

MILITARY DEPARTMENT

ITEMS 169 and 170 of the Budget Bill

Budget page 448

FOR SUPPORT OF THE MILITARY DEPARTMENT
FROM THE GENERAL FUND

Amount requested	\$2,853,198
State employees' retirement	106,000
State employees' health and welfare	21,200
Total	\$2,980,398
Estimated to be expended in 1961-62 fiscal year	2,828,298
Increase (5.4 percent)	\$152,100
TOTAL RECOMMENDED REDUCTION	\$128,640

Summary of Recommended Reductions

	Amount	Budget Page	Line
Civil defense operations officer	\$4,655 *	449	42
Recruiting officer	1,490	449	35
2 intermediate typist clerks	7,800	449	40
Junior intermediate stenographer	3,720	449	40
Maintenance and operation facilities—Army equipment	4,000	450	16
Field organization—National Guard Officer Candidate School	475	451	14
California National Guard Reserve—additional support	100,000	451	45
Communications			
Maintenance and operation facilities—Air	1,100	450	48
Field organization—National Guard	5,200	451	7
National Guard Reserve	200	451	42

* Net reduction as federal reimbursement equaling one-half cost, Budget page 449 line 59 must be deleted if reduction is approved.

ANALYSIS

The total amount requested in items 169 and 170 for support of the Military Department and military retirement exceeds the estimated expenditures for those costs in the current year by \$152,100 or 5.4 percent. Included in the support item are the State's contributions to the retirement system and health plan programs for state employees.

The decrease in salaries and wages of \$43,256 is the result primarily of the elimination of the former line item of military retirement (\$16,620 in current year) from this expenditure category, the elimination of 18 security guards at air bases, which were fully reimbursed, from the state payroll (\$72,064) and the increase in salary savings (\$7,123) offset in part by merit increases, a military promotion, military longevity increases, and the addition of two new positions (\$52,551).

Operating expenses show an increase of \$101,920 resulting from increases in utility costs and operation of armories and an amount of \$100,000 for additional support of the Reserve of the California National Guard as offset by reductions in rent and recruiting.

Equipment expenditures also show an increase in the amount of \$1,080. This amount is a result of increases due to replacement and procurement of materials used in the upkeep and improving the habitability of drilling spaces in armories or air bases.

Item 170, a new budget item, appears for the first time and is an appropriation to cover the costs of retirement pay for those state military personnel retiring under provisions of the Military and Veterans Code. This item was formerly carried as a line item of salaries

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and wages but as it may be directly compared to those additional support costs funded by the continuing appropriation for state employees retirement, it has been removed from the budget item for direct support. Although Chapter 2174, Statutes of 1961, was intended to reduce these costs by providing that only full-time active service with the armed forces should be considered as state service for retirement purposes, this manner of computing service for state retirement was declared unconstitutional by the Attorney General in his Opinion 61-123.

Adjutant General's Office

The total increase of \$2,633 over the current year's estimated expenditures for this organizational unit's proposed budget is due to an increase of \$5,137 in operating expenses. Three thousand nine hundred dollars of this amount is required for printing the biennial report of the California National Guard to the Governor and \$1,200 is requested to provide for the purchase of trophies, decorations and flags formerly purchased with the Armory Board Fund moneys. These increases are offset by the elimination of the requirement for any funds for equipment expenditures.

Headquarters Staff

The reduction of the proposed amount requested for this departmental organizational unit's total support by \$8,675 over the estimated expenditures for the current year is misleading as the principal cause for the reduction is the absence of an amount for military retired pay in the budget year column. The military retired pay in the amount of \$26,200 appears as a separate budget item for the first time this year. In the current year it appears in salaries and wages in the amount of \$16,620.

Proposed New Position, Military Promotion and Existing Positions

1 *Civil defense operations officer (budget page 449, line 42)* --- \$9,310
Federal reimbursement (budget page 449, line 59) ----- 4,655

We recommend that this position be deleted and that the civil defense requirements be fulfilled by assigning those duties on a collateral basis to the recently created position of inspector general, or by reclassifying one of the military positions now in the controller branch, or by withdrawing one of the two security officers (a colonel and lieutenant colonel) now assigned to the Governor's office.

During the current year a new position of civil defense operations officer was established in Headquarters Staff to assist the Adjutant General in the performance of additional duties assigned by the Governor in connection with civil defense. The position is now requested as addition in staff. Fifty percent of the salary of this position is reimbursed by the federal government. This is an increased level of service which we believe can well be accomplished as a collateral duty assignment of one of the currently authorized members of the Headquarters Staff, particularly since the increased activities indicated in the justification for this position include (1) perform required civil defense liaison and operation activities, (2) use of trained intelligence teams to provide operation information to state and regional disaster offices in

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times of emergency; and (3) provide military support of local governments during time of disaster.

Recruiting officer (budget page 449, line 35)----- \$11,066

We do not believe the responsibilities or duties of this position have increased sufficiently to warrant this promotion and, therefore, recommend that funds in the amount of \$9,576 be approved for this line item resulting in a savings of \$1,490.

Included in this unit's budget is a military promotion from major to lieutenant colonel. The promotion is made under the authority of Section 164 of the Military and Veterans Code. This promotion is referred to in the department's budget summary as follows:

"This officer acts not only as the recruiting officer, but also as the departmental information officer. This reclassification will bring the position into parity with other branch chiefs and gross salary is within the present range of information officer II."

We believe the justification is inadequate and misleading as this officer's current salary of \$9,576 (major, 18 years) is comparable and between the first and second step of the information officer II range. Further, the promotion to lieutenant colonel increases his salary to \$11,066 (lieutenant colonel, 20 years) which amounts to a monthly raise of over \$120.

As the Legislature has no authority for review of promotions made under the section of the code referred to above, it has been our recommendation since the 1960-61 budget year that a "Table of Organization" (fixing the numbers and rank or grades of the state military positions) be submitted by the Adjutant General to the Legislature for its approval. This suggested action, if required by law, would formalize the rank structure of the Headquarters Staff and other state military positions in a manner similar to that used by the Congress of the United States in providing for the maximum numbers permitted to serve in the various commissioned grades of the armed services.

2 Intermediate typist-clerk ----- \$7,800

1 Junior intermediate stenographer----- 3,720

Total----- \$11,520

We recommend that two intermediate typist-clerks and one junior intermediate stenographer be deleted from the authorized positions at Sacramento Headquarters which will result in a reduction of \$11,520 in salaries and wages.

The department advised that on December 1, 1961, there were, at Sacramento Headquarters, three clerical positions which had been vacant a combined total of over 15 months, or an average vacancy of five months each. As these positions were not effective during the first half of the current year with no apparent clerical backlogs developing at Sacramento Headquarters, we recommend they be deleted from the authorized number of positions allowed at present.

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Maintenance and Operation of Installations—Army

The overall request for support of this unit of the department indicates an increase of \$26,580 over current year estimated expenditures.

Increases in salaries and wages of \$32,368 over the current year estimated expenditures result primarily from merit increases (\$26,776) for custodians and the wages of the one new custodian position (\$4,245).

Armory custodian I (budget page 449, line 78)----- \$4,245

We recommend approval of this position.

This position is necessary to provide for the staffing of the Redding armory scheduled for completion about June 1, 1962.

Operating expenses of this organizational unit are down \$1,670 below the estimated expenditures of the current year. This results from increases in general expenses, utilities and operation of facilities being offset by a reduction of \$29,166 in rent—land and buildings.

Equipment expenditures show an increase of \$5,014 over the current year expenditures due to replacement of items used in the maintenance of armories and for additional equipment to furnish spaces at federally owned bases staffed by the guard.

Equipment (budget page 450, line 16)----- \$20,354

We recommend that \$4,000 to furnish recreation rooms in federal installations be deleted from this line item and the item be approved in the reduced amount of \$16,354.

We question the policy of appropriating moneys from the state General Fund to furnish recreational spaces at federal installations with furniture, television sets, ping-pong tables, etc., on the basis that state guardsmen will be using these spaces. Policy within the armed forces of the United States dictates that funds for furnishing spaces such as this must come from nonappropriated funds. It appears to this office that the Adjutant General can establish a California National Guard Welfare and Recreation Fund under the authority of Section 431 of the Military and Veterans Code, from which funds would be available for expenditures of this nature.

Maintenance and Operation of Installations—Air

This unit of organization of the department proposed total support expenditures are \$1,689 below the estimated expenditures for the current year. This is the primary result of transferring the 18 security guard positions from the State to federal payrolls.

The decrease in salaries and wages of \$66,868 results primarily from the abolition of the guard positions mentioned above.

The increase in operating expenses over the estimated expenditures in the current year is due to an increase of \$2,557 in the cost of utilities.

Equipment expenditures are down \$3,799 under the current year and reimbursements are also down \$66,398, again reflecting the transfer of the 18 security guards spoken of above.

Military Department—Continued

Field Organization—National Guard

This unit of the department's total support costs are \$2,733 less than the estimated expenditures for the current year.

Expenditures for salaries and wages show an increase of \$1,917 due entirely to the longevity increments paid the state military personnel and increasing the grade of the instructors at the weekend phase of the Officer Candidate School as offset in part by an increase in reimbursements from the federal government.

Operating expense has been reduced by \$4,650 under the current year's estimates. This is primarily due to reducing the line item for recruiting by \$5,875.

Officer Candidate School (budget page 451, line 14)----- \$575

A new line item entitled "Officer Candidate School" appears in this proposed budget for the first time.

We recommend that this item be reduced by \$475 and approved in the reduced amount of \$100. Of the total amount of \$575, it is proposed to use \$200 to defray the cost of catering services and \$275 to purchase three sets of uniforms to be awarded the outstanding graduate of the annual Officer Candidate School. We believe neither of these expenditures to be properly chargeable to appropriated funds. Especially do we question the purchase of uniforms, as all graduates of these classes who subsequently accept a federal commission in the reserve will qualify for an initial federal uniform allowance of \$200 on completion of their first tour of active duty for training. Funds to support these activities in the past came from receipts of armory rentals, which have since been channeled into the General Fund by legislative action (Chapter 2182, Statutes of 1961).

California National Guard Reserve

The total proposed expenditure program for this organizational unit exceeds the estimated current year expenditures by \$97,906, or 184 percent. This is the principal result of the line item entitled "Additional support for expanded reserve" amounting to \$100,000. The explanatory note in the Budget document analysis on Budget page 448 indicates that these unallocated funds are to be used to stimulate and strengthen the California National Guard Reserve.

Additional support for expanded reserve (budget page 451, line 45) ----- \$100,000

We recommend deletion of this line item, thus saving \$100,000 in General Fund expenditures.

Under these circumstances we can make no analysis of this proposed unallocated expenditure to stimulate the strengthening of a reserve to the National Guard which itself is a reserve and, therefore, recommend disapproval.

California Cadet Corps

This unit of the department shows an increase of \$2,067 over the estimated expenditures of the current year and is the result of a full year's salary experience of the major, co-ordinator, and his clerical

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assistant. All other expenses are budgeted at the same level of service as the current year.

Communications

This department's budget now reflects a total allocation of over \$106,000 annually to defray costs arising out of charges for telephone exchange and long distance charges.

The review of the budget request reveals the following amounts allocated to each organizational unit of the department of these services:

<i>Organizational unit</i>	<i>Exchange charges</i>	<i>Long distance</i>	<i>Total</i>
Headquarters staff -----	\$7,000	\$6,712	\$13,712
Maintenance operations installation—Army	1,050	400	1,450
Maintenance operations installation—Air--	12,800	3,014	15,814
National Guard organizations—Army-----	53,900	19,700	73,600
California National Guard Reserve-----	700	700	1,400
California Cadet Corps-----	50	500	550
	<u>\$75,500</u>	<u>\$31,026</u>	<u>\$106,526</u>

We believe that these costs and the departmental policies associated with telephone usage in its broadest sense must be reviewed with the objective of achieving significant savings.

Specifically, we question the departmental policy expressed in paragraph 4, Special Regulation No. 9-4 of March 28, 1959, which authorizes separate telephones for major organizations using the same armory. We believe this to be wasteful when in all probability the units drill on different nights of the week. Further, we question the application of the definition of "major organization" as we find telephones listed down to the company and battery level at a number of armories. That is, two or more companies or batteries are using the same armory and each have separately listed telephones. Lastly, the value of the listings is reduced through differences as published in the various telephone directories throughout the State. For example, in some few cases National Guard units telephone numbers are listed under "California, State of," others are listed under various headings such as "California National Guard," "National Guard" or "Air National Guard." In very few instances does the directory listing give a number for the armory itself or indicate how one could reach the custodian.

With respect to controls on the usage of telephones, we believe that the instructions and procedures outlined in the Special Regulation No. 9 referred to above are adequate. However, as the majority of these telephones are used by members of drilling units, we believe a periodic departmental notice to all commands reiterating the necessity of close supervision of telephone usage would be in order at annual intervals, as well as at change of command, as these controllable costs are occasioned by one of the few services provided at state expense to drilling units.

We recommend that the department give serious consideration to the elimination of all telephones for individual once a week drilling units, both Army and Air. In addition, we recommend that a departmental policy be promulgated, stating how the listings shall appear in the

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directories. In this instance, it is suggested that all telephone numbers of the Military Department (Army and Air) regardless of location should appear under "California, State of" and that at least one number at state-owned armories should be listed as the armory itself. Multiple listing in the same directories should be eliminated to the greatest practical extent.

Communications (budget page 450, line 48)----- \$15,894

We recommend that communications for maintenance and operation of installations—air be reduced by \$1,100 and approved in the reduced amount of \$14,794.

Of the total amount of \$15,894, an amount of \$15,814 is proposed to defray telephone exchange and long distance toll charges, the remaining \$80 being budgeted for telegraph and postage. We believe that the reduction can be accomplished by elimination of single telephones and placing others on extensions of existing instruments.

Communications (budget page 451, line 7)----- \$74,100

We recommend a reduction of this line item for National Guard organizations in the amount of \$5,200 and approval in the reduced amount of \$68,900.

Of the \$74,100 in this line item, \$73,600 is requested to defray telephone exchange and long distance toll charges of the six-man full-time staff and the 260 drilling units of the California Army National Guard. The recommended reduction can be accomplished, we believe, by greater use of extension telephones on a single line rather than using two listings at two telephones in certain armories.

Communications (budget page 451, line 42)----- \$2,410

We recommend that the communications line item for the California National Guard Reserve be reduced by \$200 and approved in the reduced amount of \$2,210.

Of this total amount of \$2,410, \$1,400 is proposed for telephone exchange and long distance toll charges. The reduction can be accomplished by the elimination of all but one telephone instrument at each Brigade Headquarters.

Deposit of Funds Accruing from Armory Rental

This budget continues a reimbursement item entitled "For utility and custodial expenses due to armory rental" (budget page 450, line 19), \$10,900.

Recently enacted legislation (Chapter 2182, Statutes of 1961) pertaining to deposits to the credit of the General Fund of receipts of funds acquired through rental, license or lease of armories states in part "... All revenues or income from any armory shall be paid to Adjutant General. The Adjutant General shall account for such revenues or income to the Controller at the close of each month in such form as the Controller prescribes, and on order of the Controller shall pay such revenues and income into the Treasury to the credit of the General Fund. ..." This requirement of law becomes effective on July 1, 1962.

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It is understood that the Adjutant General intends to withhold those portions of receipts from armory rentals which may be charged to utility costs and custodial services and deposit the remainder in accordance with the above quoted law.

Should the Controller require all revenues or income from armory rental to be deposited in the Treasury to the credit of the General Fund, it would invalidate this reimbursement and result in increasing the support budget item by \$10,900.

In view of this possibility it is recommended that a formal interpretation and clarification of the intent of the act be requested.

Equipment Budget for Current Year

During the current year the Military Department has accrued savings of approximately \$2,500 due to acquiring a heavy large automobile (Buick) for the Adjutant General's use from vehicles confiscated by the Department of Alcoholic Beverage Control as opposed to purchase of an eight cylinder deluxe model of the type allowed appointed department heads (at present, Ford, Chevrolets or Plymouths; State Administrative Manual 4104). We commend the department for achieving this savings, but we do not believe the fact that the vehicle is of a type larger than allowed appointive department heads under current regulations should, at any time, be considered as establishing a precedent to be followed at some future date. It is understood that the resulting savings of funds will be expended on the purchase or replacement of office furniture for the Adjutant General's office as follows:

<i>Number</i>	<i>Item</i>	<i>Amount</i>
1	Table, Credenza Special -----	\$403
1	Chair, executive standard -----	229
1	Chair, standard leather -----	847
6	Chairs, executive, leather covered -----	633
1	Telephone service table -----	192
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		\$2,304

The statement of justification appearing in the current Schedule 9 of the department's budget reads as follows:

"This is the only office in the executive section which has not been refurnished with modern furniture and currently equipped with a cheap brand and obsolete style of wood furniture over 30 years old. Furniture being replaced will be utilized within the department to replace wornout furniture."

We do not believe the justification is valid as a member of our staff called upon the Adjutant General as recently as middle November 1961, and the Adjutant General's office appeared tastefully and very well appointed. Just exactly what is meant by "obsolete" is not understood, and further, the furniture appeared anything but cheap. Replacement to match other office decor or style is an unacceptable justification. Obviously the department agrees that the furniture in question is still usable, referring to the last sentence in the justification. Plans for its disposition and use elsewhere presently under consideration indicate

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the furniture may be shipped to Oakland for use by the Commanding General of the 49th Infantry Division, CNG.

We recommend that the Department of Finance withhold approval of expenditure of these funds for this noncritical purpose.

Summary

In summary, we recommend a total reduction of \$126,640 from this department's support budget and recommend that Item 169 be approved in the reduced amount of \$2,726,558 and that Item 170 be approved in the amount requested.

DEPARTMENT OF MOTOR VEHICLES

ITEM 171 of the Budget Bill

Budget page 453

FOR SUPPORT OF THE DEPARTMENT OF MOTOR VEHICLES
FROM THE MOTOR VEHICLE FUND

Amount requested	\$26,826,632
State employees' retirement	1,967,112
State employees' health and welfare	298,698
Total	\$29,092,442
Estimated to be expended in 1961-62 fiscal year	27,640,476
Increase (5.1 percent)	\$1,451,966

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

The budget request, including contributions to employees' retirement and health and welfare, for the fiscal year 1962-63 shows an increase of \$1,451,966 over the amount of \$27,640,476 estimated to be expended in the 1961-62 fiscal year.

The Department of Motor Vehicles receives its support from the Motor Vehicle Fund, Motor Vehicle License Fee Fund and the General Fund. Each of these funds appear as a separate item in the budget bill. For comparison of expenditures in the current fiscal year and the budget request for 1962-63 the following table shows the total of all three funds:

	Estimated 1961-62	Proposed 1962-63	Change from 1961-62
Support (Motor Vehicle Fund)	\$27,640,476	\$29,092,442	+\$1,451,966
Support (Motor Vehicle License Fee Fund)	4,304,651	4,901,550	+596,899
Support (General Fund)	174,859	18,000	—156,859
Total	\$32,119,986	\$34,011,992	\$1,892,006
Personnel man-years	4,885.1	4,978.3	93.2

The above increase of \$1,892,006 is due to the following summary of major increases and decreases: