

be developed rather than the board's administrative requirements.

The data requirements and availability of compatible data in other state departments has not yet been coordinated at the management level. Thus the study will probably not produce a truly integrated system that will best suit all the needs of all state agencies. The board has recently added a data processing systems analyst to its staff and this position along with the EDP control and development unit of the Department of Finance should assist in bringing the statewide needs of the proposed study into better focus.

3. Laboratory facility availability. There is a problem similar to the integration of water quality data involved in another proposed consultant contract to study the integration of laboratory facilities used in analyzing water quality samples. Laboratories such as the Department of Fish and Game bioassay laboratory at Nimbus Dam, the Department of Water Resources laboratory at Bryte, and the Department of Public Health facility in Berkeley are all adequately equipped and staffed. These laboratories are now operating below capacity. The board's consultant study is to review the need for laboratories operated by the board. Any unused and available capacity should be used fully before any additional capacity is constructed.

CALIFORNIA JOB DEVELOPMENT CORPORATION LAW EXECUTIVE BOARD

Item 219 from the General
Fund

Budget p. 136 Program p. 737

Requested 1972-73—

Support	\$120,902
Transferred to Loan Guarantee Fund	286,086

\$406,988

Estimated 1971-72—

Support	\$116,042
Transferred to Loan Guarantee Fund	367,703

483,745

Actual 1970-71—

Support	\$103,291
Transferred to Loan Guarantee Fund	300,000

403,291

Requested decrease \$76,757 (15.8 percent)

Total recommended reduction	None
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CALIFORNIA JOB DEVELOPMENT CORPORATION LAW—Continued**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS***Analysis
page*

1. Status of fund. Recommend budget document contain a summary statement of encumbrances and expenditures of appropriations to Loan Guarantee Fund. 571

GENERAL PROGRAM STATEMENT

The California Job Development Corporation Law Executive Board was established by Chapter 1455, Statutes of 1968, and is composed of 19 members who are the Superintendent of Banks, the Secretary of the Human Relations Agency, the Director of the Department of Commerce, nine members appointed by the Governor (two persons residing in and leaders of disadvantaged areas, four persons experienced in financial matters, two persons from the business community, and one person who is an officer of a labor organization), two legislators (one Senator, one Assemblyman) and one person from each regional job development corporation (now three).

The board has the statutory responsibility for the administration of two programs, the California Job Development Program (Cal-Jobs) and the Small Business Assistance Program (the latter established under Chapter 1372, Statutes of 1968).

Cal-Jobs

The Cal-Jobs program has as its objective the establishment of non-profit regional California job development corporations through which the goal of the program is accomplished. This goal is achieved by the board guaranteeing the loans made by the regional job corporations.

The regional job development corporations (now three, one each in San Francisco, Los Angeles and San Diego areas) are composed of local financial institutions. These corporations will provide a source of risk capital when no other source is available to those persons who wish to establish or expand a business in an economically disadvantaged area.

Small Business Assistance

The Small Business Assistance Program goal is to provide technical and management assistance to small businesses in economically disadvantaged areas in order to improve the viability and expansion of such firms. The program is carried out by the board contracting with two nonprofit management consultant firms.

Both programs have been funded through the current year by the initial (1968) appropriations of \$1,150,000 from the General Fund. Chapter 1455, Statutes of 1968, established the board and appropriated \$1 million to the State Job Development Loan Guarantee Fund. Chapter 1372, Statutes of 1968, established the Small Business Assistance Program Law as a pilot program to be terminated in 1970 with an

appropriation of \$150,000. Chapter 1002, Statutes of 1970, removed the termination provision and authorized the program's support from any funds appropriated to the California Job Development Corporation Law Executive Board.

A total of \$254,763 has been paid out of the fund in guarantees for defaulted loans from the inception of the program through December 31, 1971.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes an appropriation of \$406,988 for the 1972-73 fiscal year, which is \$76,757, or 15.8 percent, less than that which is estimated to be expended during the current fiscal year. A total of \$286,086 of the \$406,988 will be transferred to the State Job Development Loan Guarantee Fund and the balance, \$120,902, will be used for support of staff and for the Small Business Assistance Program.

The Cal-Job program through the three regional job development corporations has approved \$3.2 million in loans for 96 businesses in economically disadvantaged areas through August 1971. These firms employ approximately 800 persons. The program has provided stimulus to the economically disadvantaged business community and additional employment opportunities for the residents of these areas and in addition has generated additional tax revenues for every level of government.

The Small Business Assistance Program has been equally successful in providing 205 businesses in low-income areas of the state with technical and management assistance. These firms employ approximately 400 persons. Through the program's efforts, 42 of these firms obtained loans totaling approximately \$2 million for creation or expansion of their businesses. In the current year the nonprofit management consultant firms under contract to the board are assisting 86 small businessmen.

Job Development Loan Guarantee Fund

We recommend that the budget document in future years contain a statement as to the balance available from all appropriations to, and the encumbrances and expenditures from, the Job Development Loan Guarantee Fund.

As we understand the operation of the fund, the moneys appropriated to it remain in the General Fund until such time as an expenditure or loan guarantee encumbrance of the Loan Guarantee Fund is authorized by the board. At such time, the Controller will then transfer the amount authorized for expenditure or encumbrance to the fund. The board has informed us that through this current year a total of \$395,237, which is in the fund, will be encumbered as the guarantee for outstanding loans. As of December 1971 there was \$117,703 in the fund which had not been encumbered and thus was available to guar-

CALIFORNIA JOB DEVELOPMENT CORPORATION LAW—Continued

antee additional loans. This item proposes that \$286,086 of the \$406,988 proposed appropriation be transferred to the fund. The budget does not state how much of the presently encumbered funds will be available in the budget year due to loans that will be maturing.

DEPARTMENT OF CORRECTIONS

Items 220 through 223 from
the General Fund

Budget p. 137 Program p. 741

Requested 1972-73.....	\$112,815,914
Estimated 1971-72	110,017,628
Actual 1970-71	103,509,701
Requested increase \$2,798,286 (2.5 percent)	
Increase to improve level of service \$3,768,313	
Total recommended reduction	\$4,174,087

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Deactivation and Closing of Facilities. Reduce \$4,118,500.* Recommend the following actions which would permit a net reduction of \$4,118,500 in the department's support level:
 - (a) Disapprove the planned deactivation of 608 beds at the California Conservation Center. This would require an additional budget-year expenditure of \$605,000.
 - (b) Direct the planned closing of San Quentin be accomplished on or before December 31, 1972, for an estimated budget-year savings of \$4,723,500.
2. *Licensing Laboratory Technicians.* Recommend legislation to continue exemption of Department of Corrections from provisions of the Business and Professions Code relating to the licensing of laboratory technicians. 581
3. *Adult Authority Staffing.* Recommend special review of staffing requirements for the Adult Authority. 589
4. *Board of Corrections. Reduce \$55,587.* Recommend elimination of the Board of Corrections. 600

GENERAL PROGRAM STATEMENT

The Department of Corrections was established in 1944 under the provisions of Chapter 1, Title 7, commencing with Section 5000 of the Penal Code. The department succeeded to the powers and duties of the former Department of Penology, the State Board of Prison Directors and related departments and agencies.