

MOTOR VEHICLE FUEL TAX DIVISION

Item 133 of the Budget Bill, pages 429 to 431 of the Budget.

Appropriation from the Motor Vehicle Fuel Fund of \$306,285 for support of the Motor Vehicle Fuel Tax Division. This is an increase of \$74,958, or 32.40 percent, over the \$231,327 estimated amount necessary for 1946-47. An increase of 100 percent in the use fuel tax is the controlling reason for the larger appropriation requested.

We recommend approval of the amount requested.

Department of Finance

Analysis of Proposed Expenditures for the 1947-48 Fiscal Year

For Support of the Department of Finance, Exclusive of Buildings and Grounds Division

Item 134, pages 26 and 27, of the Budget Bill and pages 434 to 446, inclusive, of the Budget. Amount requested, \$1,346,052, for support from the General Fund. This represents an increase of \$605,509.57, or 81.8 percent over the amount of \$740,542.43 expended in the 1945-46 Fiscal Year and is \$291,214, or 27.6 percent above the amount of \$1,054,838 allowed for expenditure in the 1946-47 Fiscal Year.

Proposed expenditures for 1947-48 are summarized by division on a comparative basis with 1946-47 in Table I, following:

Table I—Analysis of Proposed Expenditures by Division

Division	Estimated 1946-47	Proposed 1947-48	Increase or Decrease 1947-48 over 1946-47	
			Amount	Percent
Administration -----	\$112,332	\$163,849	\$51,517	45.9
Accounts and Disbursements -----	88,850	131,958	43,108	48.5
Budgets and Accounts -----	162,620	237,527	74,907	46.1
Audits -----	352,121	396,322	44,201	12.5
Purchases -----	211,784	249,226	37,442	17.7
War Surplus Property Procurement -----	117,886	152,125	34,239	29.
Bureau of Liquidation -----	21,630	44,770	23,140	106.9
Public Works and Acquisition -----	10,960	10,275	—685	—6.2
Service and Supply -----	20,959	-	—20,959	—100.
Totals, Support -----	\$1,099,142	\$1,386,052	\$286,910	26.1
Less amounts payable from other funds:				
Postwar Employment Reserve -----	10,960	-	—10,960	—100.
Fair and Exposition Fund -----	33,344	40,000	6,656	1.99
Net Totals, Support -----	\$1,054,838	\$1,346,052	\$291,214	27.6

The foregoing table reflects increases in all divisions except two. The Divisions of Public Works and Acquisition, and Service and Supply are shown to be down by \$685 and \$20,959, respectively. *However, the expenditures for the latter division for 1947-48 are provided for in the Budget of Buildings and Grounds Division so the amount is a deduction only for purposes of comparison at this point in the Budget.*

The other seven divisions register gains totaling \$308,554 which is 28.9 percent above the amount of \$1,067,223 allowed for expenditure by these same seven divisions for 1946-47 and \$641,343, or 87.3 percent above actual expenditures for 1945-46.

The following Table II presents an analysis of expenditures by object of expenditure:

Table II—Analysis of Proposed Expenditures by Object of Expenditure

<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 -----	\$942,707	\$1,159,750	\$217,043	23
Operating expense -----	185,666	221,239	35,573	19.1
Equipment -----	13,329	26,063	12,734	95.5
Totals -----	\$1,141,702	\$1,407,052	\$265,350	23.2
Less reimbursements for:				
Overhead on Service Revolving				
Fund operations -----	\$5,750	-	-\$5,750	-100.0
Auditing services to other agencies --	17,000	\$17,000	-	-
Accounting services to:				
Purchases Division, Stores -----	4,000	4,000	-	-
Division of State Lands -----	2,800	-	-2,800	-100.0
Disaster Council -----	990	-	-990	-100.0
Local Allocations Division -----	7,700	-	-7,700	-100.0
Distribution of State publications to Libraries -----	1,920	-	-1,920	-100.0
Public Works and Acquisition Division -----	2,400	-	-2,400	-100.0
Totals, support -----	\$1,099,142	\$1,386,052	\$286,910	26.1
Postwar Employment Reserve -----	-10,960	-	10,960	100.0
Fair and Exposition Fund -----	-33,344	-40,000	6,656	19.9
Net Totals, support -----	\$1,054,838	\$1,346,052	\$291,214	27.6

The largest increase is reflected in salaries and wages which are scheduled to advance by \$217,043, or 23 percent. Operating expenses are indicated to move upward in the amount of \$35,573, or 19.1 percent. Equipment shows the largest gain in percent with an increase of \$12,734, or 95.5 percent. Consideration to each of these items is given in the following analysis of each major division.

ADMINISTRATION DIVISION

The Division of Administration reflects the second largest divisional increase showing an over-all advance of \$51,517, or 45.9 percent over 1946-47 expenditures. This amount accounts for 16.69 percent of the total increase for the seven divisions registering gains. The following Table III presents an analysis by object of expenditure for this division:

Table III—Analysis of Proposed 1947-48 Expenditures by Object of Expenditure

<i>Object</i>	<i>Estimated 1946-47</i>	<i>Proposed 1947-48</i>	<i>Increase or Decrease 1947-48 over 1946-47 Amount</i>	<i>Percent</i>
Salaries and wages -----	\$101,042	\$148,350	\$47,308	46.8
Operating expense -----	11,090	14,279	3,189	28.7
Equipment -----	200	1,220	1,000	510.0
Totals -----	\$112,332	\$163,849	\$51,517	45.9

Salaries and Wages

An increase of \$47,308, or 46.8 percent, is scheduled for salaries and wages in the Division of Administration. \$19,980, or 42.2 percent, of this total increase is accounted for by four proposed new positions. An additional item of \$20,000 is for advisory services of communications engineers and technicians. Merit salary adjustments only represent \$1,690, or 3.5 percent, of the total increase. The four proposed new positions are shown in the following schedule:

Proposed New Positions—Division of Administration

Classification	Salary Range	Number requested	Added cost
Assistant Director -----	655 (20) 795	1	\$7,860
Assistant Administrative Advisor -----	385 (20) 465	1	4,620
Associate Administrative Analyst -----	345 (20) 425	1	4,140
Assistant Administration Analyst -----	280 (15) 340	1	3,360
		4	\$19,980

With the great burden of administrative and financial control that is vested in the Department of Finance, and particularly due to recent additions, we recommend approval of the positions requested.

There is need for much closer supervision and analysis in connection with the operations of many departments of our State Government. With the right caliber of personnel in these positions, much can be done to cut unnecessary expense, waste, and overlapping functions, which exist, with resultant savings far in excess of the added cost in salaries and wages. There are presently six positions in the specific class of advisor-analyst categories covered by the proposed new positions. The addition of the three new positions in this field will provide 50 percent better coverage and expedite attention to the problems at hand.

The \$20,000 requested for technical services is in behalf of a coordinated program of radio communication within the state services, since various departments, such as Education, Forestry, and Justice are interested in this field. *We recommend this as it should save this amount in preventing duplication.*

Operating Expense

This item is forecast to increase by \$3,189, or 28.7 percent, going from \$11,090 in 1946-47 to \$14,279 in 1947-48.

Traveling expense is indicated to advance from \$3,000 to \$5,000, a gain of \$2,000, or 66.6 percent. *With four new positions being added to the presently established 14 positions subject to requiring travel, the increase in potential travel is indicated to be 28.5 percent. Accordingly, this item should be held to approximately a 30 percent increase over 1946-47 and be reduced from \$5,000 to \$4,000, a saving of \$1,000.*

Postage is indicated at \$600, the same amount as estimated for 1946-47. However, these figures are 96.7 percent over the 1945-46 amount actually expended. This item should be reduced by at least 25 percent, effecting a saving of \$150.

Equipment

An increase of \$1,000 for equipment while substantial percentage-wise is nominal in view of increased positions.

Recommended reductions for the Administrative Division total \$1,150 in operating expense.

ACCOUNTS AND DISBURSEMENTS DIVISION

Overall expenditures for this division are scheduled to increase from \$88,850 to \$131,958, a gain of \$43,108, or 48.5 percent. Table IV, following, presents an analysis of expenditures by object for this division:

Table IV—Analysis of Expenditures for 1947-48 by Object of Expenditure

Object	Estimated 1946-47	Proposed 1947-48	Increase or decrease 1947-48 over 1946-47	
			Amount	Percent
Salaries and wages-----	\$107,810	\$124,950	\$17,140	15.9
Operating expense -----	6,350	8,250	1,900	29.9
Equipment -----	250	2,758	2,508	903.2
Totals -----	\$114,410	\$135,958	\$21,548	18.8
Less reimbursements				
Overhead on Service Revolving Fund	\$5,750	---	—\$5,750	—100.0
Accounting services to:				
Purchases Division, Stores-----	4,000	\$4,000	---	---
Division of State Lands-----	2,800	---	—\$2,800	—100.0
Disaster Council -----	990	---	—990	—100.0 *
Local Allocations Division-----	7,700	---	—7,700	—100.0 *
Distribution State Documents to Libraries -----	1,920	---	—1,920	—100.0 *
Public Works and Acquisition Divi- sion -----	2,400	---	—2,400	—100.0 *
Net totals -----	\$88,850	\$131,958	\$43,108	27.6

* Charges to these activities for accounting service discontinued.

Salaries and Wages

A budgeted increase of \$17,140, or 15.9 percent, is reflected in this category for the Accounts and Disbursements Division. *Six new positions are proposed to cost \$12,360*, representing 72.1 percent of the total increase in salaries and wages. Three reclassifications are to cost \$1,620 and the increase of one senior stenographer-clerk position to full time will add \$1,440. Merit salary adjustments account for \$1,410, or 12.6 percent, of the total increase.

The six new positions entail a 13.6 percent increase in staff and are set forth in the following schedule:

Classification	Salary range	Number added	Cost
Intermediate Account Clerk-----	\$160 (10) 200	3	\$5,760
Intermediate Typist-Clerk -----	160 (10) 200	2	3,840
Bookkeeper, Grade 2-----	230 (10) 270	1	2,760
Totals -----		6	\$12,360

The intermediate account clerk classification wherein three new positions are requested has shown a substantial increase. In 1945-46 the number of such positions in this division totaled five. This was increased by 120 percent to 11 positions in 1946-47. The proposed three positions amount to an additional 27.2 percent more staff for this classification.

Two additional intermediate typist-clerks will permit an increase of 100 percent in this classification which has remained status quo since 1945-46.

With the added positions above indicated plus the conversion of one stenographer-clerk position from half time to full time should result in the elimination of overtime pay and temporary help. *Savings here will total \$100 on overtime and \$500 on temporary help.*

Recommended reductions in salaries and wages total \$600 for this division.

Operating Expense

The scheduled advance in operating expense totals \$1,900 or 29.9 percent. Printing reflects an increase from \$1,500 to \$2,500, a \$1,000 or 66.67 percent advance. This item appears out of line, and should be held to a 30 percent increase to *offset increased activity and costs, effecting a reduction of \$550.*

Traveling costs schedule a 40 percent upward swing to \$700 from \$500. With no increase in the number of positions subject to travel, this item should be held to its present level of \$500, particularly in view of the fact that in 1945-46 only \$3.63 was expended for this item. *A saving of \$200 will result.*

Equipment

Additional office equipment for \$2,088 is scheduled in behalf of the new positions.

Recommended reductions for the Accounts and Disbursements Division total \$1,100, comprising:

Salaries and wages	\$600
Operating expense	750
Equipment	—
Total	\$1,350

DIVISION OF BUDGETS AND ACCOUNTS

Total budgeted increase for this division amounts to \$74,907, a gain of 46.1 percent over the amount \$162,620 allowed for expenditure in 1946-47. Distribution of this increase is shown by object in Table V following.

Table V—Analysis of Proposed Expenditures for 1947-48
by Object of Expenditure

Object	Estimated 1946-47	Proposed 1947-48	Increase or decrease 1947-48 over 1946-47	
			Amount	Percent
Salaries and wages-----	\$152,870	\$217,270	\$64,400	42.1
Operating expense-----	9,500	14,000	4,500	47.3
Equipment-----	250	6,257	6,007	2502.8
Totals-----	\$162,620	\$237,527	\$74,907	46.1

Salaries and Wages

An increase from \$152,870 to \$217,270 amounting to \$64,400 or 42.1 percent is scheduled for this item. \$54,420 or 84.5 percent of this increase is attributable to 17 new proposed positions. Merit salary adjustments total \$2,460 or 3.8 percent of the total increase in salaries and wages for this division. The seventeen proposed new positions will result in an increase in staff from 35 to 52, a gain of 48.6 percent and are shown, by section, in the following Table VI.

Table VI—Proposed New Positions, 1947-48

Classification	Salary range	No. added	Added cost
Administration Section			
Intermediate Stenographer-Clerk-----	\$170 (10) 210	1	\$2,040
Budget Section			
Principal Accountant-----	425 (20) 505	1	5,100
Semi-Senior Accountant-----	280 (15) 340	1	3,360
Accountant-Auditor, Grade 1-----	240 (10) 280	3	8,640
Junior Accountant Auditor-----	180 (10) 220	2	4,320
Intermediate Account Clerk-----	160 (10) 200	3	5,760
Financial Research Section			
Junior Financial Research Technician-----	230 (10) 270	1	2,760
Accounting Procedures Section			
Supervising Systems Accountant-----	475 (20) 575	1	5,700
Principal Accountant-----	425 (20) 505	1	5,100
Senior Accountant-----	345 (20) 425	2	8,280
Semi-Senior Accountant-----	280 (15) 340	1	3,360
Totals-----		17	\$54,420

While the increase in the Division of Budgets and Accounts is substantial, *we approve the increment for several reasons.*

Although there has been substantial improvement in the technique and quality of control exercised in the preparation of the present Budget, there is still ample room for progress which will result in much closer and more realistic controls. This can only be accomplished through utilization of an increased number of properly qualified and trained personnel.

State Budget proposal figures for 1947-48 are almost invariably based on 1946-47 values which are in themselves merely estimates. Obviously no proper evaluation with any substantial degree of preciseness

can be based on estimates founded upon estimates. In many instances the amount estimated for 1946-47 is not in truth an estimate but is merely the amount left over from the 1945-47 biennium allocation that was not actually expended in 1945-46. With this fictitious premise as a starting point, the fact of rising prices and the desire for expansion of activities form the supporting wedges to further increase requested expenditures for 1947-48. The fallacy of this whole structure is apparent from a superficial examination of past *actual* expenditures as compared to the estimates that were made for these same items when the particular budget was prepared.

The whole question of governmental economy needs reexamination and revitalization starting with a close analysis of the actual need for each particular function, the most practical and economical method of supplying the need, a follow up process to determine that the function set up to supply the need, is actually doing that for which it was intended, and last that the funds appropriated for the function are spent in a sound and prudent manner. Then and only then will we be in a position to properly relate actual expenditures to projected costs, with necessary adjustments for variables in price trends and needed functional expansion, to arrive at a sound determination as to what appropriation is justified to accomplish the meritorious service which should be rendered by good government.

There is need for securing and maintaining an accurate running record on related work load data and costs, for each department and divisional function thereof, in order to make a continuing analysis of current and estimated costs. *Such indices would permit the preparation of a written justification before and not after the Budget is printed.* Without such data careful and accurate forecasting of costs is well nigh an impossibility.

Undoubtedly the proper application of the requested positions to the existing need will result in sounder budgetary planning with resultant savings that far outweigh the added costs incurred. With a 48.6 percent increase in staff, expenditures for temporary help and overtime should be minimized. *Accordingly these items should be reduced to \$2,500 for temporary help, with overtime eliminated, thereby effecting a saving of \$6,500 in salaries and wages.*

Operating Expenses

This item is projected at \$14,000, an increase of \$4,500 or 47.3 percent over 1946-47 estimates. The individual items appear generally well in line with the exception of printing and traveling costs. The former item is scheduled at \$2,200 which is \$300 or 15.8 percent over 1946-47 and \$1,330 or 152.8 percent over actual expenditures of 1945-46. *Based on the average per employee plus increase in costs the printing figure should be held to \$2,000 a saving of \$200.* Traveling is scheduled at \$6,000, an increase of \$3,000 or 100 percent. With a staff increase of 48.6 percent, not all of which are positions justifying travel, and acknowledging the requirements for some additional travel in the course of accomplishing necessary analyses, it appears that a 50 percent advance is in order. *This will effect a saving of \$1,500.*

Equipment

In view of the added staff the expenditure is substantiated.
Recommended savings for the Division of Budgets and Accounts
total \$8,200 distributed as follows:

Salaries and wages	\$6,500
Operating expenses	1,700
Total	\$8,200

AUDITS DIVISION

The budgeted increase for this division totals \$44,201 or 12.5 percent over the amount of \$352,121 allowed for expenditure for 1946-47. Distribution of this increase by object is shown in Table VII following.

Table VII—Analysis of Proposed Expenditures by Object of Expenditure

Object	Estimated 1946-47	Proposed 1947-48	Increase or decrease 1947-48 over 1946-47	
			Amount	Percent
Salaries and wages	\$341,146	\$373,470	\$32,224	9.4
Operating expense	26,580	37,885	11,305	42.5
Equipment	1,395	1,967	572	41.
Totals	\$369,121	\$413,322	\$44,201	11.9
Less: Reimbursements for service to other agencies	—17,000	—17,000	---	---
	\$352,121	\$396,322	\$44,201	12.5

Salaries and Wages

Expenditures in this category are scheduled to increase from \$341,146 to \$373,470, a gain of \$32,224 or 9.4 percent. Of the total increase in this item, \$21,420 or 66.5 percent is attributable to seven proposed new positions. Merit salary adjustments amount to \$4,380 or 13.6 percent of the increase in salaries and wages for this division. The seven proposed new positions will result in an increase in staff from 94 to 101 positions, a gain of 7.4 percent. These are shown in the following Table VIII.

Table VIII—Proposed New Positions

Classification	Salary range	Number added	Added cost
Accountant-Auditor, Grade 1	\$240 (10) 280	3	\$8,640
Intermediate Typist Clerk	160 (10) 200	1	1,920
Senior Accountant	345 (20) 425	1	4,140
Semi-Senior Accountant	280 (15) 340	2	6,720
		7	\$21,420

The increase in positions for this division appears justified. Additional work load is encountered through the fact that the number of fairs subject to audit has increased from 40 to 78, plus seven new large institu-

tions and three smaller ones. The foregoing plus an accumulated backlog of audits requires an enlarged staff. To be of prime value, auditing programs should be maintained on as nearly a current basis as possible in order that any abnormal conditions or malpractices may be corrected without undue delay. The additional staff warrants some savings in temporary help and overtime. *It is proposed to reduce this item to \$1,000, effecting a saving of \$1,150.*

Operating Expense

An increase of \$11,305 or 42.5 percent is indicated. While the overall figure is disproportionate to the increase in personnel, this is explained by the fact that rent is scheduled to advance from \$1,080 to \$8,785 a gain of \$7,705 which accounts for 68.1 percent of the total increase in operating expense for the division. This item of rent is merely a paper increase for this division as heretofore the rent was paid through the Buildings and Ground Division. A discontinuance of this practice has resulted in these rental items being transferred to the various divisional budgets.

Traveling expense is up \$3,300 or 15.7 percent, which is somewhat out of proportion to the 7.4 percent increase in staff. This item evidenced an advance of \$6,958 or 49.5 percent for 1946-47 over actual travel costs of \$14,420.20 in 1945-46. An additional 10 percent should be ample to provide for the added staff and increased field activity. *This will effect a saving of \$1,200, reducing this item from \$24,300 to \$23,100.*

Equipment

Expenditures are in line in view of increased staffing.

Recommended reductions for the Audits Division total \$2,350, comprised of salaries and wages \$1,150 and operating expense \$1,200.

PURCHASES DIVISION

Expenditures for this division are scheduled at \$249,226 which represents an increase of \$37,442 or 17.7 percent over the amount of \$211,784 allowed for the 1946-47 Fiscal Year. Distribution of these expenditures is shown by object in Table IX following.

Table IX—Analysis of Proposed Expenditures by Object of Expenditure

Object	Estimated 1946-47	Proposed 1947-48	Increase or decrease 1947-48 over 1946-47	
			Amount	Percent
Salaries and wages.....	\$177,419	\$209,020	\$31,601	17.8
Operating expense	30,675	31,675	1,000	3.2
Equipment	3,690	8,531	4,841	131.2
Totals	\$211,784	\$249,226	\$37,442	17.7

Salaries and Wages

This item is scheduled at \$209,020 representing an increase of \$31,601 or 17.8 percent over the 1946-47 figure of \$177,419. Of the total scheduled increase, \$16,440 or 52 percent is attributable to eight proposed

new positions. Merit salary adjustments total \$2,880 or 9.1 percent of the total increase in salaries and wages for this division. The eight proposed new positions will result in an increase in staff from 66 to 74, a gain of 12.1 percent, and are shown in the following Table X.

Table X—Proposed New Positions

<i>Classification</i>	<i>Salary range</i>	<i>Number added</i>	<i>Added cost</i>
Junior Buyer -----	\$250 (15) 310	1	\$3,000
Intermediate Typist-Clerk -----	160 (10) 200	3	5,760
Intermediate Account-Clerk -----	160 (10) 200	1	1,920
Intermediate Stenographer-Clerk -----	170 (10) 200	2	4,080
Junior Clerk -----	140 (10) 200	1	1,680
		8	\$16,440

A study of work load in relationship to total authorized positions is shown in the following Table XI.

Table XI—Analysis of Purchase Orders Issued per Authorized Position
From 1940-41 Through 1946-47 *

<i>Fiscal year</i>	<i>Total purchase orders issued</i>	<i>Average number issued per month</i>	<i>Total number authorized positions</i>	<i>Average per month per position</i>
1940-41 -----	122,122	10,176	64	159
1941-42 -----	107,373	8,947	55	163
Amount -----	-----	-----	-11	+4
Change percent -----	-----	-----	-17.1%	2.5%
1942-43 -----	76,121	6,343	57	111
Amount -----	-----	-----	+2	-52
Change percent -----	-----	-----	3.6%	-31.9%
1943-44 -----	81,776	6,814	52	131
Amount -----	-----	-----	-5	+20
Change percent -----	-----	-----	-8.7%	18%
1944-45 -----	85,166	7,097	56	125
Amount -----	-----	-----	+4	-6
Change percent -----	-----	-----	7.6%	-4.5%
1945-46 -----	100,888	8,407	61	138
Amount -----	-----	-----	+5	+13
Change percent -----	-----	-----	8.9%	10.4%
1946-47* -----	46,502	9,300	66	141
Amount -----	-----	-----	+5	+3
Change percent -----	-----	-----	8.1%	2.1%

* July through November, 1946.

A review of the foregoing Table XI shows that a high production peak was reached in the 1941-42 Fiscal Year with an average of 163 purchase orders issued per month per employee. This was accomplished in spite of a *reduction* of 11 positions or 17.1 percent in authorized staff. A low point was reached in 1942-43 with a monthly average of only 111 purchase orders issued per position. The average continued low through the war years and has evidenced an improvement for 1945-46, reaching 138 per month per position, an increase over 1944-45 of 10.4 percent although authorized staff was increased only 8.9 percent. The first five

months of the 1946-47 Fiscal Year indicate a 2.1 percent gain in the monthly average, bringing it to 141 orders per employee. However, this is still 22 below the peak figure of 1941-42. Therefore a potential increase of 15.6 percent per individual in this activity should still be possible based on actual past performance.

The drop during the war period is traceable to several factors. Scarcity of materials necessitated more time in locating appropriate or substitute items. Reduced available quantities required splitting of orders and entailed additional handling and paper work through multiple or partial deliveries. To some extent this added burden on the Purchases Division was compensated by various state agencies doing more checking on their own behalf to at least locate potential sources of the requested items if not the items themselves.

The peak period of scarcities is over. With the supply situation improving almost daily, it will become more readily possible to complete transactions on needed items with less delay in locating the item and securing delivery in the quantities needed. Dollar volume is of itself no index to required employees, since this will automatically expand with inflated prices. Further, as conditions return to normal supply ratios, no material additional work is involved by reason of the quantity of a given merchandise item placed on any given order.

The present staff when operating on the basis of the 1941-42 period should be able to handle an average of 10,758 purchase orders per month which is 15.7 percent above the indicated rate experienced in the first five months of the present fiscal year. 33 out of 66 or 50 percent of the staff in this division consists of either intermediate stenographers, clerks or intermediate typist clerks. Seven out of the eight proposed new positions are in the clerical category. This type of assistance is available as temporary help at peak loads to handle additional paper detail encountered processing purchase orders.

A supplemental request has also been submitted by this division, after the Budget Document and Budget Bill had been printed, for five additional positions. The reason given for this request is that a greater quantity of war surplus materials has been acquired from the War Assets Division than was originally contemplated. These five additional positions plus equipment will cost \$13,570 and are scheduled as follows:

<i>Classification</i>	<i>Number added</i>	<i>Added cost</i>
Senior Buyer -----	1	\$4,200
Intermediate Typist Clerk -----	2	3,940
Senior Clerk -----	1	2,760
Intermediate Account Clerk -----	1	1,920
		<hr/>
		\$12,820
Added office equipment -----		750
		<hr/>
		\$13,570

In view of the added potential capacity of the present staff plus the original eight new positions requested, representing a 12 percent increase in personnel, it is recommended that this latter request for five positions and equipment be deferred until such time as a detailed work load study

has been made in order to properly establish the true status of the work load and develop effective criteria to gauge personnel requirements in the light of actual duties performed.

Operating Expense

While traveling expense is indicated to remain at the same level as the estimate for 1946-47 it is noted that this figure is \$716.59 or 40.2 percent above actual expenditures of \$1,783.41 for 1945-46. Proper control should result in some saving on this expenditure.

Equipment

In view of additional personnel, this item is in line.

WAR SURPLUS PROPERTY PROCUREMENT

This division is scheduled to increase 29 percent in expenditures going from \$117,886 in 1946-47 to an estimated \$152,125 for 1947-48, a gain of \$34,239.

Table XII following presents a summary of these expenditures by object.

Table XII—Analysis of Proposed Expenditures by Object of Expenditure

<i>Object</i>	<i>Estimated 1946-47</i>	<i>Proposed 1947-48</i>	<i>Increase or decrease 1947-48 over 1946-47</i>	
			<i>Amount</i>	<i>Percent</i>
Salaries and wages-----	\$28,090	\$45,945	\$17,855	63.5
Operating expense-----	84,796	100,950	16,154	19.0
Equipment -----	5,000	5,230	230	4.6
Totals -----	\$117,886	\$152,125	\$34,239	29.0

Salaries and Wages

This item is up \$17,855 or 63.5 percent. \$9,720 or 54.4 percent of this increase is occasioned by four proposed additional positions, which will represent an increase in staff from 9 to 13 positions or 44.4 percent. Additional positions are shown in Table XIII following.

Table XIII—Proposed New Positions

<i>Classification</i>	<i>Salary range</i>	<i>Number added</i>	<i>Added cost</i>
Intermediate Stenographer-Clerk	\$170 (10) 210	2	\$4,080
Intermediate Stock Clerk	160 (10) 200	1	1,920
Assistant Liaison and Appraisal Officer	310 (15) 370	1	3,720
		4	9,720

The great bulk of War Surplus Property has not yet been disposed of by the government. As a result there is substantial potential activity yet to be accomplished by this division and it may be expected to operate

on an expanded basis for the coming fiscal year after which it will probably be in order to effect a substantial reduction in this expenditure. *Recommend reduction of \$1,500 for temporary help and overtime in view of 44.4 percent increase in staff.*

Operating Expense

The scheduled increase in this item totals \$16,154 or 19 percent. This is primarily attributable to an increase of \$15,000 in costs for warehousing and transportation, due to expected increases in purchases. These costs for warehousing and transportation are substantial and represent 55.8 percent of the total division budget. Careful attention should result in some savings on warehousing costs.

Equipment

Expenditures are in line with increased staffing.

Recommended reductions total \$1,500 in temporary help and overtime.

BUREAU OF LIQUIDATION

This division is scheduled to increase its expenditures by \$23,140 over the \$21,630 allowed for expenditure in 1946-47, a gain of 106.9 percent. However, due to the nature of the duties such increase is reasonable whenever a liquidating job is undertaken. The increase is attributable to expenses incidental to the liquidation of the Farm Production Council. Total amount of such expense is budgeted at \$21,230, which is 47.4 percent of the total division budget and represents 91.7 percent of the scheduled increase. The 1946-47 budget for the Farm Production Council totaled \$1,560,182. *The liquidation costs appear reasonable. No change is recommended.*

PUBLIC WORKS AND ACQUISITION DIVISION

Scheduled expenditures for this division total \$10,275, a decrease of \$685 over estimated expenses for 1946-47. *All items appear in line.*

We understand that a supplemental request for one new field position plus a corresponding increase for travel and automobile expense will be made. Additional funds required will total about \$4,500. The expansion of the building program with the resulting necessity of acquiring suitable sites justifies the addition. At present there are 13 sites needed for which suitable locations have not been found. Several others are either in a state of negotiation or are awaiting further development by other affected agencies before locations can be determined. In addition, there are approximately 35 Senate Bills and 65 Assembly Bills pending which involve either property acquisition or construction. The passage of some of these will add to the present backlog of the division. If the development of the building program is to be accelerated, the added position would seem desirable.

Recommendations:

That Item 134 of the Budget Bill be reduced from \$1,346,052 to \$1,331,502, a total reduction of \$14,550 or 1.08 percent. Such reduction will affect the schedule to read on a revised basis as follows:

Salaries and wages	\$1,159,750
Operating expenses	216,439
Equipment	26,063
Total	\$1,392,502
Less:	
Estimated abatements	21,000
Amount payable from Fair and Exposition Fund	40,000
Net appropriation	\$1,331,502*

* This does not include the amount of the supplementary request to be submitted by the Public Works and Acquisition Division.

For Support of the Audits Division, Department of Finance

Item 135, page 27, of the Budget Bill, and pages 434 and 812 of the Budget. Amount requested, \$40,000, payable from the Fair and Exposition Fund. *Recommend approval as submitted.*

For Payment of Automobile Liability Claims and Salaries, and Expenses Incident to Investigation or for Premiums for Automobile Liability Insurance, Department of Finance

Item 136, page 27, of the Budget Bill, and page 446 of the Budget. Amount requested, \$45,000. This is an increase of \$11,972, or 36.2 percent, over the 1945-46 actual expenditures, and \$5,000, or 12.5 percent, over 1946-47 estimated expenditures. *Recommend approval as submitted.*

For Official Advertising, Department of Finance

Item 137, page 27, of the Budget Bill, and page 446 of the Budget. Amount requested, \$1,500. This represents a decrease of \$7,442.20, or 83.3 percent, under expenditures of \$8,942.20 for 1945-46, and \$5,285, or 77.8 percent, under the amount allowed for 1946-47. *Recommend approval as submitted.*

For Premiums on Official Bonds Required by Law for Certain Officers and Employees

Item 138, page 27, of the Budget Bill, and page 446 of the Budget. Amount requested, \$4,000. *Recommend approval as submitted.*

For Reclamation Assessments on State-owned Property

Item 139, page 27, of the Budget Bill, and page 446 of the Budget. Amount requested, \$30. *Recommend approval as submitted.*

For Painting Portraits of Governors

Item 140, page 27, of the Budget Bill, and page 446 of the Budget. Amount requested, \$4,500. *Recommend approval as submitted.*

For Distribution of State Documents to Libraries

Item 141, page 27, of the Budget Bill, and page 446 of the Budget. Amount requested, \$23,810. This is a reduction of \$9,690, or 28.9 percent, under 1946-47 estimated expenditures of \$33,500. *Recommend approval as submitted.*

For Support of Buildings and Grounds Division, Department of Finance

Item 142, pages 27 and 28, of the Budget Bill, and pages 448-457, inclusive, of the Budget. Amount requested, \$1,113,116. This represents an increase of \$179,418.17, or 19.2 percent, over the amount of \$933,697.83 expended in the 1945-46 Fiscal Year, and a decrease of \$20,802, or 1.8 percent, under the amount of \$1,133,918 allocated for the 1946-47 Fiscal Year.

Proposed expenditures for 1947-48 are summarized by function as follows in Table XIV:

Table XIV—Expenditures by Function—Service Revolving Fund

<i>Functions</i>	<i>Estimated 1946-47</i>	<i>Proposed 1947-48</i>	<i>Increase or decrease 1947-48 over 1946-47</i>	
			<i>Amount</i>	<i>Percent</i>
Administration -----	\$77,125	\$97,326	\$20,201	26.2
Sacramento Buildings -----	905,811	936,942	31,131	3.4
San Francisco Buildings -----	233,687	251,665	17,978	7.6
Los Angeles Buildings -----	432,504	438,963	6,459	1.4
Rented Buildings -----	55,178	-----	—55,178	—100.0
	<u>\$1,704,305</u>	<u>\$1,724,896</u>	<u>\$20,591</u>	<u>2.1</u>
Contributions to State Employees				
Retirement -----	77,844	82,240	4,396	5.6
	<u>\$1,782,149</u>	<u>\$1,807,136</u>	<u>\$24,987</u>	<u>1.4</u>

The foregoing table indicates all increases to be nominal with the exception of administration, which is scheduled to advance from \$77,125 to \$97,326, an increase of \$20,201, or 26.2 percent.

The over-all increase for expenditures is indicated to be \$24,987, or 1.4 percent, above the 1946-47 amount of \$1,782,149.

Attention is directed to the fact that this is a revolving fund operation. The fund is made up from collections from special funds, and after the cost of the services rendered is paid, any further sum required is made up from the General Fund. The increase or decrease in the amount of the appropriation is therefore not an accurate criterion of the effectiveness of the operation of the division. Expenditures by object of expenditure are reflected in the following Table XV:

Table XV—Expenditures by Object of Expenditure

<i>Object</i>	<i>Estimated 1946-47</i>	<i>Proposed 1947-48</i>	<i>Increase or decrease 1947-48 over 1946-47</i>	
			<i>Amount</i>	<i>Percent</i>
Salaries and wages -----	\$1,081,175	\$1,142,227	\$61,052	5.6
Operating expense -----	620,652	574,271	—46,381	—7.4
Equipment -----	2,478	8,398	5,920	238.9
	<u>\$1,704,305</u>	<u>\$1,724,896</u>	<u>\$20,591</u>	<u>2.1</u>
Contributions to				
Retirement System -----	77,844	82,240	4,396	5.6
Totals -----	<u>\$1,782,149</u>	<u>\$1,807,136</u>	<u>\$24,987</u>	<u>1.4</u>

Salaries and Wages

A scheduled advance of \$61,052, or 5.6 percent, is indicated. \$21,060, or 34.5 percent, of the increase is accounted for by 11 proposed new positions and six reclassifications. These positions will result in an increase in staff from 420 to 427, a net gain of seven positions, due to transfers of some presently existing positions to the Division of Beaches and Parks.

Table XVI—Proposed New Positions, 1947-48

<i>Classification</i>	<i>Salary Range</i>	<i>Number Requested</i>	<i>Added Cost</i>
Janitor-Janitress -----	150 (10) 190	5	\$8,700
Telephone Operator -----	160 (10) 200	4	7,680
Intermediate Account Clerk -----	160 (10) 200	1	1,920
Intermediate Clerk -----	160 (10) 200	1	1,920
			<u>\$20,220</u>

The requested positions appear justified by added needs and facilities to be cared for. However, in view of the added permanent positions, an adjustment appears in order as follows:

Delete telephone operator (intermittent) at Sacramento, in view of four permanent added positions in this category to effect a saving of -----	\$1,920
Reduce overtime at Los Angeles from \$11,430 to \$7,000, the same figure as set up for 1946-47, a saving of -----	4,430
Reduce temporary help to the same amount as allocated for 1946-47, to effect a saving of -----	370
Total -----	<u>\$6,720</u>

Operating expense and equipment expenditures appear in line as submitted.

Recommend approval of Item 142 in the reduced amount of \$1,115,-836, effecting a saving of \$6,720 in salaries and wages.

A supplemental request has been made for five additional positions in the Division of Buildings and Grounds. The positions are necessitated due to an inadequate estimate made at the time the Budget was prepared as to the number of personnel required to properly maintain the Black Building, recently acquired in Los Angeles for use of the Board of Equalization. The additional positions are as follows:

<i>Classifications</i>	<i>Number requested</i>	<i>Added cost</i>
Window Cleaner -----	1	\$2,040
Janitor-Janitress -----	2	3,600
Elevator Operator -----	2	3,600
1947-48 merit salary adjustments -----		200
Total -----		<u>\$9,440</u>

Item 142 should therefore be increased by \$9,440.

For Alterations, Repairs, and Equipment, State Capitol and State Office Buildings

Item 143, page 28 of the Budget Bill, and page 457 of the Budget. Amount requested, \$310,000, payable from the General Fund. This rep-

resents an increase of \$133,378.01, or 75.5 percent, over the amount of \$176,621.99 expended in 1945-46, and is \$267,272, or 625.5 percent, over the amount of \$42,728 allowed for expenditure in 1946-47. This is a necessary operating item. *Recommend approval as submitted.*

For Christmas Tree Lighting and Decorations

Item 144, page 28 of the Budget Bill, and page 457 of the Budget. Amount requested, \$100. *Recommend approval as submitted.*

For Support of Local Allocations Division

Items 145 and 146, page 28 of the Budget Bill, and pages 458 to 461, inclusive, of the Budget. Amount requested, Item 145, \$52,265, and Item 146, \$125,505, a total of \$177,770. This represents an increase of \$128,785.34, or 262.9 percent, over the amount of \$48,984.66 expended in the 1945-46 Fiscal Year, and \$37,380, or 26.6 percent, above the amount of \$140,390, allowed for expenditure in the 1946-47 Fiscal Year.

Proposed expenditures for 1947-48 are summarized in the following Table XVII on a comparative basis with 1946-47:

Table XVII—Analysis of Proposed Support Expenditures by Function

Function	Estimated 1946-47	Proposed 1947-48	Increase or decrease 1947-48 over 1946-47	
			Amount	Percent
Aid to local agencies for plans and sites for postwar public works-----	\$26,121	\$34,905	\$8,784	33.6
Aid to local agencies for postwar public works -----	70,728	90,600	19,872	28.
Aid to local agencies for emergency veteran housing -----	39,648	49,505	9,857	24.8
Acquisition of housing facilities at col- leges -----	3,893	2,760	—1,133	—29.1
	<u>\$140,390</u>	<u>\$177,770</u>	<u>\$37,380</u>	<u>26.6</u>

The total appropriations over which this division has responsibility for allocations amount to \$110,650,000. Substantial activity may be anticipated, particularly in connection with disbursement of funds and planning in connection with postwar public works for local agencies. Assistance to local agencies for emergency veterans housing will likewise require increased attention.

Increases by object of expenditure are reflected in Table XVIII following:

Table XVIII—Expenditures for 1947-48 by Object of Expenditure

Object	Estimated 1946-47	Proposed 1947-48	Increase or decrease 1947-48 over 1946-47	
			Amount	Percent
Salaries and wages-----	\$100,535	\$143,820	\$43,285	43.
Operating expense -----	33,600	33,050	—550	—1.6
Equipment -----	6,255	900	—5,355	—85.6
Totals -----	<u>\$140,390</u>	<u>\$177,770</u>	<u>\$37,380</u>	<u>26.6</u>

Salaries and Wages

The only increase in the division appears in this category. An advance of \$43,285, or 43 percent, is indicated over 1946-47 expenditures of \$100,535, making the projected 1947-48 figure total \$143,820.

Seven proposed new positions account for the \$17,440, or 40.3 percent of the increase in salaries and wages. The additional positions will increase the staff from 39 to 46, a gain of 17.9 percent. Five of the proposed positions are clerical and two are technical as indicated in the following Table XIX:

Table XIX—Proposed New Positions

<i>Classification</i>	<i>Salary range</i>	<i>No. proposed</i>	<i>Cost</i>
Intermediate Clerk -----	\$160(10)200	1	\$1,920
Intermediate Account Clerk -----	160(10)200	1	1,920
Intermediate Typist-Clerk -----	160(10)200	2	3,840
Junior Clerk -----	140(10)170	1	1,680
Field Representative -----	325(15)385	1	3,700
Associate Civil Engineer-----	365(20)445	1	4,380
		<u>7</u>	<u>\$17,440</u>

In view of the increased activity, the additional positions appear warranted. With added personnel the need for temporary help should be eliminated, effecting a reduction of \$450 in salaries and wages.

Operating Expense

This expenditure is down by \$550, or 1.6 percent. However, a small further adjustment appears in order on this item.

Automobile operating expenses are scheduled at \$5,500, an increase of \$1,500, or 37.5 percent. The number of potential travel positions is scheduled to increase by only 25 percent. *Therefore, a reduction in automobile operating expense is recommended to \$5,000, a saving of \$500.*

Equipment

This item appears in line as stated.

Recommendation

That Items 145 and 146 be approved in the combined amount of \$176,820, a reduction of \$950, or .53 percent. Reduce Item 145 to \$51,986, a reduction of \$279. Reduce Item 146 to \$124,834, a reduction of \$671.

For Support of the Division of Fairs and Expositions

Item 147, page 28, of the Budget Bill, and page 462 of the Budget. Total appropriation requested is \$55,447. This represents an increase of \$37,364.65, or 206 percent, over expenditures of \$18,082.35 for the 1945-46 Fiscal Year and an increase of \$20,022, or 59.9 percent, over the amount of \$35,425 allowed for expenditure in the 1946-47 Fiscal Year.

Proposed expenditures are summarized in the following Table XX and compared to 1945-46 and 1946-47 Fiscal Years.

Table XX—Analysis of Proposed Expenditures by Object

Object	Estimated 1946-47	Proposed 1947-48	Increase or decrease 1947-48 over 1946-47	
			Amount	Percent
Salaries and wages-----	\$25,145	\$37,140	\$11,995	47.7
Operating expense -----	8,145	13,450	5,305	65.1
Equipment -----	2,135	4,857	2,722	127.4
Totals -----	\$35,425	\$55,447	\$20,022	56.5
Number of positions-----	6	9	3	50

The largest dollar increase is \$11,995 in salaries and wages. *Three new positions, one senior and two semi-senior accountants, require \$10,860, or 90.5 percent, of the total increase for this object.* The new accounting positions are desired in order to render assistance to the various agricultural districts in the preparation of their budgets and provide a direct control to insure judicious spending. Due to continued change in the management of these fairs and their lack of experience on budgetary matters, *technical assistance is deemed necessary.*

Operating expense is up \$5,305, or 65.1 percent. The bulk of this increase is attributable to the increased number of positions and consists of advances in traveling expense of \$2,000, or 66.6 percent, automobile expense \$700, or 87.5 percent, office expense \$900, or 300 percent, and rent \$1,150, or 38.9 percent.

Equipment expenditures are contemplated to increase \$2,722, or 127.4 percent. The advance consists primarily of an increase of \$1,692, or 1253.3 percent, for additional office equipment due to new positions. An additional automobile at \$2,800 represents an \$800 increase over the cost of a replacement automobile in the 1946-47 Fiscal Year. The price and class of this automobile should be controlled by Section 15 of the Budget Bill.

The over-all picture of this division presents one of phenomenal growth from a percentage standpoint in a comparison of the last three fiscal years. Total employees are contemplated to advance from three in 1945-46 to nine in 1947-48, a 300 percent increase. Total budget requests represent a jump from \$18,082 to \$55,447, or 206 percent during the same period.

During the war period, activity in Fairs was at a low ebb and the staffing comparison with this period is therefore not fully justified. However, in the prewar period 1939-41 the number of positions totaled five. The present staffing request therefore represents an increase of 80 percent over the former comparable period.

With \$4,095,000 allocated to 63 county and district fairs, the present budget of \$55,447 indicates an administrative cost of 13.54 percent.

Recommendation

That the amount of Item 147 be approved as submitted.

That consideration be given to the preparation of a manual or instructions predicated upon the general approach to most Fair Budget problems as developed by the experience of field contacts by the staff and that such manuals be issued to district and county fair personnel charged with initial budget preparation. This should preclude the necessity for repeated field trips to handle similar problems and likewise obviate further future increases in staffing for this activity.

We are advised that the State Personnel Board has increased the salary ranges for three classifications affecting the Division of Fairs and Expositions. The added cost in salaries will be \$1,400, which should be added to the present Budget Bill figure of \$125,505, making a total of \$126,905.

For Support of the State Agricultural Society

Item 148, page 28, of the Budget Bill and pages 463 to 468, inclusive, of the Budget. Amount requested, \$969,800 for support payable from the State Agricultural Society Contingent Fund. This represents an increase of \$737,950.96 or 418.28 percent over the amount of \$231,849.04 expended in the 1945-46 Fiscal Year and is \$647,278, or 200.69 percent over the amount of \$322,522 allowed for expenditure in the 1946-47 Fiscal Year.

Proposed expenditures for 1947-48 are summarized by function on a comparative basis with 1946-47 in Table XXI, which follows:

Table XXI—Analysis of Expenditures for 1947-48 by Function

Function	Estimated 1946-47	Proposed 1947-48	Increase or decrease Amount Percent	
Administration -----	\$52,362	\$81,470	\$29,108	55.5
Exhibits and horse show -----	43,864	258,270	214,406	488.8
Attractions and promotion -----	49,100	359,114	310,014	631.4
Operations -----	177,196	390,946	213,750	120.6
Totals, support -----	\$322,522	\$1,089,800	\$767,278	237.9
Payable from Fair and Exposition Fund -----		—120,000	120,000	100.00
Net totals, support -----	\$322,522	\$969,800	\$647,278	200.7

Total support is indicated to be up by 237.9 percent, or \$767,278, over the 1946-47 figure. Sizeable increases, both in percent and in dollar amounts are scheduled for all functions. Administration expenditures show the least fluctuation since the item of temporary help is less of a factor in this function.

It is manifestly inequitable to make any comparison of proposed 1947-48 expenditures with those actually expended in 1946-47. Such a comparison is distorted because of the fact that a fair was not held in 1946-47 and a fair is contemplated for 1947-48. To afford a better degree of co-relationship between the figures for comparative purposes, the following table presents an analysis of 1947-48 figures compared with those of the 1941-42 Fiscal Year, which substantially cover the 1941 Fair expenditures.

**Table XXII—Analysis of Expenditures by Function, 1947-48,
Compared With 1941-42**

<i>Function</i>	<i>Actual 1941-42</i>	<i>Proposed 1947-48</i>	<i>Increase or decrease Amount Percent</i>		
Administration -----	\$62,165 63	\$81,470	\$19,304	37	31.0
Exhibits and horse show -----	145,785 19	258,270	112,484	81	77.1
Attraction and promotion -----	181,665 50	359,114	117,448	50	97.7
Operations -----	210,230 24	390,946	180,715	76	85.0
Totals, support -----	\$599,846 56	\$1,089,800	\$489,953	44	81.7

The foregoing, Table XXII, shows that total support expenditures for 1947-48 as compared to the 1941-42 Fiscal Year are up 81.7 percent.

Administration shows an increase of 31 percent, or \$19,304.37.

Exhibits and horse show expenses are scheduled to advance 77.1 percent, or \$112,484.81.

Attractions and promotions is up by 97.7 percent, or \$177,448.50.

Operations reflect a gain of 85.9 percent in expenses, or \$180,715.76.

The following table presents a similar comparison of expenditures by object of expenditure.

**Table XXIII—Analysis of Expenditures by Object, 1947-48,
Compared With 1941-42**

<i>Object</i>	<i>Actual 1941-42</i>	<i>Proposed 1947-48</i>	<i>Increase or decrease Amount Percent</i>		
Salaries and wages -----	\$213,750 73	\$645,125	\$431,374	27	208.1
Operating expenses -----	380,948 13	665,725	284,776	87	74.7
Equipment -----	5,147 70	48,950	43,802	30	850.6
Totals -----	\$599,846 56	\$1,359,800	\$759,953	44	126.7
Estimated Expenditures by Operations Division for restoration of facilities chargeable to capital outlay -----	-----	—270,000	270,000	00	
Totals -----	\$599,846 56	\$1,089,800	\$489,953	44	81.7

Salaries and Wages

Compared to the 1941-42 Fiscal Year this item is up by \$431,374.27, or 208.1 percent. Temporary help accounts for a substantial portion of this increase. In 1941-42, \$141,892.33, or 66.4 percent of total salaries and wages, was expended for temporary help. In 1947-48, \$390,005 is scheduled for this item. This is an increase of \$248,112.67, or 174.8 percent, over 1941-42. Expenses for temporary help in 1947-48 represents 60.4 percent of total salaries and wages. In addition, the sum of \$53,900 has been scheduled for payment of overtime. This constitutes 8.3 percent of all salaries and wages for 1947-48.

Total permanent staffing shows a decline of 18.6 percent from 86 positions in 1946-47 to 70 positions for 1947-48. However, this is still 34 positions, or 94.4 percent, more than the total number of permanent authorized positions in 1941-42. No new positions are requested for 1947-48.

A comparison by function showing the increase in staff is reflected in the following schedule: (The nomenclature of the functional sections has undergone a change since 1941-42, total sections being reduced from 5 to 4).

1941-42		1947-48	
Sections	Number of positions	Sections	Number of positions
Administration -----	10	Administration -----	10
Exhibits -----	2	Exhibits and horse show --	8
Horse show (temporary help) -----	0	Attractions and promotion	3
Publicity -----	1	Operations -----	49
Buildings and grounds----	23	Totals -----	70
Totals -----	36		

From the foregoing, it will be seen that the major increase in staff has occurred in the operations section, which has shown a gain of 26 permanent positions, or 113 percent, during a period when no fairs were held.

It is recognized that a substantial amount of reconditioning must be accomplished at the present site to prepare for the coming fair. We recommend, however, that after the forthcoming fair, a reduction be made in the number of permanent positions to return to the prior level of 36 such positions.

It is recommended that the item of overtime pay be reduced to \$25,000, a saving of \$28,900.

Operating Expense and Equipment

Expenditures for these two items represent increases of 74.7 percent and 850.6 percent, respectively, over comparable expenditures for 1941-42. While substantial, it is felt that in consideration of increased price differentials between the two periods compared, the accumulated needs developed during the war period, and the necessity of appropriate rehabilitation of the premises, that the amounts requested are justifiable.

In 1941-42, actual expenditures for premiums amounted to \$102,285, whereas, in 1947-48, this item is scheduled at \$156,000, an increase of \$53,715, or 52.5 percent. Larger premiums should reflect in a better quality and quantity of entrants, improving the over-all quality of the fair which should, in turn, enhance attendance, resulting in some increase in revenues.

Exercise of proper control by the Department of Finance over individual items of expenditure should result in effective application of the funds. That this is necessary, is reflected in the findings of the Legislative Auditor in connection with fair expenditures, concerning publicity in 1946-47.

Revenues

Estimated revenues for the 1947-48 Fiscal Year for the State Agricultural Society Contingent Fund are set at \$807,500. Unbudgeted surplus as of July 1, 1947, totaled \$118,858. Transfers from the Fair and

Exposition Fund amount to \$140,000. Total of the three above mentioned items equals \$1,006,358. *Total proposed expenditures are \$1,016,831, which will leave an estimated unbudgeted surplus of \$49,527, as of June 30, 1948.*

Recommendations

That Item 148 be approved in the amount of \$940,800, a reduction of \$28,900, or 3.1 percent through elimination of excessive overtime pay.

For Additional Support of State Agricultural Society

Item 149, pages 28 and 29, of the Budget Bill and page 463 of the Budget. Amount requested, \$120,000, payable from the Fair and Exposition Fund pursuant to Section 19626 of the Business and Professions Code.

Recommended approval

For Construction, Improvements, Repairs, and Equipment, State Agricultural Society

Item 150, page 29, of the Budget Bill and page 463 of the Budget. Amount requested \$48,300, payable from the Fair and Exposition Fund, pursuant to Section 19626 of the Business and Professions Code. This amount is required to undertake necessary rehabilitation of the premises and acquisition of additional equipment pursuant to the resumption of normal activities in connection with the holding of a 1947 fair.

Recommend approval.

For Construction, Improvements, Repairs, and Equipment, State Agricultural Society

Item 151, page 29, of the Budget Bill and pages 463 and 467 of the Budget. Amount requested, \$29,181, payable from the State Agricultural Society Contingent Fund. *This is an additional sum required in furtherance of necessary restoration of buildings and grounds damaged or deteriorated during Army occupancy of the premises.*

Recommend approval.

Sixth District Agricultural Association

For Support of the Sixth District Agricultural Association

Items 152 and 153, page 29, of the Budget Bill and pages 469 to 473, inclusive, of the Budget.

Item 152 would appropriate \$81,335 for support from the *Sixth District Agricultural Association Fund* and Item 153, \$125,000 for construction, improvements, repairs and equipment, *from the Fair and Exposition Fund*. In addition to these amounts there are contributions to the State Employees' Retirement Fund of \$3,700 which are not included in the amounts to be appropriated.

The total expenditure of \$210,035 is an increase of \$20,306 over the estimated expenditure of \$189,729 in the 1946-47 Fiscal Year. This is an increase of 10.7 percent. It is made up of increases in support,

\$26,215; contributions to the Employees' Retirement System, \$501; and a decrease in capital outlay of \$6,410.

The district anticipates over 500,000 visitors to the State Exposition Building in 1947-48. This is an increase of 20,000, or 4.17 percent, over 1946-47 and 181,257, or 56.87 percent over 1945-46 attendance.

The cost of support of this agency has increased \$36,832 or 82.76 percent from the \$44,503 required for its support in 1945-46 to \$81,335 proposed expenditures in the 1947-48 Fiscal Year.

The Sixth District Agricultural Association Fund will have an estimated unbudgeted surplus of \$87,793 on July 1, 1947. *Under Section 19622 of the Business and Professions Code, \$15,000 is appropriated annually from the Fair and Exposition Fund.* Revenue from the rental of the Los Angeles Coliseum amounts to \$30,000 per year. The available amount in the fund on July 1, 1947, will be \$132,793. The total proposed expenditures for 1947-48 will leave an estimated unbudgeted surplus of \$47,758 on June 30, 1948.

We recommend approval of the amount requested.

Table I—Distribution of Increases in Support by Object

Object	1946-47	1947-48	Increase	Percent
Salaries and wages-----	\$43,995	\$58,155	\$14,160	32.19
Operating expenses-----	10,130	18,200	8,070	79.66
Equipment-----	995	4,980	3,985	400.50
Totals-----	\$55,120	\$81,335	\$26,215	47.56

Salaries and Wages

Seven new positions cost \$15,600. Four of the proposed new positions are for technicians and craftsmen to assist in the modernization of existing exhibits and preparation of new exhibits. It is estimated that it will take four years to bring the exhibits up to current developments and information. Some of the exhibits have not been changed since 1920. In 1939 the association had seven persons assigned to this work. The addition of this personnel will give it nine craftsmen, artists and technicians. Three of the new positions are for maintenance and operation of the building. The cost of these watchmen and guards is minor, \$3,960, through the use of part time employees and university students.

Equipment

An increase of \$3,985 or 400.50 percent is requested over the \$995 required in 1946-47. Of this amount \$2,275 is wanted to replace a truck and an automobile.

Operating Expenses

An increase of \$8,070, or 79.66 percent, over 1946-47 estimated expenditures. This is made up of \$1,115 increase in administration operating expenses, \$3,850 in exhibits operating expenses, \$1,455 in public service and library operating expenses, and \$1,650 in maintenance and

operation of building. Comparison of operating expenses for these activities is shown below:

Table II

	1946-47	1947-48	Increase	
			Amount	Percent
Administration -----	\$3,130	\$4,245	\$1,115	35.62
Exhibits -----	1,150	5,000	3,850	334.78
Public service and library -----	4,700	6,155	1,455	30.95
Maintenance and operation of building -----	1,150	2,800	1,650	143.48
Totals -----	\$10,130	\$18,200	\$8,070	79.66

The Sixth District Agricultural Association states that the estimated cost in 1947-48 of \$0.1692 per visitor is \$0.08 less than the average for museums of this type throughout the Country:

This is the kind of state enterprise which can be kept at any level desired by the Legislature. It will mushroom out of relation to its importance if permitted. The matter of its size is one of legislative policy. In 1946-47 it is receiving \$125,000 for remodeling the Agriculture Exhibit Room. In 1947-48 it is proposed to devote \$125,000 to remodel the Industry Wing Exhibit Rooms. With each capital improvement more visitors are attracted, operating equipment and salary expenses are increased. Outside of certain obvious waste or inefficiency we can only recommend that the relative importance of the State Exposition Building operated by the Sixth District Agricultural Association be considered.

For Support of the Division of State Lands, Department of Finance

Item 154, pages 29 and 30, of the Budget Bill and pages 477 to 478, inclusive, of the Budget. Amount requested \$235,421 for *support from the State Lands Act Fund.*

This represents an increase of \$84,668 or 56.2 percent over expenditures of \$150,753 in the Fiscal Year 1945-46; and an increase of \$50,138 over the amount of \$185,283 allowed for expenditure in the Fiscal Year 1946-47.

Table I shows the amounts requested in 1947-48 compared to estimated expenditures in 1946-47 by object of expenditure.

Table I—Requests of the Division of State Lands in the Fiscal Year 1947-48 Compared to Estimated Expenditures in the Fiscal Year 1946-47

	<i>Estimated</i> 1946-47	<i>Proposed</i> 1947-48	<i>Increase or decrease</i>	
			<i>Amount</i>	<i>Percent</i>
Salaries and wages -----	\$134,790	\$161,935	\$27,145	20.1
Operating expenses -----	55,163	59,126	3,963	7.2
Equipment -----	2,550	16,580	14,030	550.2
Reimbursements for services to other agencies and sales of public land lists -----	—7,220	—2,220	5,000	69.3
Net totals -----	\$185,283	\$235,421	\$50,138	27.1

Table II shows the increases requested by object and function.

Table II

Function and object	Estimated 1946-47	Proposed 1947-48	Increase or decrease	
			Amount	Percent
Administration				
Salaries and wages.....	\$64,260	\$83,855	\$19,595	30.5
Operating expenses.....	45,218	48,436	3,218	7.1
Equipment.....	1,750	11,222	9,472	541.2
Less reimbursements.....	—6,500	—1,500	5,000	76.9
Totals.....	\$104,728	\$142,013	\$37,285	35.6
Oil Land Control				
Salaries and wages.....	\$70,530	\$78,080	\$7,550	10.7
Operating expense.....	9,945	10,690	745	7.5
Equipment.....	800	5,358	4,558	569.7
Less reimbursements.....	—720	—720	—	—
Totals.....	\$80,555	\$93,408	\$12,853	15.9
Grand totals.....	\$185,283	\$235,421	\$50,138	27.1

Increases for administration as requested for 1947-48 total \$37,285, or 35.6 percent over 1946-47; wages show an increase of \$19,595; operating expenses, \$3,218 and equipment \$9,472. Reimbursements for services rendered to other agencies and departments show a decrease of \$5,000.

Salaries and Wages

Requested increases in salaries and wages total \$19,595, or 30.5 percent, over 1946-47. Two new positions are requested and a reclassification of an existing position. Salary increases for the new position and reclassification total \$6,360. The positions requested are shown below:

Proposed new positions:

Junior Title Examiner.....	\$220 (10) 260	\$2,640
Assistant Civil Engineer.....	295 (15) 355	3,540
Accounting Officer, Grade I (Reclassification of Accountant- Auditor, Grade I).....	250 (15) 310	180
		<u>\$6,360</u>

We recommend approval of these positions but point out that the necessity for the assistant civil engineer should be reviewed as soon as the volume of land sales falls off and the mapping of state lands is nearing completion.

The amount of temporary help and overtime does not decrease even with the addition of these new positions. *We recommend that these be reduced to \$250, a reduction of \$1,000.* Without the two new positions, overtime and temporary help amounted to only \$1,250. If the present staff can do the work with no more overtime and temporary help than is necessary with the addition of two new positions, there is no justification for establishing the new positions.

Operating Expenses

Requested increases for operating expenses total \$3,218 over 1946-47. There is a decrease in accounting service charges of \$3,150 and an

increase in pro rata charges for other agencies of \$3,308. Traveling shows the major increase of \$2,000. *The requests seem in line and justified.*

Equipment

Increase of \$9,472 or 541.2 percent are requested for equipment and appear justified.

OIL LAND CONTROL

Total increases for the Oil Land Control for 1947-48 are \$12,853 or 15.9 percent. Salaries and wages increase \$7,550, operating expenses \$745, and equipment \$4,558. Reimbursements from other agencies for services rendered remain the same as in 1946-47, \$720.

Salaries and Wages

Increases requested for salaries and wages total \$7,550 or 10.7 percent. *One new position, Petroleum Production Inspector at a salary of \$2,880, is requested due to an increased number of oil wells on state land. We concur in this.*

Temporary help and overtime should show a reduction from that allowed in 1946-47 because of the addition of the new position. *We therefore, recommend that the amount of money allowed for overtime and temporary help be reduced to \$500, a reduction of \$950.*

Operating Expenses

Increases requested for 1947-48 total \$745 or 7.5 percent and appear to be justified, particularly when it is pointed out that increases over 1945-46 are only \$73.

Equipment

Requested increases of \$4,558 or 569.7 percent appear to be in line.

RECOMMENDATIONS

We recommend that Item 154 be approved for the amount of \$233,471, a reduction of \$1,950 from the original request.

We recommend that all programs of land survey be coordinated so that several agencies are not mapping the same areas, and that the same scales be used where different areas are being mapped by different agencies.

All aerial mapping should be done under one general aerial mapping program of the State Engineer.

The schedule of expenditures when adjusted to reflect the recommended reductions would be as follows:

Salaries and wages.....	\$159,985
Operating expenses	59,126
Equipment	16,580
Total	\$225,691
Less sales of public lands, lists, etc.....	\$1,500
Reimbursements for services to other agencies.....	720
Net Appropriation	\$233,471

For Installation of a Public Lands Record System

Item 155, page 30, of the Budget Bill, page 479 of the Budget. Amount requested, \$36,900 for the installation of a public lands record system, the money to be appropriated from the *State Lands Act Fund*.

The Division of State Lands has estimated that the system will cost \$50,000, plus expenses for temporary clerical help. \$29,975 is estimated to be spent in 1946-47, which combined with the present request makes expenditures of \$66,875.

We recommend that Item 155 be approved as requested.

For a Proprietary Lands Survey

Item 156, page 30, of the Budget Bill and page 479 of the Budget. Amount requested, \$30,000 from the State Lands Act Fund.

We recommend that Item 156 be approved as submitted.

For Support of Napa State Farm

Item 157, page 30, of the Budget Bill, and pages 481 to 482 of the Budget. Amount requested \$26,600 for support from the General Fund.

This represents a decrease of \$4,720 or 15.1 percent, from expenditures of \$31,333 for the Fiscal Year 1945-46; and a decrease of \$1,780 or 6.3 percent, from the amount of \$28,380 allowed for expenditures in the 1946-47 Fiscal Year. Revenues show an increase of \$5,100 or 16.4 percent, from \$31,050 in 1946-47 to \$36,150 in 1947-48.

Statistical Summary

The statistical summary below shows the distribution of decreases as requested, totaling \$1,780 by various categories of General Fund activities and by object of expenditure.

Object	1946-47	1947-48	Increase or decrease	
			Amount	Percent
Salaries and wages-----	\$10,990	\$11,700	\$710	6.5
Operating expenses-----	14,755	13,975	- 780	- 5.3
Equipment -----	2,775	1,065	-1,710	-61.6
Less reimbursements for employee's maintenance --	-140	-140	----	--
Total -----	\$28,380	\$26,600	\$-1,780	-6.3

Salaries and wages

No new positions are requested. Merit salary adjustments amount to \$160 and general salary increases \$550 to make up the increase of \$710 for salaries.

Operating Expenses

The decrease in operating expenses of \$780 is due to a decrease in planting and harvesting expenses of \$930 which offsets an increase of \$150 in repairs to equipment.

Equipment

The only item for equipment is for additional farm equipment amounting to \$1,065. This compares to a total of \$2,775 or a decrease of \$1,710 or 61.6 percent from 1946-47.

Revenue

Revenue from general farm income is estimated at \$36,150 an increase of \$5,100 or 16.4 percent over revenues for 1946-47. These revenues are \$9,550 over expenditures for 1947-48, thus showing an operating profit for the first time in many years.

General Comments:

A Department of Finance report of November 7, 1946, on the cost of producing fresh meat from slaughtering operations showed that the slaughterhouse was being operated at a deficit. The report is misleading and erroneous in that the selling price of the meat is an arbitrary figure. To present a true picture, the selling price credited should be that which the State would have to pay for comparable meat. In this case the prices would be much higher than those shown and would indicate that the operation is running at a profit rather than the loss indicated by this report.

Charges against the slaughterhouse are erroneous in that no credit is given for cow beef when calves are also obtained in the purchase price of the cows. Likewise, no charge was made against the production of veal for these calves received. This raised the cost of production for cow beef and decreased the cost of veal.

Recommendations

1. The Joint Interim Committee on Agriculture and Livestock problems made a report to the Legislature in July, 1946. The recommendations of the Committee are worthy of consideration and are repeated here:

- (1) The committee recommends that all the feed that possibly can be produced be grown, particularly alfalfa, corn and other ensilage.
- (2) The committee recommends that a large enough dairy be developed to supply the needs of the Veterans' Home and for Sonoma if the dairy there is abandoned and their stock taken over by the Napa State Farm.
- (3) The committee recommends that the area of approximately 120 acres which Mr. Duffy proposes to check, level and drain for alfalfa be put into condition immediately for planting as water from the Rector Canyon Dam will be available in a short time.
- (4) The committee recommends the use of inmate labor from other institutions as much as possible, and if necessary, that the Statutes be changed to make this possible. It also suggested that study should be made as to the establishment of a Youth Authority Camp during the period of maximum demand for labor.

- (5) The committee recommends that the Director of Finance allot the necessary money to carry out development of the Napa State Farm, although no money has been set up for this purpose in the Budget.

With these recommendations we are in accord.

2. We further recommend that the Napa State Farm not be turned over to the Veterans Home. The farm at the Veterans Home was one of the most inefficiently operated of the institutions visited by the Committee on Livestock Problems. Little effort was made to fully develop the farm at the Veterans Home and little use was made of inmates available for labor. We feel that to turn it over to the Veterans Home would necessitate hiring more farm labor. Use should be made of inmate labor from the Veterans Home and from the Napa State Hospital on the Napa State Farm but the control retained by the Department of Finance. The law should be amended to remove restrictions preventing use of inmate labor.

3. We recommend that a thorough study of the problems involved in carrying out the recommendations of the Joint Interim Committee on Agriculture and Livestock Problems be made and that a working plan be evolved. This plan should be put into operation as soon as possible.

4. We recommend that a proper system of accounting be set up for the Napa State Farm so a realistic picture may be had of the costs of operation and of profits or losses.

5. *We recommend that Item 157 be approved as submitted.*

Franchise Tax Commissioner

Analysis of Proposed Expenditures for the 1947-48 Fiscal Year

For Support of the Franchise Tax Commissioner

Item 158, page 30, of the Budget Bill and pages 483 to 491, inclusive, of the Budget from the General Fund.

This item would appropriate \$1,871,609 from the General Fund for support of the Franchise Tax Commissioner. This is an increase of \$389,120 or 26.25 percent over the \$1,482,489 estimated expenditure in 1946-47.

Recommendation

Approve Item 156 for \$1,871,609. It will permit the putting into effect of a reorganization plan for the Franchise Tax Division. Such plan was recommended by the Department of Finance on January 9, 1947.

Statistical Summary

The increase of \$389,120 for 1947-48 proposed by the Budget over estimated expenditures in 1946-47 is distributed as follows by object of expenditure: