

The functions of the commission include the following:

1. To carry forward the participation of the State as a member of the Council of State Governments.
2. To confer with officers of other states and of the Federal Government.
3. To formulate proposals for cooperation between California and other states, and with the Federal Government.

The principal item of expenditure is \$14,000 for services contracted with the Council of State Governments. *We recommend approval of the amount requested.*

Personnel Board

Analysis of Proposed Expenditures for the 1947-48 Fiscal Year

For Support of the Personnel Board

Item 33, pages 4 and 5 of the Budget Bill, and pages 30 to 37, inclusive, of the Budget. Amount requested, \$1,080,103, for support from the General Fund.

This represents an increase of \$512,501, or 90.3 percent, over expenditures of \$567,602 for the 1945-46 Fiscal Year; and an increase of \$196,261, or 22.2 percent, over the amount of \$883,842 allowed for expenditure in the 1946-47 Fiscal Year.

Statistical Summary

The statistical summary in Table I shows the distribution of increase requested, totaling \$196,261 by object of expenditure.

Table I

Object	Estimated	Proposed	Increase or decrease	
	1946-47	1947-48	Amount	Percent
Salaries and wages	\$812,427	\$953,480	\$141,413	17.4
Operating expenses	101,655	153,040	51,385	50.5
Equipment	5,630	23,200	17,570	312.1
Totals	\$919,712	\$1,129,720	\$210,008	22.8
Less reimbursements for special services to other state agencies and units of local government	\$35,870	\$49,617	\$13,747	38.3
Net totals	\$883,842	\$1,080,103	\$196,261	22.2

Salaries and wages requested increase from \$812,427 in 1946-47 to \$953,480 in 1947-48, an increase of \$141,053 or 17.3 percent, while operating expenses show an increase from \$101,655 to \$153,040, an increase of \$51,385 or 50.5 percent. *The principal item of increase for operating expenses is for rent, \$37,000.* This is the first year that rental charges have been shown in the Budget. Previously the Department of Finance paid the rent and it was not shown in the Budget of the Personnel Board. Equipment requests increase from \$5,630 to \$23,200, an increase of \$17,570 or 312.1 percent. Reimbursements from state

agencies and local governments increase from \$35,870 in 1946-47 to \$49,617 in 1947-48, an increase of \$13,747 or 38.3 percent.

Table II shows the distribution of the requested increases by function:

Table II—Comparison of Requested Expenditures for the 1947-48 Fiscal Year and Estimated Expenditures for the 1946-47 Fiscal Year by Function

<i>Function</i>	<i>Estimated 1946-47</i>	<i>Proposed 1947-48</i>	<i>Increase or decrease Amount Percent</i>	
Board				
Salaries and wages	\$38,845	\$42,265	\$3,420	8.8
Operating expenses	8,910	9,260	350	3.9
Equipment	290	1,294	1,004	346.2
Totals	\$48,045	\$52,819	\$4,774	9.9
Administration				
Salaries and wages	\$103,085	\$117,545	\$14,460	14.0
Operating expenses	16,520	53,455	36,935	223.6
Equipment	1,736	4,757	3,021	174.0
Totals	\$121,341	\$175,757	\$54,416	44.8
Records and Transactions				
Salaries and wages	\$174,702	\$178,900	\$4,198	2.4
Operating expenses	4,000	4,150	150	3.7
Equipment	825	5,297	4,472	542.1
Totals	\$179,527	\$188,347	\$8,820	4.9
Classification				
Salaries and wages	\$61,695	\$83,155	\$21,460	34.8
Operating expenses	3,315	3,335	20	.6
Equipment	100	1,066	966	966.0
Totals	\$65,110	\$87,496	\$22,386	34.4
Testing and Recruiting				
Salaries and wages	\$344,154	\$428,240	\$84,086	24.4
Operating expenses	46,150	57,250	11,100	24.0
Equipment	2,479	7,904	5,425	218.8
Totals	\$392,783	\$493,594	\$100,811	25.7
Compensation				
Salaries and wages	\$59,906	\$63,475	\$3,569	5.9
Operating expenses	17,030	16,715	—315	—1.8
Equipment	100	1,900	1,800	1,800.0
Totals	\$77,036	\$82,090	\$5,054	6.6
Cooperative personnel service				
Salaries and wages	\$30,040	\$39,900	\$9,860	32.8
Operating expenses	5,730	8,675	2,945	51.4
Equipment	100	1,042	942	942.0
Totals	\$35,870	\$49,617	\$13,747	38.2
Grand total of all functions	\$919,712	\$1,129,720	\$210,008	22.8
Less reimbursements	35,870	49,617	13,747	38.3
Net total support	\$883,842	\$1,080,103	\$196,261	22.2

The Personnel Board is charged with the administration of the Civil Service Act. To perform this function the Personnel Board gives examinations, maintains lists of persons eligible for employment, certifies persons into civil service positions, maintains records of all civil service employees, checks payrolls, grants additional sick leave and hears appeals from state employees. *By controlling the activities listed above, the Personnel Board exerts a tremendous influence on the cost of State Government.* In other parts of this report we have pointed out how such costs can be reduced by more effective functioning of the Personnel Board.

We present here information on several of these items that should be of interest to the Legislature.

Sick Leave

The Personnel Board has adopted an unofficial rule that a person must have been employed by the State for a period of 10 years before additional sick leave with pay will be granted. This does not mean that everyone who has worked 10 years or more automatically receives additional sick leave with pay. The use of regular sick leave during the time of employment is reviewed to see if the applicant has used all available sick leave or whether it has been used sparingly. One hundred days is the maximum number of days of sick leave which an employee may accumulate. *In some cases of older employees the sick leave which was not allowed to accumulate through the functioning of the 100-day rule is allowed as additional sick leave with pay when additional sick leave is requested.* In some cases where the limit of 100 days has been accumulated the employee then uses all sick leave which he is allowed and merely maintains the balance of 100 days. This defeats the purpose of the 100-day rule as much as if the 100 days had never been allowed to accumulate. Only in rare cases, where sick leave is requested because of a service-connected illness, is additional sick leave allowed where the length of employment has been less than 10 years.

Some agencies have been "blanketed in" under civil service, and each person in the agency has been allowed accumulated sick leave of five days for each year worked. This is an arbitrary figure and not supported by any records in most cases. Some of the older employees that are "blanketed in" thus show a larger number of accumulated sick leave days than actually would be the case. In other cases, the amount accumulated would be larger than that for which the person is given credit.

Requests for additional sick leave are constantly before the Personnel Board. Hardly a meeting goes by without one or two requests for additional sick leave on the calendar. The administration of additional sick leave by the Personnel Board has improved since we first reported abuses thereon to the Legislature. The requirement that there must be a showing of justification before additional sick leave with pay is granted by the board eliminates many questionable cases.

Reports of Performance

A real effort should be made by the Personnel Board to increase the effectiveness of performance reports. At meeting after meeting, cases are heard or pending of appeals from reports of performance. This takes valuable time of the Board and of the employees involved.

Automatic increases in pay are allowed those employees not receiving maximum salaries who do not receive unsatisfactory marks on the reports of performance given by departmental supervisors.

The Budget requests of all state agencies have provision for money sufficient to grant merit salary adjustments to 100 percent of all employees eligible for salary increases by reason of position within the salary range. *It is obvious that every person employed is not qualified for a merit salary adjustment; but as long as the reports of performance are marked as they are, such increases will be granted.*

The budget request of the Personnel Board includes four new Personnel Technicians to be used in the Classification Division to make a state-wide survey of all agencies and give assistance in reports of performance. Unless the reports of performance can be made effective the Personnel Board should be limited as to the amount of money for support. An unsatisfactory report of performance should not be so rare that when an unsatisfactory mark is given an appeal from the report should be considered in order. *Without effective performance reports the Personnel Board is not performing its functions properly and state money is being wasted.*

Cost of Services

In February, 1946, the Department of Finance made a survey and a report showing the effect of the end of hostilities on the California State Personnel Board and other civil service agencies. The results are tabulated and are shown in the table below. Of the nine agencies questioned, five expected to handle increases without substantial additional money or positions. The other four expected increases in money and positions would be necessary. *The State Personnel Board received an added appropriation of \$115,900 for this reason.*

Table I, which was Exhibit II in the memorandum to the Division of Finance, is included below and presents the results of the questionnaire in tabular form. Agency B is the California State Civil Service System. California, with civil service employees less than half the number in Agency A, 28,000 in California, 61,200 in A, had an annual budget, plus the amount added due to increased workload, only 21 percent lower (\$736,200 in Agency A, \$581,800 in California).

Table I—Summary of Questionnaire Replies From Nine Public Personnel Agencies

	<i>Agency A</i>	<i>Agency B</i>	<i>Agency C</i>	<i>Agency D</i>	<i>Agency E</i>	<i>Agency F</i>	<i>Agency G</i>	<i>Agency H</i>	<i>Agency I</i>
1. Number of persons under merit system----	61,200	28,000	17,400	17,100	17,000	15,000	10,200	9,500	6,500
2. Number of employees in personnel agency--	272	237	95	125	100	65	46	34	28
3. Current Annual Budget of personnel agency	\$736,200	\$581,800	\$254,500	\$354,000	\$271,000	\$161,600	\$126,400	\$82,000	\$82,000
4. Amount of money required due to increased workload at the end of hostilities -----	none	115,900	3,077	none	84,600	none	none	none	none
5. Additional positions due to end of hostilities	none	52	3 est.	none	17	none	none	none	none

By dividing the number of employees in the personnel agency into the Budget, we find that the average cost per employee is \$2,707 in Agency A, \$2,455 in Agency B, and \$2,679 in Agency C. These facts are shown in Table II as follows:

Table II—Budget Divided by Number of Employees in Personnel Agency

Agency A	Agency B (California)	Agency C	Agency D	Agency E
\$2,707	\$2,455	\$2,679	\$2,832	\$2,710

Dividing the Budget by the number of employees under the merit system, we find that Agency A spends \$12.02 for each employee; Agency B, \$20.77; Agency C, \$14.62; Agency D, \$20.70; Agency E, \$15.94. California (Agency B) had the highest per unit cost, and Agency A was the seventh highest of nine.

To summarize, the California State Personnel Board had a relatively low cost per employee of the board when compared to the other agencies reported; but the *average cost per merit system employee is high, the highest of any of the nine agencies reported.*

Averages are not a good basis for a detailed analysis, but they should be considered as an indication of conditions.

Since this report was released additions have been made to the Personnel Board staff. Whereas the staff of the Personnel Board was given as 237, the number of existing positions given in the Budget for 1946-47 is 300, and a total of 332 are requested for 1947-48. \$1,080,-103 is requested for expenditure in the 1947-48 Fiscal Year, or an increase of 85.6 percent in the period since the report was made.

There are several possible explanations for the high per-state-employee costs in California. A study should be made to determine which factors are causing these high costs and to see if they are justified by results. Is the Personnel Board trying to do too large and detailed a job? Are the results worth the costs? Is the California State Personnel Board as efficient and as effective as the other personnel agencies? Where are the per-employee costs accumulated—in classification, in payrolls, in examinations? A thorough-going job of stock-taking should be done to see if these costs cannot be reduced.

One phase of the work which raises the costs is the system of records and pay roll checking used by the Personnel Board. At the present time, all record posting and pay roll checking is done manually. The size of the state service has outgrown this type of system. Careful consideration should be given to the mechanization of records and pay rolls. At the present time, the roster and certifications units have a large backlog of work, and too much overtime is put in by the employees of these units. Under present working conditions, this backlog can be reduced only by the employment of more personnel. As the space available is limited, this means putting on a night crew.

The system of examinations, and eligible lists, should be studied carefully. *There are too many repeaters or professional examination takers who are forced into taking each examination offered to keep on*

the lists as high as possible. Any and every person may make application to take examinations. When the eligible lists are published, many of these test-takers will go inactive and not accept a position. A survey of 75 selected eligible lists showed that 35 percent went inactive and of 30 critical lists (clerical and technical) 47 percent were inactive. A study should be made as to how these repeaters can be controlled.

Another problem involving examination which takes the time and effort of the staff of the Personnel Board is the persons who file applications and then do not take examinations. The Personnel Board received 86,108 applications for examinations from January to August, 1946. From February to August, 1946, only 50,314 persons took examinations or 58 percent of the total applications filed. All of these applications had to be processed and reviewed, which takes time and effort and costs money. A nominal fee for filing, which would pay for handling costs, might have the effect of cutting down wholesale filings.

Salary Increases

The policy in regard to general salary increases for civil service employees is a matter that should be given careful thought and consideration. If possible, a program should be worked out to keep salaries and wages as stable as possible, thereby relieving the workload of the Personnel Board. *A type of contract running for a year, which period there would be only a merit salary adjustment, might be one answer to the problem.*

What has happened to wages of state employees is shown in the schedule below. From 1942 to April, 1946, average salaries paid to state employees have increased from \$1,730 to \$2,520, an increase of \$790 or 45.7 percent. *In 1942 California paid the highest average salary of the largest selected states. In April, 1946, California was ahead of all the largest states as to the amount of the average salary paid. In 1946, New York was second paying \$2,448 as the average salary.*

States	Increase			
	July, 1942	April, 1946	Amount	Percent
California -----	\$1,730	\$2,520	\$790	45.7
Massachusetts -----	1,611	2,024	413	25.6
Michigan -----	1,665	2,393	728	43.7
New Jersey -----	1,723	2,146	423	24.5
New York -----	1,692	2,448	756	44.7
Ohio -----	1,493	1,976	483	32.3
Pennsylvania -----	1,398	1,657	259	18.5

Source: New York Times, January 28, 1947.

California not only increased average salaries by the largest percent, 45.7 percent, but by the largest monetary amount \$790. These figures do not show increases since April, 1946, which will raise the California average salary.

A heavy responsibility has been placed on the Personnel Board of establishing classes, fixing the salaries of the classes and thus determining the appropriateness of the salaries paid. They have been given large sums of money to fix salaries, with no real check on its expenditure. It is not fair to the State nor to the board itself to place a body

in this position. We feel that a new arrangement should be worked out, whereby, if new salary adjustments are to be made the full responsibility is not placed on the members of the Personnel Board. The present Board has done a commendable job under trying circumstances.

Personnel Board

\$52,819 is requested for the Personnel Board, compared to \$48,045 in 1946-47. This is an increase of \$4,774 or 9.9 percent; salaries and wages account for \$3,420 of this, increased operating expenses \$350 and equipment \$1,004.

Salaries and Wages

Increases requested total \$3,420 or 8.8 percent over 1946-47. One new position is requested and the reclassification of an existing position. The new position, Intermediate Typist-Clerk, should be granted to relieve the hearing reporters from transcribing hearing reports.

If the reclassification is granted the study made of the necessity should be as rigid and thorough as for a similar study of any other agency.

Temporary help is requested increased, despite the addition of the new position. *We recommend that this be reduced by \$450.* There should be some benefit derived from the addition of the new position and not merely an increase of the amount of the salaries paid. We also recommend that the part-time Intermediate Stenographer-Clerk be reduced by \$360, a reduction of 50 percent. *Total reductions recommended \$810.*

Operating Expenses

Increases requested total \$350 from \$8,910 in 1946-47 to \$9,260 in 1947-48.

We recommend that printing expenses be reduced to \$175, a reduction of \$50 and telephone and telegraph be reduced to \$725, to the level of 1946-47, a decrease of \$50. In view of additional equipment requested, we recommend operating expenses for office equipment be reduced by \$20 to \$80. *Total reductions \$120.*

Equipment

Equipment increases requested total \$1,004 or 346 percent. We recommend that these be approved as submitted.

Total reductions for the board amount to \$930.

ADMINISTRATION

\$175,757 is requested for 1947-48 compared to \$121,341 in 1946-47. This is an increase of \$54,416 or 44.8 percent. Salaries and wages amount to \$117,545, operating expenses, \$53,455 and equipment, \$4,575.

Salaries and Wages

The amount requested \$117,545 is an increase of \$14,460 or 14.0 percent over the \$103,085 allowed for 1946-47.

Requests for the two positions of Assistant Personnel Technician appear in order and we recommend approval. Again we emphasize the

need for careful study of any existing positions. Requests for three reclassifications are included in the Budget.

Operating Expenses

Increases totaling \$36,935 or 223.6 per cent are requested and appear in order. The increase is due mainly to the fact that rent is shown for the first time as a separate item. This amounts to \$37,000. \$27,000 is for rental of present space and \$10,000 for additional space which the board is endeavoring to rent. The additional space is the controlling factor in many of the increases in equipment requested for the entire organization. We recommend that the \$10,000 be set aside, available for use in case additional space is obtained. Otherwise, this amount should not be used.

Equipment

Increases requested total \$3,021 or 366.2 percent over 1946-47.

RECORDS AND TRANSACTIONS

Total amount requested \$188,347 for 1947-48 compared to \$179,527 estimated in 1946-47 or an increase of \$8,820 or 4.9 percent. Salaries and wages increase total \$4,198, operating expenses \$150 and equipment \$4,472.

Salaries and Wages

Four new positions are requested as well as the extension of four temporary wartime positions to permanent positions.

The positions requested are shown in the schedule below :

Proposed New Positions

2	Intermediate Typist Clerk-----	160 (10) 200	\$3,840
2	Senior Clerk-----	190 (10) 230	4,560
-	Intermediate Clerk (Reclassification of one Junior Clerk)-----	160 (10) 200	240
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4			<u>\$8,640</u>

Extension of War Emergency Positions as Permanent

1	Junior Typist-Clerk-----	140 (10) 170	\$1,800
1	Intermediate Clerk-----	160 (10) 200	2,160
2	Junior Clerk-----	140 (10) 170	3,840
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4	Total-----		<u>\$7,800</u>
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8	Grand total-----		<u>\$16,440</u>

Temporary help is reduced from \$26,965 in 1946-47 to \$5,000 in 1947-48, a reduction of \$19,965. The salaries of the four new positions and the reclassification requested total \$8,640 and those of the war emergency positions \$7,800, or a total of \$16,440. This is a reduction of \$3,765 from the amount of temporary help estimated in 1946-47.

We recommend approval of the four new positions requested, but the reclassification should be based on a study of the actual need of the increased classification. These new positions should also be considered as

temporary positions only, for with a stabilized salary structure and the installation of a mechanized pay roll system, a reduction in personnel should be possible.

Under present conditions it would appear impossible to accommodate the new positions in the present facilities without establishing a night crew. *We therefore recommend that the new positions not be established unless new facilities are secured or a night shift is maintained. The amount of \$8,400 should be set aside to be used only in case the new positions are established or added to the amounts established for temporary help.*

The extension of the wartime positions seems justified in view of present conditions. Mechanization of pay rolls and records should make several of the positions of a temporary nature, and a reduction in the staff should be possible when the mechanization is complete.

Operating Expenses

Increases requested totaling \$150 or 3.7 percent are justified.

Equipment

Increases in equipment requested total \$4,472 or 542.1 percent. \$456 should be set aside to be used only in case new space is obtained. If a night crew is established this money should not be used. Space for the other equipment will be difficult to find but should be allowed.

CLASSIFICATION

Increases requested for the Classification Section total \$22,386 or 34.4 percent from \$65,110 in 1946-47 to \$87,496 estimated in 1947-48. Salaries and wages increased 34.8 percent, from \$61,695 in 1946-47 to \$83,155 in 1947-48, operating expenses \$20 or .6 percent, from \$3,315 to \$3,335 in 1947-48, and equipment \$906 or 906 percent from \$100 in 1946-47 to \$1,006 in 1947-48.

Salaries and Wages

Requested increases total \$21,460 or 34.8 percent. Six new positions are requested as shown in the schedule below:

2	Associate Personnel Technician-----	\$8,280
2	Assistant Personnel Technician-----	6,720
2	Intermediate Clerk-----	3,840
6	Total -----	\$18,840

These positions are requested to aid in making a complete classification study of the State by 1949 and to assist supervisors in marking reports of performance. *If correct methods of marking reports of performance can be established in all state agencies, the saving to the State in merit salary adjustments and time of the members and staff of the Personnel Board will more than equal the cost of adding these positions.*

Operating Expenses

Requests for increased operating expenses totaling \$20 are in line.

Equipment

Equipment requests which increase \$906 over 1946-47 appear justified. We recommend that the requested increases be approved. The establishment of the positions and the purchase of equipment should be dependent upon securing more space. We recommend that the amount of \$19,846 be set aside to be used only in case additional office space is secured, \$18,840 for salaries and wages and \$1,006 for equipment.

TESTING AND RECRUITING

Increases requested for the Testing and Recruiting Section total \$100,811 or 25.7 percent from \$392,783 in 1946-47 to \$493,594 in 1947-48. Salaries and wages show an increase of \$84,089 or 24.4 percent over the amount estimated for 1946-47, \$344,154. Operating expenses are estimated to increase from \$46,150 to \$57,450 in 1947-48, an increase of \$11,300 or 24.5 percent and equipment from \$2,479 to \$7,904 or an increase of \$5,425 or 218.8 percent.

Salaries and Wages

The large increase requested in salaries and wages is due to the request for 18 new positions, reclassification of two positions, and extension of temporary war emergency positions as permanent. The requested increases are shown in the table below.

<i>Number of Positions</i>	<i>Classification</i>	<i>Range</i>	<i>Cost</i>
<i>Proposed New Positions</i>			
1	Senior Personnel Examiner-----	425 (20) 505	\$5,100
3	Associate Personnel Examiner-----	345 (20) 425	12,420
3	Assistant Personnel Technician-----	280 (15) 340	10,080
1	Junior Personnel Technician-----	230 (10) 270	2,760
1	Student Personnel Aid-----	180 (10) 220	2,160
3	Intermediate Typist-Clerk-----	160 (10) 200	5,760
1	Junior Typist-Clerk-----	140 (10) 170	1,680
1	Senior Clerk-----	190 (10) 230	2,280
2	Intermediate Clerk-----	160 (10) 200	3,840
1	Tabulating Machine Operator-----	170 (10) 210	2,040
1	Accounting Tabulating Machine Supervisor, Grade 1-----	240 (10) 280	2,880
-	Supervising Clerk, Grade 1 (Promotion in lieu of Senior Clerk)-----	230 (10) 270	240
-	Intermediate Stock Clerk (Reclassification of one Duplicating Machine Operator)-----	160 (10) 200	240
<i>Extension of War Emergency Positions as Permanent:</i>			
1	Intermediate Typist-Clerk-----	160 (10) 200	2,280
1	Intermediate Clerk-----	160 (10) 200	2,280
1	Junior Clerk-----	140 (10) 170	1,800
21	Totals, Salaries and Wages-----		\$57,840

The approval of the new positions is also dependent upon additional office space, except in the case of two intermediate typist-clerks, who will be working in Los Angeles and San Francisco. *We recommend approval of the extension of the wartime temporary positions and voice the same caution as to the study of the necessity and desirability of the reclassifications requested as we have for other sections of the Budget.*

We recommend that the new positions be authorized, and that \$47,160 be set aside to be used in case additional office space is secured and that the 18 new positions not be authorized until such space is available.

We also point out that with the installation of a mechanized process for testing and scoring, the addition of the clerical positions should be on a temporary basis and a reduction should be possible within a year or two. Better results should be secured and the workload of simple mechanical operations should be reduced. There will be no appreciable saving for a year or more.

We wish to point out that there tends to be an over-fussiness on the part of the testing and recruiting staff in making up their own tests rather than making all possible use of similar tests given by other civil service agencies.

We would recommend that more attention be paid to lists of references given by applicants and at least spot-checks be made on them. This should have the tendency of reducing the number of persons filing for examinations and reduce the number taking them.

We feel that the system of oral examinations should be reviewed looking toward the greater effectiveness of the system and reducing the number of appeals from ratings of the qualification appraisal boards.

Operating Expenses

Increases totaling \$11,300 are requested. The main item of increase is the rental of equipment for mechanization of the testing process, \$6,800. With the approval of the positions, above, the operating expenses requested appear to be in line.

Equipment

Increases of \$5,425 or 218.8 percent are requested and appear to be in line with the approval of the new positions. Four thousand dollars of this should be included in the amount set aside in case the new positions are authorized by acquiring more office space.

Compensation

We find that requests of the Compensation Section totaling \$82,090 for 1947-48 are in line. They show an increase of \$5,054 or 6.6 percent. These increases are found in salaries and wages \$3,569 where no new positions are requested, and in equipment \$1,800. Operating expenses show an estimated decrease of \$315 or 1.8 percent.

Temporary help is maintained at the same level as is estimated for 1946-47.

Cooperative Personnel Services

This service, costs of which are paid by agencies for which work is done, shows an increase in requests totaling \$13,747 or 38.3 percent. Care should be exercised by this section to prevent building up such an expensive organization that other agencies hesitate to request their service because of the high cost.

The approval of the new positions requested, two junior typist-clerks and one junior personnel technician, is dependent upon securing more office space. If no more space is secured, these positions should not be allowed. This is a reduction of \$6,120. If more space is obtained, the positions would be established and temporary help and overtime should be reduced by \$3,700, for provision is made in this budget for temporary help in addition to the new positions requested.

Additional office equipment, \$812, also should be controlled by the amount of space: with no new space, this amount should not be allowed.

We recommend that the requests for Cooperative Personnel Services be reduced by \$3,700 and that an amount of \$2,420 be set aside to be used in connection with the overtime and temporary help of \$3,700 to establish the three new positions in case added space is secured by the Personnel Board.

At the present time, the price of the services rendered by this section is at a unit price per test or operation. There is no real relation between the costs of the services and the charges.

The Department of Social Welfare underwrites the costs of this service. Any deficit is made up by the Department of Social Welfare.

This service should be placed on a real business-like basis and let it stand on its own merits. This is the same as a cost-plus contract financed by the Department of Social Welfare.

Recommendations

We recommend that Item 33 be approved for the amount of \$1,075,473, a reduction of \$4,630.

We recommend that \$93,094 of the amount approved be set aside in a separate item to be known as Item 33.1 to be expended only in case additional space is secured by the Personnel Board. This also means that the following new positions are approved only in case new space is secured:

<i>No. of Positions</i>	<i>Classification</i>	<i>Cost</i>
	Cooperative Personnel Services *	
2	Junior Typist-Clerk	} ----- \$2,420
1	Junior Personnel Technician	
	Records and Transactions	
2	Intermediate Typist-Clerk -----	3,840
2	Senior Clerk -----	4,560
	Classification	
2	Associate Personnel Technician -----	8,280
2	Assistant Personnel Technician -----	6,720
2	Intermediate Clerk -----	3,840
	Testing and Recruiting	
1	Senior Personnel Examiner -----	5,100
3	Associate Personnel Examiner -----	12,420
3	Assistant Personnel Technician -----	10,080
1	Junior Personnel Technician -----	2,760
1	Student Personnel Aid -----	2,160
1	Intermediate Typist-Clerk -----	1,920
1	Junior Typist Clerk -----	1,680
1	Senior Clerk -----	2,280
2	Intermediate Clerk -----	3,840
1	Tabulating Machine Operator -----	2,040
1	Accounting Tabulating Machine Supervisor, Grade 1 -----	2,880
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27	Total -----	\$76,820

* Only part of the money needed for the salaries of the two Junior Typist-Clerks and the one Junior Personnel Technician in Cooperative Personnel Services is set aside in this fund as some of the money is available from overtime. \$3,700 of the amount allowed for overtime would be added to make up the amount necessary, \$6,120. Thus, only \$2,420 is available from this amount for these positions.

The amount set aside for equipment totals \$6,274 and operating expenses \$10,000.

The schedule of expenditures as amended to reflect the reductions recommended is given below:

Salaries and wages -----	\$948,970
Operating expenses -----	153,040
Equipment -----	23,080
	<hr/>
Total -----	\$1,125,090
Less: Estimated reimbursements for services to other state agencies and units of local government -----	\$49,617
	<hr/>
	\$1,075,473

We believe that the adoption of the following measures will make the work of the Personnel Board more effective and reduce the number

of employees and the amount of money necessary for the operation of the board.

1. *Mechanization of records and transaction.*
2. *Mechanization and standardization of the testing procedure.*
3. *Make the reports of performance effective.*
4. *An improvement of the oral examination methods.*
5. *Establishment of stricter requirements to appear before the Personnel Board on appeals from oral examinations and reports of performance.*

We shall look forward to a reduction in staffing expenditures in the Personnel Board within the next year or two because of the adoption of these suggestions.

Secretary of State

Analysis of Proposed Expenditures for the 1947-48 Fiscal Year

For Support of the Secretary of State, From the General Fund

Item 34, page 5 of the Budget Bill and pages 40 to 42, inclusive, of the Budget.

Amount requested is \$121,005 from the General Fund. This represents an increase of \$26,556 or 28.1 percent over actual expenditures of \$94,449 for the 1945-46 Fiscal Year and an increase of \$4,370 or 3.7 percent over the amount of \$116,635 allowed for expenditure in the 1946-47 Fiscal Year.

Proposed expenditures for 1947-48 are distributed as follows:

<i>Object</i>	<i>Estimated 1946-47</i>	<i>Proposed 1947-48</i>	<i>Increase or decrease Amount</i>	<i>Percent</i>
Salaries and wages-----	\$92,823	\$96,255	\$3,432	3.7
Operating expenses -----	27,412	28,100	688	2.5
Equipment -----	1,000	1,150	150	15.0
	<hr/>	<hr/>	<hr/>	<hr/>
	\$121,235	\$125,505	\$4,270	3.5
Reimbursements -----	-4,600	-4,500	100	2.2
	<hr/>	<hr/>	<hr/>	<hr/>
	\$116,635	\$121,005	\$4,370	3.7

Of the total increase of \$4,370 budgeted for 1947-48, \$3,432 is for salaries and wages, \$688 is for operating expenses, and \$150 is for equipment. Reimbursements from other agencies for photostat services are estimated to decrease by \$100.

The number of employees budgeted for support from the General Fund is 29, a continuation of the present number, which was increased from 26 in 1945-46 to take care of increased workload arising principally from increased domestic corporation fees. This activity should probably be maintained during the 1947-48 Fiscal Year.

\$1,455 is budgeted for proposed new positions, providing for increasing the position of Counsel from a three-fourths-time basis to a full-time basis.