means of implementing procedures	10	16,618
(g) Identify reorganization of government agencies necessary to implement the report	5	7,000
(h) Executive review and publication.....	9	20,000
Subtotal	66	\$116,618 ¹
2. Comprehensive planning		
(a) Coordinate state land use activities	8	10,500
(b) Coordinate development of environmental monitoring system	7	7,500
(c) Evaluate state programs in terms of statewide goals	6	8,000
(d) Coordinate and review environmental impact statements	6	6,839
(e) Staff services to governor	13	20,000
Subtotal	40	52,839 ²
Total.....	160	\$169,457 ³

¹ Composed of \$56,618 from the General Fund and \$60,000 from federal funds.

² Composed of \$32,839 from the General Fund and \$20,000 from federal funds.

³ The office is applying for an additional \$15,000 in federal funds. \$5,000 of the total will be allocated for public participation in both elements; the remaining \$10,000 is to be allocated for a study of the economic impact of land use policies.

As shown in the table, the proposed budget of \$169,457 has two elements. The land use study is allocated \$116,618 and comprehensive planning element is allocated \$52,839.

Land Use Study

We recommend approval contingent upon agreement that the agency will develop a statewide plan for protecting the land and water resources of the state as directed in Section 65041 of the Government Code.

This element of the proposed budget is based on the assumption that the first environmental goals and policy report (phase I of the land use study) to be submitted to the Legislature March 1, 1972, meets with legislative approval.

OFFICE OF PLANNING AND RESEARCH—Continued

The outline for phase I as described earlier indicates that the office is taking a "shotgun" approach to environmental goals and policies. Phase I is to touch on each of the subject areas required by law in the report and, in addition, identify the state's social, economic and environmental problems and needs.

Section 65041 of the Government Code, however, states that:

"The Office of Planning and Research shall give immediate and high priority to a land use policy. As the first component of such policy, the office shall develop . . . a statewide plan and implementation program for protecting land and water resources of the state which are of statewide significance in terms of preservation and enhancement of environmental quality and are threatened due to urban expansion, incompatible public or private use or development or other circumstances."

The law is specific in listing those types of lands to be included in the planning program.

Because phases I and II will be completed according to the office's schedule by June 30, 1972, the budget proposal shown in Table I includes \$56,618 from the General Fund and \$60,000 from federal funds for a total of \$116,618 for phase III of the report. These funds are to be used for evaluating current development trends for completing and maintaining an environmental resource management system and for identifying any reorganization for state and local government needed to implement the goals. In evaluating current development trends, the office will be dealing with projections to the year 2000 for population growth, unemployment, transportation needs, water needs, etc. The environmental resource management system is to consist of computerized maps. Under this system a series of maps, each portraying a significant aspect of the environment, is put on a computer. The computer is intended then to give the user a complete environmental description of a given parcel of land.

However, we are concerned that the first environmental goals and policy report will not meet the priorities set in the law. To comply with the law, the report should be developed from the goal stated in the law, i.e., those land and water resources which are of statewide significance should be protected. In this respect, the office should define each of the eight different kinds of land listed in the law. The report should attempt to identify those areas of the state described in the law. For example, land of "outstanding scientific, scenic, and recreation value" and then recommend means of preserving those lands. The law also states that the public should be allowed maximum participation in the development of these policies. As of December 31, 1971, the office has not held any public hearings on phase I of the report.

The office should reorder its priorities to comply with Section 65041 of the Government Code. In view of the limited resources available,

the emphasis placed on describing California's social, economic and environmental problems and on evaluating current development trends projected to the year 2000 appears to be beyond the scope of the priority set by law.

Comprehensive Planning

The comprehensive planning element includes funds for: coordinating state land use activities, evaluating state programs in terms of statewide environmental goals, coordinating the development of an environmental monitoring system, coordinating environmental impact statements, and providing staff services to the Governor.

Federal Aid Environmental Impact

We recommend that the Office of Planning and Research review proposed federal projects for their statewide significance.

The Legislature in *The Supplementary Report of the Committee on Conference Relating to the Budget Bill Reflecting Agreed Language, Statements of Intent, Limitations, or Requested Studies for the 1971-72 Fiscal Year*, recommended under Item 32 that the Office of Planning and Research review federal environmental impact statements. As indicated in Table 1, \$6,839 is included for this activity. Approximately 50 federal environmental impact statements are forwarded to the state each month for review. These impact statements vary from local water and sewer plant modifications to reports on proposed geothermal leasing programs. At the present time individual state departments are reviewing these statements for their impact in individual subject areas. However, no state agency is reviewing these proposed projects in terms of their statewide impact.

OFFICE OF THE LIEUTENANT GOVERNOR

Item 31 from the General

Fund	Budget p. 14	Program p. 30
Requested 1972-73.....		\$393,303
Estimated 1971-72		360,000
Actual 1970-71		236,166
Requested increase \$33,303 (9.3 percent)		
Total recommended reduction		None

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.

OFFICE OF THE LIEUTENANT GOVERNOR—Continued

By executive order, the Lieutenant Governor has been designated as chief executive officer for Intergovernmental Relations. He is vice chairman of the California Emergency Council and chairman of the Governor's Task Force on Narcotics Enforcement, the Commission of the Californias, the Commission for Economic Development, the Interagency Council on Ocean Resources, and the Environmental Policy Committee.

He is also a member of: (1) the Regents of the University of California, (2) the Board of Trustees of the State College System, (3) the Governor's Cabinet, (4) the Commission on Interstate Cooperation, (5) the State Reciprocity Commission, (6) the State Lands Commission, (7) the Council of State Governments Advisory Committee on Utilization of Science and Technology, (8) the Office of Intergovernmental Management, and (9) the Intergovernmental Board on Electronic Data Processing.

The staff of the Lieutenant Governor's office currently is authorized at 21 positions. Personal services represent 77 percent of the expenditures proposed in the budget year.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

The proposed budget of \$393,303 is \$33,303 or 9.3 percent above estimated current-year expenditures. This increase reflects a \$10,630 or 3.7 percent increase in salaries and staff benefits and \$22,673 or 32.7 percent increase in operating expenses. The increase in operating expenses is mainly attributable to higher communication expenses, increased facilities operation expenses stemming from increased rent cost and the addition of new office space in Los Angeles. Expenses under the category titled "Consultant and professional services" have increased by approximately \$11,500 largely as a result of implementation of improved cost accounting procedures by the Department of General Services for assessing its costs for accounting, budgeting, and personnel services performed for the Lieutenant Governor's office.

Lieutenant Governor's Office
OFFICE OF INTERGOVERNMENTAL MANAGEMENT

Item 32 from the General
Fund

Budget p. 15 Program p. 33

Requested 1972-73	\$134,163
Estimated 1971-72	40,000
Actual 1970-71	26,761
Requested increase \$94,163 (235.4 percent)	
Total recommended reduction	None.

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

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|--|----|
| 1. Recommend budget language to require all state agencies to report the completion or cancellation of federal grants to the state clearinghouse. | 39 |
| 2. Recommend budget language to require the clearinghouse to forward copies of all state agency comments on proposed federal regulations to the Legislative Analyst to be made available by the Legislative Analyst to interested legislative committees before the comments are sent to Washington. | 40 |
| 3. Recommend the office transmit a report to the Legislature by December 1, 1972, assessing the impact of the Model Cities program in California. The report should include a discussion of each Model City program and its effectiveness in solving community problems. | 40 |

Analysis of this item is incorporated with Item 33, Council on Intergovernmental Relations.

Lieutenant Governor's Office
COUNCIL ON INTERGOVERNMENTAL RELATIONS

Item 33 from the General

Fund

Budget p. 16

Program p. 35

Requested 1972-73.....	\$47,541
Estimated 1971-72	119,000
Actual 1970-71	107,243
Requested decrease \$-71,459 (60 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

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| 1. Recommend council transmit a summary of its policies to each legislator. | 36 |
| 2. Recommend council transmit a report to the Legislature by December 1, 1972, delineating those measures necessary to consolidate the 110 separate state regions within the 10 regions adopted by the council. | 36 |
| 3. Recommend council inform federal agencies of its adoption of regional districts for the state, and work with federal agencies to eliminate those federally designated regional agencies which are not consistent with the regional boundaries adopted by the council. We further recommend that the council report the effectiveness of its efforts in this matter to the Legislature by March 1, 1973. | 37 |

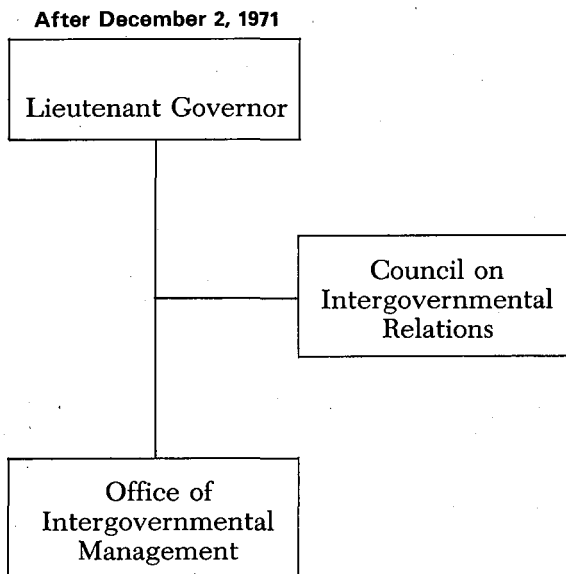
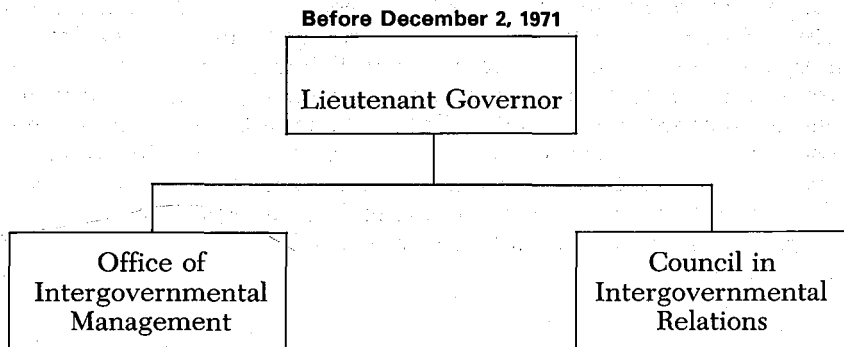
GENERAL PROGRAM STATEMENT**Council on Intergovernmental Relations**

The Council on Intergovernmental Relations is an advisory agency to state and local government and its purpose is to provide coordination, cooperation and communication between various levels of government. In the state organizational structure, the council has been placed in the Lieutenant Governor's office.

The council is composed of 22 members representing cities, counties, school districts, special districts, regional governments, and the public. The members are appointed by the Governor as is the council's executive secretary. The chairmen of the Assembly Committee on Local Government and the Senate Committee on Local Government are ex officio members. The Office of Intergovernmental Management provides staff for the council.

Office of Intergovernmental Management

Executive Order R-17-69 designated the Lieutenant Governor to be the chief executive officer for intergovernmental relations. On December 1, 1971, acting in that capacity, the Lieutenant Governor directed that the Council on Intergovernmental Relations (CIR) coordinate policy formation for the Office of Intergovernmental Management (OIM). In doing so he vested the executive secretary of the council with the responsibility for the direction of the Office of Intergovernmental Management. Under the reorganization the Office of Intergovernmental Management has the following functions: (1) to provide planning assistance to local governments, (2) to provide technical assistance to the federal 701 Comprehensive Planning Assistance Program, (3) to provide state liaison to the 11 model cities in California, (4) to provide staff for the Commission on Interstate Commerce, and (5) to administer the state federal aid clearinghouse. This organizational change is illustrated in Chart I.

COUNCIL ON INTERGOVERNMENTAL RELATIONS—Continued**CHART I****Council on Intergovernmental Relations
Office of Intergovernmental Management
Organizational Relationship**

Nine positions were transferred from the Council on Intergovernmental Relations to the Office of Intergovernmental Management. This left the council with 3.5 positions which included the executive secretary, an information specialist, and clerical help. With receipt of the nine positions from the council, the Office of Intergovernmental Management now has a staff of 25.

The 1972-73 Budget Bill proposes \$134,163 from the General Fund for the support of the Office of Intergovernmental Management in Item 32. Item 33 includes \$47,541 from the General Fund for the support of the Council on Intergovernmental Relations. The two items total \$181,704. The estimated 1971-72 General Fund expenditure for the Office of Intergovernmental Management is \$40,000. Similarly, the estimated 1971-72 General Fund expenditure for the Council on Intergovernmental Relations is \$119,000. The estimated 1971-72 General Fund expenditures for these two agencies is \$159,000.

Comparing the total (\$181,704) for both agencies as proposed in the 1972-73 Budget Bill to the total (\$159,000) for both agencies as estimated in the 1972-73 fiscal year indicates that the Governor's 1972-73 Budget proposes to increase support for the two items by \$22,704 or 14.2 percent. The \$22,704 represents an increase in the fees charged by the Department of General Services for personnel and accounting services to the office. No new positions are being proposed in either agency.

Table 1 shows the total 1972-73 budget proposal including state and federal funds by program element. It also indicates the number of positions assigned to each element.

Table 1
Council on Intergovernmental Relations and Office of
Intergovernmental Management 1972-73 Budget Proposal
by Program Element

<i>Program element</i>	<i>Proposed General Fund</i>	<i>Estimated federal funds</i>	<i>Total</i>	<i>Man-years</i>
Council on Inter- governmental Relations	\$47,541	\$20,000	\$67,541	3.5
Office of Intergovernmental Management				
Local government services	58,246	225,325	283,571	12
Intergovernmental coordination	41,405	135,918	177,323	7
Program development and special projects	18,699	37,227	55,926	3
Administration	15,813	31,530	47,343	3
	<u>\$181,704</u>	<u>\$450,000</u>	<u>\$631,704</u>	<u>28.5</u>

Each of these program elements is discussed under a separate heading except for the "administrative element." Activities in this latter category include federal contract negotiation and administration and

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COUNCIL ON INTERGOVERNMENTAL RELATIONS—Continued

personnel and budgeting.

ANALYSIS AND RECOMMENDATIONS**COUNCIL ON INTERGOVERNMENTAL RELATIONS**

As indicated earlier, the council is an advisory board to local government. In its new role under the Lieutenant Governor's reorganization, the Office of Intergovernmental Management will provide the necessary staff to carry out the council's statutory responsibilities and adopted policies.

The council's statutory responsibilities include (1) providing planning assistance to local governments, (2) setting boundaries for dividing the state into regional planning districts, and (3) encouraging the formation and proper functioning of state, regional and local agencies to meet the problems presented by the growth and development of urban areas.

Legislation enacted during the 1970 and 1971 Regular Sessions requires that the council (1) review and approve beach sanitation regulations developed by the Department of Public Health (Chapter 1515, Statutes of 1970); (2) cooperate with various other state agencies in the development of housing element guidelines for city and county general plans (Chapter 1553, Statutes of 1970); (3) approve general plan requirements for the use and development of granted state lands (Chapter 1555, Statutes of 1970); (4) increase technical assistance to cities and counties to develop guidelines for the open space and conservation elements of city and county general plans (Chapter 1590, Statutes of 1970); (5) increase technical assistance to cities and counties for the development of guidelines for the transportation noise element of city and county general plans (Chapter 775, Statutes of 1971); and (6) expand technical assistance to cities for the development of the seismic safety element of general plans (Chapter 150, Statutes of 1971).

Council Policies

We recommend that the council transmit a summary of its policies to each legislator.

The council's policy recommendations fall into five general categories: (1) strengthening local government, (2) taxation and revenue sharing, (3) regional organizations, (4) special districts, and (5) environmental quality. These policies are of particular importance to the Legislature because the policies relate to current issues and because the council has empowered its executive secretary to testify on proposed legislation.

Substate Districts—State Agencies

We recommend that the council develop a report to be transmitted to the Legislature by December 1, 1972 delineating those measures

necessary to consolidate the 110 separate state regions within the 10 regions adopted by the council.

On December 17, 1971, the council adopted revised regional planning boundaries for the state as required by Section 34217 of the Government Code. The original boundaries were set in 1965 by the Planning Advisory Committee with the view that boundaries should be reviewed in five years. The Governor's Reorganization Plan No. 1 of 1969 abolished the Planning Advisory Committee and transferred its functions to the council.

According to the council, these regional boundaries are designed to (1) provide boundaries for the creation of comprehensive regional planning agencies, (2) identify those regional agencies eligible for financial and technical assistance from the council, (3) provide state agencies with uniform regional districts to be used for the provision of state services and (4) aid federal agencies in providing federal services in the state.

At the present time, there are 110 separate state planning and service districts in existence. Thus, it seems that the boundaries adopted in 1965 by the Planning Advisory Committee have had little impact on the actions of state agencies.

Substate Districts—Regional Agencies

The council has adopted a policy which states that there should be only one regional planning organization in a given area and that this organization be composed of local elected officials. By this we assume that the council means those areawide organizations commonly known as Councils of Governments or COGS. The council should clarify this policy.

Substate Districts—Federal Agencies

We recommend that the council inform federal agencies of its adoption of regional planning districts for the state and work with federal agencies to eliminate those federally designated regional divisions which are not consistent with the regional boundaries adopted by the council. We further recommend that the council report the effectiveness of its efforts in this matter to the Legislature by March 1, 1973.

Various federal agencies are also in the process of dividing the state into regions for their own purposes. Two examples are the Office of Management and Budget and the Department of Housing and Urban Development. The Office of Management and Budget has certified local federal aid clearinghouses to serve various regions in the state. These local clearinghouses have the power to review federal aid applications in terms of their impact on the region, an important planning tool. The Department of Housing and Urban Development is designating regional areawide planning organizations to develop plans for water and sewer program grants and for other grants.

One of the purposes of the state law requiring the council to set up

COUNCIL ON INTERGOVERNMENTAL RELATIONS—Continued

regional districts for the state is to minimize the number of different districts within which local governments exist. If federal agencies continue to certify their own regional districts without regard to the boundaries established by the council, these actions will defeat the purpose of Section 34217 of the State Government Code which directs the council to adopt regional districts.

Consolidating state and federal regional districts would be of benefit to all parties concerned. Its primary benefit would be to bring some order to the chaos that exists at the present time. For example, California State Statistical Areas are not consistent with federal standard metropolitan statistical areas nor are either of these contiguous with the State Department of Commerce economic areas. Yet overlapping data are produced for each of these areas. Thus, a benefit to all agencies by consolidating the districts would be to standardize the production of data. Secondary benefits would result from coordinating state planning activities and minimizing overlap and duplication.

OFFICE OF INTERGOVERNMENTAL MANAGEMENT**Local Government Services**

The local government services element of the budget proposal provides for technical planning assistance to local governments, the development of city and county general plan guidelines and the administration of the Federal Comprehensive Planning Assistance Program. The provision of technical planning services and the development of city and county general plan guidelines are closely related to the administration of the Federal Comprehensive Planning Assistance Program.

The Federal Comprehensive Planning Assistance Program, commonly called the 701 Program, is designed to provide planning funds for areawide planning agencies, cities under 50,000, counties, local development districts, economic development districts and Indian reservations.

The Council on Intergovernmental Relations receives and approves applications for the program while the Office of Intergovernmental Management provides technical assistance and advisory services on individual projects. The office currently has 23 "701" projects in various states of completion. Most of these were funded in May 1971. These projects include the preparation of areawide water and sewer plans, housing elements of city and county general plans, and capital improvement plans.

As of November 1971, the Council on Intergovernmental Relations had accepted 57 applications in excess of \$3 million for federal funds available in the 1972-73 grant year. The council has approved 28 of these applications totaling \$1.7 million.

The 28 approved projects were selected under the following crite-

ria: (1) The program must be intergovernmental in nature or have areawide significance; (2) The program must support the establishment and stability of areawide organizations, environmental planning with particular emphasis on coastline studies, or the implementation of a housing element in a general plan.

Most of the technical assistance given to local agencies by the office has been to those agencies applying for or awarded federal funds under the 701 Program. For the 1972-73 fiscal year the council awarded 701 funds to be used for the development of guidelines for the open space, conservation and seismic safety elements of general plans.

Intergovernmental Coordination

The major activities in the intergovernmental coordination element are the operation of the state clearinghouse and the coordination of state assistance to model cities.

State Clearinghouse

The state federal aid clearinghouse was established by the Governor pursuant to the provisions of the Intergovernmental Cooperation Act of 1968, P.L. 90-577, as implemented by the Office of Management and Budget Circulars A-85, A-95 and A-98. The clearinghouse currently receives information on (1) applications for 100 designated federal grant programs, (2) on applications pertaining to amendments on the 100 designated grant programs, (3) on all awards of federal funds in the state, (4) on proposed federal projects, and (5) on the environmental impact of proposed local, state and federal projects. The information on grant applications and on the environmental impact of a project is received from the applicant, while the information on grant awards is obtained from the appropriate federal agency. During the 1971-72 fiscal year, the clearinghouse used federal assistance to computerize this information. Part of this project will be to report this information to each legislator according to his district. This will include information on federal development projects as required by House Resolution No. 48 (MacDonald. 1971 Regular Session).

Federal Aid Reporting Procedures

We recommend budget language to require all state agencies to report the completion or cancellation of federal grants to the state clearinghouse.

The 1971-72 Supplementary Report of the Committee on Conference Relating to the Budget Bill Reflecting Agreed Language on Statements of Intent, Limitations, or Required Studies under Item 31, relative to applications for federal aid recommended that

“all state agencies, excluding the University of California, report their intent to apply for any federal funds to the Office of Intergovernmental Management according to the procedures developed for the Office of Management and Budget Circular A-95.”

COUNCIL ON INTERGOVERNMENTAL RELATIONS—Continued

In a letter dated December 2, 1971, from the Office of Intergovernmental Management to the Department of Finance, the office suggested that the department issue a management memo to all state agencies implementing the recommendation. The Department of Finance has not as yet issued the suggested memo.

Assuming that the Department of Finance complies with the recommendation, this will provide information on federal grants in three of the four stages of the grant cycle. That is information (1) on the intent to apply for a grant, (2) on the application, and (3) on the award. The last stage is the completion or cancellation of the project. The above recommendation pertains to this last step.

Under current budgeting procedures, it is possible for a federal grant to be awarded during one fiscal year and extended year after year. For example, when the State Office of Planning was abolished and the Office of Planning and Research "inherited" a number of federal grants originally awarded to the State Office of Planning in the 1967-68 fiscal year. The Office of Planning and Research is using these grants to fund projects in the 1971-72 fiscal year. With the computerized information system that the clearinghouse is using, it would be possible to keep track of those grants. Thus, this system would give the Legislature an accurate picture of federal expenditures by state agencies.

Review of Proposed Federal Regulations

We recommend budget language to require the clearinghouse to forward copies of all state agency comments on proposed federal regulations to the Legislative Analyst to be made available to interested legislative committees before the comments are sent on to Washington.

Under Office of Management and Budget Circular A-85, proposed federal regulations affecting federal-state programs are forwarded to state agencies for review and comment. State agencies can comment on the implementation of any new federal law or any proposed changes in an existing federal aid program. This includes among others proposed federal regulations affecting the welfare programs, the highway program and education programs. State agency comments on rule changes in these areas have definite policymaking implications. At the state level the activity is coordinated by the state clearinghouse.

Model Cities Liaison

We recommend that the office transmit a report to the Legislature by December 1, 1972, assessing the impact of the Model Cities program on California. The report should include a discussion of each model city program and its effectiveness in solving community prob-

lems.

Public Law 89-754, the Demonstration Cities and Metropolitan Development Act of 1966, authorized funds for projects to help selected cities solve a broad range of social, economic, and physical problems. Nationwide, an estimated two hundred cities applied to the Department of Housing and Urban Development for grants. One hundred and fifty applications were accepted including 11 in California. The 11 California Cities are Fresno, Richmond, Berkeley, Oakland, Compton, Los Angeles (2), Pittsburg, San Diego, San Francisco and San Jose. During the 1970 grant year, these cities received an estimated \$67.5 million in federal funds.

The total amount of federal funds received by each of the 11 cities is shown in Table 2.

Table 2
Model Cities Funding 1970 Grant Year

Pittsburg	\$1,683,000
San Francisco	7,610,000
Fresno	2,961,630
San Jose	3,275,000
Oakland	5,145,590
Richmond	1,922,540
San Diego	6,896,000
Berkeley.....	1,529,000
Los Angeles County	8,449,000
Los Angeles City	26,629,000
Compton	1,408,000
	<hr/>
	\$67,528,760

State participation in the program is authorized by AB 3055 (Chapter 1462, Statutes of 1971). This bill created the position of "Model Cities Coordinator" to insure that state services are available to the 11 Model Cities. This position is not yet established.

The legislation also established the local Model Cities Resources Boards to be composed of local liaison personnel from specified state agencies. These boards are to meet with mayors of cities with Model Cities and various other representatives of local and federal government as often as the coordinator deems necessary.

The coordinator is to make a report to the Governor and the Legislature on the state's role in the Model Cities program on March 1, 1972.

Program Development and Special Projects

During the 1971-72 fiscal year the council directed the preparation of a series of reports including (1) a study of urban goals, (2) a review of state planning laws, (3) a "primer" on intergovernmental relations, and (4) the second phase of a study on the reallocation of Public Services. The office's 1972-73 budget proposal contains \$18,699 from the State General Fund and \$37,227 from federal funds for a total of \$55,926 for this purpose.

COUNCIL ON INTERGOVERNMENTAL RELATIONS—Continued

INTERGOVERNMENTAL BOARD ON ELECTRONIC DATA PROCESSING

Item 34 from the General
Fund

Budget p. 18 Program p. 39

Requested 1972-73.....	\$5,250
Estimated 1971-72	5,000
Actual 1970-71	11,513
Requested increase \$250 (5 percent)	
Total recommended augmentation.....	\$10,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. *Budget Augmentation. Increase \$10,000.* Recommend the Intergovernmental Board on Electronic Data Processing budget be augmented to provide for one full-time executive secretary and one half-time clerical position.

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GENERAL PROGRAM STATEMENT

The Intergovernmental Board on Electronic Data Processing (IG-BEDP) 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 systems standards. The board also provides advice to the Legislature and the Governor on policies, plans and programs involving the use of electronic data processing in systems of an intergovernmental nature.

The 1970 Legislature increased the board's membership from 12 to 14 representatives of state and local government. The added members were 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 the performance of its duties.

ANALYSIS AND RECOMMENDATIONS

Current Activities

The 1970 Legislature reduced the Intergovernmental Board on Electronic Data Processing budget for fiscal year 1970-71 by \$37,455 due to fiscal constraints and a lack of accomplishment. The board was

directed to reevaluate its purpose and set a limited number of specific objectives which could be accomplished during the 1970-71 fiscal year. Working with limited staff support obtained by contract from the Council on Intergovernmental Relations, the board has begun to implement the legislative mandate but has been unable to secure full-time staff resources in its budget for the current or proposed fiscal year.

Working under this reduced budget, the board continued to function by utilizing volunteer services from a technical advisory committee which is comprised of local and state EDP personnel. A revision of the intergovernmental system evaluation criteria and an updating of the *Manual of Guidelines* for implementing intergovernmental systems were accomplished as recommended in the Supplementary Report of the Committee on Conference (Budget Bill of 1971), and legislation regarding the security and privacy of computerized information was recommended. The board has also continued to review, on a contractual basis, all proposed systems for which federal funds are being requested through the California Council on Criminal Justice (CCCJ).

In December 1971, the board began a review of the Expanded Data Reporting System (EDRS) which is being developed by the State Department of Social Welfare. The responsibility and authority for review of this particular system goes beyond the board's basic statutory definition. Legislation which authorized the development of the EDRS (W & I Code, Article 1.5, Intergovernmental Welfare Management and Information Systems Act of 1969, Statutes of 1969) also requires that the IGBEDP adopt the EDRS implementation plan before the State Department of Social Welfare can proceed to implement the system (Section 11031). The board has expressed its intention to exercise this particular authority during the current and budget year and has assigned the evaluation of the project to the Technical Advisory Committee. A full discussion of EDRS and its intergovernmental implications can be found in our Analysis of the Department of Social Welfare Programs.

Improved Level of Services Required

Legislation creating the IGBEDP granted considerable statutory authority to coordinate the development and implementation of minimum standards of compatibility with regard to program languages, codes and media which facilitate the exchange of information among systems. In addition, the board establishes goals, objectives and general policies with respect to intergovernmental information systems. The statutory responsibility given the board by the Intergovernmental Welfare Management and Information Systems Act of 1969 as discussed above, adds significantly to the task already intended for the board.

The board has operated without full-time staff for two years and has

**INTERGOVERNMENTAL BOARD ON ELECTRONIC
DATA PROCESSING—Continued**

not been able to obtain funds from the state or other sources with which to pursue the functions specified in the statutes. General Fund support for the Intergovernmental Board during the current fiscal year is \$10,000 (\$5,000 in the board's budget and \$5,000 in the Council on Intergovernmental Relations' budget). This level of support provides for one part-time professional person and one part-time clerical person. Because the board's membership is voluntary, the appointed members cannot spend the time required to fulfill the policy and administrative aspects of the board's activities. The Technical Advisory Committee also serves on a voluntary basis and therefore cannot provide the continuity nor the cohesiveness required if the board is to fulfill all of its responsibilities.

Budget Augmentation Recommended

In our analysis of the Budget Bill last year, we recommended that the board make provision for full fiscal and operational autonomy for fiscal year 1972-73. The proposed budget request reflects the autonomy we have recommended but does not provide enough General Fund support to provide for a full-time staff. In our judgment the board cannot continue to operate at an appropriate level without the services of one full-time executive secretary and at least a one-half-time clerical position. The executive secretary can perform many of the board's functional duties as well as serve as the focal point for contacts with the board. More importantly the executive secretary can act as a staff resource to the board and the Technical Advisory Committee on a day-to-day basis, and can provide the direction which does not presently exist. *We therefore recommend that this item be augmented by \$10,000 to provide for one full-time executive secretary and one half-time clerical position.* This will bring the proposed budget of the board to a total amount of \$20,500 (\$5,250 General Fund, \$5,250 federal funds plus the \$10,000 augmentation) excluding the \$10,000 reimbursement expected from the California Council on Criminal Justice.

COMMISSION OF THE CALIFORNIAS

Item 35 from the General
Fund

Budget p. 19 Program p. 41

Requested 1972-73.....	\$40,031
Estimated 1971-72	38,000
Actual 1970-71	33,756
Requested increase \$2,031 (5.3 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, Mexico. 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 group is located in San Diego and staff consists of two authorized positions.

The commission, which functions at a subdiplomatic level, holds occasional formal meetings, but its work is accomplished mostly through committees and by assignments to members and specialists. Ongoing 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 relating to travel restrictions and (5) student exchanges. Last year, the commission sponsored a drug abuse conference which contributed to the enactment of a new dangerous drug law by the State of Baja California. The commission also secured an extension in the operating hours of private airplane facilities in La Paz, promoted a demonstration program on cattle feeding for Mexican ranchers and instigated a study project, now being conducted by several U.S. governmental agencies, to determine possible improvements in border crossing facilities between Mexico and California. Preliminary findings of this study are expected early in 1972.

The commission also alerts the California Attorney General's office to deceptive advertisements of Mexican land sales which are directed to California residents. Mexican law places restrictions on land ownership by aliens. California advertisements which mislead investors in this regard are subject to enjoiner action by the Attorney General.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

For the budget year the commission requests \$40,031, which is \$2,031 or 5.3 percent above estimated current expenditures. This increase consists of \$1,931 for operating expenses and \$100 in added Social Security contributions for the staff. Approximately \$1,000 of the increase in operating expenses represents increased charges assessed to the commission by the Department of General Services for performing various personnel and fiscal services. Travel expenses, including transportation costs of the 7 public and 10 legislative members of the commission, account for \$5,900 (up \$200 from the current level) of the budget request.

Activities scheduled in the budget year include: (1) a conference on the pollution problem affecting the Sea of Cortez, a Mexican body of

COMMISSION OF THE CALIFORNIAS—Continued

water which receives runoff from the Colorado River, (2) a conference on needed tourist facilities to complement a new Mexican highway traversing the State of Baja California, and (3) a luncheon to promote better understanding between American and Mexican immigration authorities.

ADVISORY COMMISSION ON MARINE AND COASTAL RESOURCES

Item 36 from the General

Fund

Budget p. 20 Program p. 45

Requested 1972-73.....	\$52,885
Estimated 1971-72	49,000
Actual 1970-71	56,736
Requested increase \$3,885 (7.9 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Function of Commission. Recommend legislative review of commission's role.

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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 instrumentality 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.

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

The budget proposes expenditures of \$52,885 to support CMC in 1972-73, an increase of \$3,885 over estimated expenditures of \$49,000 in the current year. This amount will finance staff support of the commission, which includes an assistant to the commission and a clerical position plus operating expenses and travel.

Function of Commission

We recommend that the Legislature review the commission's role in state government. The commission has never been adequately budgeted to carry out all of its responsibilities as stated in the statutes. Almost all of the effort of the commission has been limited to the role of reviewing the development of the Comprehensive Ocean Area Plan (COAP) and preparing recommendations to the Governor and the Legislature on coastal zone management legislation.

The COAP, now being prepared by the Department of Navigation and Ocean Development, is scheduled to be completed in the current year and referred to the Governor, the Legislature, and CMC. Because the COAP will be completed in the current year, the function of the commission in 1972-73 is not clear. In view of the uncertainties surrounding the commission's duties in the budget year, we believe the Legislature should give special review to the role of the commission.

DEPARTMENT OF COMMERCE

Item 37 from the General

Fund	Budget p. 21	Program p. 46
Requested 1972-73.....		\$1,081,084
Estimated 1971-72		1,361,541
Actual 1970-71		1,325,842
Requested decrease \$280,457 (20.6 percent)		
Total recommended reduction		None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. Long-Range Plan. Recommend the newly created California Economic Development Commission consider the formulation of a long-range economic development plan for California with the prime purpose of broadening the state's

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DEPARTMENT OF COMMERCE—Continued

economic base.

GENERAL PROGRAM STATEMENT

The Department of Commerce was created by the Governor's Reorganization Plan Number 1 of 1968 and was assigned to the Agriculture and Services Agency. In January 1971, by executive order, the department was transferred to the office of the Lieutenant Governor.

Its functions, consolidated from a number of separate agencies and organizations, include:

1. The promotion of business and industrial growth.
2. The expansion of California's export trade.
3. The promotion of tourism.
4. The encouragement of public education in science.

The first three of these functions are carried out by the department's business, industry, world trade and tourism development section, located in Sacramento. The fourth is provided by the California Museum of Science and Industry, located in Exposition Park in Los Angeles. Overall policy and operating decisions are made by the director. In this task, he has the help of the California Industry and World Trade Commission, the Tourism and Visitors Services Commission and the Board of Directors of the Museum of Science and Industry. These organizations advise the director on policy and operation of the respective functions they represent.

Creation of a Consolidated Economic Development Commission. Chapter 1230, Statutes of 1971, effective March 1972, replaces the California Industry and World Trade Commission and the Tourism and Visitors Services Commission (each composed of 15 appointed representatives of the public and private sectors) with a 17-member Commission for Economic Development, composed of legislative and private sector representatives. The new commission, chaired by the Lieutenant Governor, is to provide a consolidated platform where representatives of business, industry, world trade, labor, education and tourism are to work toward the overall improvement of the state's economic condition. The board of directors of the Museum of Science and Industry will continue to function in its present form. The new commission and the goals we feel it should strive to achieve will be discussed in detail below.

Proposed Budgetary Changes. The department's staff and budgetary requirements are summarized in Table 1.

The \$98,280 (7.2 percent) increase in total spending in the proposed budget includes, in addition to minor increases in salaries and operat-

Table 1
Staff and Budgetary Requirements of the Department of Commerce

Program	Personnel man-years			Expenditures		
	Actual 1970-71	Esti- mated 1971-72	Pro- posed 1972-73	Actual 1970-71	Estimated 1971-72	Proposed 1972-73
Business, industry, world trade and tourism-----	9.3	9.0	9.0	\$166,497	\$183,662	\$206,763
Public education in science and industry---	114.7	112.6	112.6	1,196,555	1,183,879	1,259,058
Totals-----	124.0	121.6	121.6	\$1,363,052	\$1,367,541	\$1,465,821
Reimbursements-----				-37,210	-6,000	-384,737
General Fund cost -----				\$1,325,842	\$1,361,541	\$1,081,084

ing costs, money for the full-year support of the new Economic Development Commission, as well as minor capital outlay for Museum of Science and Industry repair and construction projects. With proposed reimbursements, however, the General Fund cost for fiscal 1972-73 appears to be reduced, but this reduction is the result of a shift in funding. In the current fiscal year, the museum's parking lot revenues go directly into the General Fund. For the budget year, however, the revenues are shown as reimbursements. If these revenues were shown as reimbursements for both fiscal years, there would actually be a \$95,543 (9.7 percent) increase in 1972-73 General Fund cost. This shift in funding illustrates the museum's contribution to the budgetary support of this agency.

BUSINESS, INDUSTRY, WORLD TRADE AND TOURISM DEVELOPMENT

Overall expansion of the state's economy is the basic goal of this program. It includes the collection, analysis and dissemination of basic economic data, necessary for the expansion of existing and the location of new industries in California. Promotion of the state's export and tourist trade is also included. In addition, companies are assisted in obtaining federal contracts and loans. The department implements these objectives by responding to individual requests for economic data and by providing a liaison role between business firms and local organizations, engaged in economic and tourist promotion.

Reduced Level of Economic Promotion. As a result of the Governor's Reorganization Plan of 1968 and subsequent budgetary reductions by the 1969 and 1970 Legislatures, both the staff and the budget of this program have been substantially reduced. Table 2 indicates past, current and proposed personnel and expenditures. The size and composition of the existing staff (three professional, including the director, and three clerical positions) limits the department's functions in this program largely to a service and public relations role in the expansion of business, industry and tourism.

Table 2
Staff and Expenditures of the Business, Industry, World Trade and Tourism Program

	<i>Man-years</i>				<i>Expenditures</i>			
	<i>Actual 1969-70</i>	<i>Actual 1970-71</i>	<i>Estimated 1971-72</i>	<i>Proposed 1972-73</i>	<i>Actual 1969-70</i>	<i>Actual 1970-71</i>	<i>Estimated 1971-72</i>	<i>Proposed 1972-73</i>
Continued program cost.....	15.7	9.3	6.0	6.0	\$271,717	\$166,497	\$126,162	\$130,288
Workload adjustments.....	---	---	3.0	3.0	----	----	57,500	76,475
Total program cost.....	15.7	9.3	9.0	9.0	\$271,717	\$166,497	\$183,662	\$206,763
Reimbursements.....					-34,820	-26,544	----	----
General Fund cost.....					\$237,397	\$139,953	\$183,662	\$206,763

Business and industrial development activities, performed by a business specialist, entail responding to requests for site location information and other related data. They also include the maintenance of an in-house file system, as well as gathering and consolidating available economic data from other agencies to meet specific requests. However, the department currently lacks an adequate economic research and data analysis capability.

Requests for export information are referred to one of the regional world trade organizations or to the State Chamber of Commerce.

Tourism activity, headed by an information officer with secretarial support, is limited to liaison work with the tourism industry and answering tourist inquiries. Last June the department organized a statewide tourism conference for the purpose of coordinating work of the various tourism regions toward a statewide tourism program. A progress report on the conference has not been issued to date.

Table 3 shows responsibilities of the program's professional staff.

Table 3
Responsibilities of the Professional Staff of Business, Industry,
World Trade and Tourism Development Program

<i>Position</i>	<i>Estimated Time Spent on Each Function</i>		
	<i>Economic development</i>	<i>Tourism</i>	<i>Administration</i>
Director of the department.....	50%	30%	20%
Information officer.....	—	80	20
Business specialist.....	80	—	20

Economic Promotion Expected to Increase. The staff and expenditure augmentations for the current and budget years, shown in Table 2, are for the statutorily established California Economic Development Commission, which will become operative in March 1972. Its proposed staff is to include an executive secretary, a research analyst and one stenographer. Of the proposed \$76,475 full-year cost of the commission, approximately two-thirds is for personal services and one-third for operating expenses and equipment.

The new commission, assisted by pertinent task forces, is expected to have an active role in the promotion of business, industry, world trade and tourism. It is expected to propose legislation and advise the various state departments, connected with economic development. In addition, the commission's staff is expected to help the department's personnel to meet the latter's projected business and industrial development workload.

Prospects for the Economic Development Commission. Establishment of the commission could fill a leadership void. The progressive reduction of the state's role in economic development in recent years left California without any long-range guidance for development of all economic sectors. The lack of an adequately diversified economic base became painfully obvious with the cutbacks in the federal aerospace

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programs. The magnitude of this problem was particularly well documented by the state's rising unemployment rate that remained, for most of the last two years, a full percentage point above the national average. During 1971, the nation's economy started on its slow recovery, but California lagged behind with a depressed employment picture. In fact, 1971 closed with a 31,000 loss in employment, the first such annual decline since 1958. Outlook for 1972 appears brighter with growth in most of the state's employment sectors, except aerospace and agriculture. It is obvious that California needs a long-range economic development plan, with the prime purpose of broadening its economic base. *We recommend that the new commission give this project primary consideration.*

The commission's scope of operations may be limited by a lack of adequate professional backup staff. The Illinois Commission for Economic Development, which served as a model for our new commission, has the professional staff support of its Department of Commerce, as well as its Department of Business and Economic Development, including a research division. Our commission will have the technical positions in its own staff plus the three positions in the Department of Commerce, including the director.

PUBLIC EDUCATION IN SCIENCE AND INDUSTRY

This program is performed by the Museum of Science and Industry. Its exhibits depict man's scientific progress and inform Californians and visitors of the state's scientific capabilities and accomplishments. The director and his staff, in cooperation with the nine-member board of directors, administers the museum and has responsibility for the security of the museum buildings and Exposition Park.

Education Program

The primary purpose of this program is to create and stimulate the interest of Californians in the field of science. It is particularly geared to reach the largest possible number of the state's young, with the anticipation that some will pursue scientific careers and thereby provide California with needed talent in this field. The program consists—in addition to permanent and temporary exhibits—of lectures, seminars, summer science workshops and teaching institutes led by eminent scientists from all over the country. A major portion of these latter activities is financed by the Museum Foundation Fund which is supported by private contributions.

Admission to the museum is free, and attendance records underscore continued public interest in it.

Administration

This function assures the proper operation and maintenance of all plants and facilities. It includes operation and security of museum

buildings, as well as providing security within Exposition Park, which includes portions of land leased to the Coliseum Commission and to the County of Los Angeles. The museum also operates 26 acres of public parking, catering to patrons of the museum, the coliseum, the sports arena and swimming stadium. Parking fees for special events at these facilities were recently raised by the museum to bring them more in line with private parking rates in the surrounding area.

The past, present and proposed budgetary requirements of the museum are summarized in Table 4.

Table 4
Budgetary Requirements for Public Education in the
Science and Industry Program

	Man-years			Expenditures		
	Actual 1970-71	Esti- mated 1971-72	Pro- posed 1972-73	Actual 1970-71	Estimated 1971-72	Proposed 1972-73
Education.....	72.1	72.6	72.6	\$729,682	\$723,611	\$737,964
Administration.....	42.6	40.0	40.0	466,873	460,268	*521,094
Total program require- ments.....	114.7	112.6	112.6	\$1,196,555	\$1,183,879	\$1,259,058
Reimbursements.....	--	--	--	- 10,666	- 6,000	- 384,737
General Fund cost.....				\$1,185,889	\$1,177,879	\$874,321

* Includes \$44,000 capital outlay for museum parking construction.

Reimbursements for the past and current years are payments by Los Angeles County and City for maintenance services performed by the museum's staff on Exposition Park property, which the county and city rent from the state. The proposed \$384,737 reimbursement figure represents the accounting change in the museum's 1972-73 parking lot revenues which treats them as reimbursements, instead of revenues.

The proposed \$44,000 capital outlay is for repair of the Space Museum roof, surfacing of an additional parking lot and for new parking meters. However, the budget does not include building and sidewalk repair funds which were added by the Legislature to the 1971-72 budget, but deleted by the Governor.

Unrealistic Salary Savings Situation. Since 1969-70, the department's salary savings figure has increased from \$37,864 to \$90,097 for the current year, without significant changes in actual staff size. The salary saving of \$90,913 is proposed for the budget year.

For the past two fiscal years the department was unable to meet its salary savings and as a result it required Emergency Fund allocations of \$2,700 in 1969-70 and \$35,000 in 1970-71 to balance its budget. At this writing the department advises us that existing staff may have to be laid off to meet the 1971-72 salary savings figure, or, as an alternative, the department may seek another Emergency Fund allocation. This situation could occur again in 1972-73. The salary savings figures appear to be set unrealistically high for an agency of this size and the department will continue to have difficulty meeting them.