

Operating Expenses

Operating expense increases requested total \$7,995 or 12.6 percent over 1946-47.

Operating expenses are heavy due to increases in rents, traveling, repairs and maintenance, and increased pro rata charges from various agencies.

Equipment

Equipment increases requested total \$1,451, or 30.1 percent, due to an additional automobile and the replacement of three others as well as the replacement of office equipment.

Recommendations

We recommend that Item 257 be approved as submitted.

Department of Professional and Vocational Standards

Items 258, through 281, inclusive, on pages 48 through 53 of the Budget Bill and pages 753 through 814 of the Budget. Amount requested for the 1947-48 Fiscal Year for all agencies combined, \$1,733,207, an increase of \$203,065, or 13.3 percent over estimated expenditures of \$1,530,144 for 1946-47.

The 26 agencies in this department are special fund, self-supporting agencies with the exception of the Division of Administrative Procedure which is supported from the General Fund. In the event the appropriations for any of these agencies should not be sufficient and an emergency should exist, a deficiency appropriation can be allowed by the Director of Finance with the approval of the Governor under Section 11006 of the Government Code.

An item by item analysis of the individual appropriations for the several agencies in the department follows.

Table I provides a summarization and comparative analysis of the expenditures and revenues for the 1946-47 Fiscal Year compared with the 1947-48 Fiscal Year.

Table I—Over-all Analysis of Expenditures and Revenues 1946-47 Fiscal Year Compared With 1947-48 Fiscal Year

Item Number	Expenditures				Revenues			
	Actual and estimated	Proposed	Increase or decrease	Percent	Actual and estimated	Proposed	Increase or decrease	Percent
	1946-47 Fiscal Year	1947-48 Fiscal Year			1946-47 Fiscal Year	1947-48 Fiscal Year		
Departmental Administration a-----	\$52,273	\$58,765 ^a	\$6,492	12.4	\$46,110	\$60,526 ^a	\$14,416	31.3
Division of Administrative Procedure_ 258	56,715	65,112	8,397	14.8	-	-	-	-
Board of Accountancy----- 259	51,735	62,123	10,388	20.1	160,050	73,200	-86,850	-54.3
Board of Architectural Examiners_ 260	18,497	22,121	3,624	19.6	16,990	16,435	-555	-3.3
Athletic Commission_ 261	115,508	115,000	-508	-.4	122,294	121,548	-746	-.6
Board of Barber Examiners_ 262	78,454	78,831	377	.5	88,785	91,975	3,190	3.6
Board of Chiropractic Examiners_ 263	23,514	24,512	998	4.2	31,875	31,500	-375	-1.2
Board of Registration for								
Civil Engineers_ 264	46,553	53,650	7,097	15.2	48,005	50,265	2,260	4.7
Board of Cleaners_ 265	81,725	104,185	22,460	27.5	175,250	182,450	7,200	4.1
Contractors' License Board_ 266	248,451	303,586	55,135	22.2	293,500	329,620	36,120	12.3
Board of Cosmetology_ 267	116,712	127,537	10,825	9.3	115,780	127,200	11,420	9.9
Board of Dental Examiners_ 268	41,912	45,315	3,403	8.1	49,170	47,170	-2,000	-4.1
Detective License Bureau_ 269	16,655	21,730	5,075	30.5	28,950	29,010	60	.2
Board of Funeral Directors and Embalmers_ 270	24,302	27,156	2,854	11.7	23,800	28,888	5,088	21.4
Bureau of Furniture and Bedding Inspection_ 271	124,532	131,490	6,958	5.6	151,800	153,890	2,090	1.4
Board of Medical Examiners_ 272	98,116	110,040	11,924	12.2	192,650	169,120	-23,530	-12.2
Board of Nurse Examiners_ 273	67,357	78,516	11,159	16.6	83,067	93,770	10,703	12.9
Board of Optometry_ 274	19,066	20,878	1,812	9.5	18,325	20,400	2,075	11.3
Board of Pharmacy_ 275	79,645	88,105	8,460	10.6	66,905	74,550	7,645	11.4
Board of Social Work Examiners_ 276	13,973	14,523	550	4.0	27,700	21,820	-5,880	-21.2
Structural Pest Control Board_ 277	18,878	29,007	10,129	53.7	21,050	26,650	5,600	26.6
Board of Examiners in Veterinary Medicine_ 278	9,492	9,385	-107	-1.1	7,500	8,750	1,250	16.7
Yacht and Ship Brokers Commission_ 279	10,575	11,226	651	6.2	15,470	13,300	-2,170	-14.0
Board of Osteopathic Examiners_ 280	18,842	19,295	453	2.4	21,250	21,850	600	5.6
Board of Pilot Commissioners_ -	39,196	39,196	-	-	39,361	39,361	-	-
Horse Racing Board_ 281	57,466	71,925	14,459	25.2	14,520,908	11,746,000	-2,774,908	-19.1
Totals_	\$1,530,144	\$1,733,209	\$203,065	13.3	\$16,366,545	\$13,579,248	-\$2,787,297	-17.0

^a Pro rata departmental expenses assessed various boards and agencies to produce \$60,526 in revenue for departmental administration.

Departmental Administration

The budget for Departmental Administration of the Department of Professional and Vocational Standards appears on pages 753 and 754 of the Budget. Amount requested, \$61,949 for the 1947-48 Fiscal Year. This represents an increase of \$6,740, or 12.2 percent, over expenditures of \$55,209 for the 1946-47 Fiscal Year. *Of this increase \$3,000, or 44.5 percent, results from the fact that during this fiscal year, for the first time, the full salary of the Assistant Director will be charged to Departmental Administration, in lieu of the past practice of dividing the charge equally with the Bureau of Furniture and Bedding Inspection.* The rest of the increase is attributable to normal salary increases plus a new Intermediate Stenographer-Clerk to assist in the director's office in Sacramento. Creation of this position is justified by the workload.

There is no direct appropriation for this organization since the necessary funds are obtained from assessments against the several agencies in the Department of Professional and Vocational Standards as follows:

Board of Accountancy.....	\$2,248
Board of Administrative Procedure.....	1,000
Board of Architectural Examiners.....	708
Athletic Commission.....	2,764
Board of Barber Examiners.....	3,000
Board of Chiropractic Examiners.....	888
Board of Registration for Civil Engineers.....	1,852
Board of Cleaners.....	3,084
Contractors License Board.....	9,160
Board of Cosmetology.....	5,420
Board of Dental Examiners.....	2,700
Detective License Bureau.....	2,592
Board of Funeral Directors and Embalmers.....	1,200
Bureau of Furniture and Bedding Inspection.....	8,500
Board of Medical Examiners.....	4,400
Board of Nurse Examiners.....	3,700
Board of Optometry.....	860
Board of Pharmacy.....	3,965
Board of Social Work Examiners.....	672
Structural Pest Control Board.....	950
Board of Examiners in Veterinary Medicine.....	428
Yacht and Ship Brokers Commission.....	420
Miscellaneous.....	15
Totals.....	60,526

We recommend approval of this budget as submitted.

For Support of the Division of Administrative Procedure

Item 258, page 48, of the Budget Bill, and pages 755 and 756 of the Budget. Amount requested \$65,112 for 1947-48—from the General Fund.

This represents an increase of \$8,397, or 14.8 percent, over the net appropriation of \$56,715 for the 1946-47 Fiscal Year. The foregoing net appropriation amount is the net balance required for support after deduction of reimbursements from other agencies for hearing and other services in the amount of \$29,322 for 1947-48. The net appropriation of \$65,112 added to the \$29,322 from other agencies produces a total of \$94,434 for support for the 1947-48 Fiscal Year. This represents an increase of \$18,228, or 23.9 percent, over expenditures of \$76,206 for the 1946-47 Fiscal Year.

The Division of Administrative Procedure was created by the 1945 Legislature but was in a developmental stage until about July 1, 1946. Therefor, the organization has not actually functioned with full force for a complete fiscal year. This makes estimation of the agencies' needs difficult but our investigation discloses that the Budget is reasonable and proper.

We recommend approval of Item 258, in the amount of \$65,112, as submitted.

For Support of the State Board of Accountancy

Item 259, page 49, of the Budget Bill, and page 757 of the Budget. Amount requested, \$62,123, for support for the 1947-48 Fiscal Year from the Accountancy Fund. This represents an increase of \$10,388, or 20.1 percent, over expenditures of \$51,735 for the 1946-47 Fiscal Year. *Of this increase \$3,360, or 32 percent, is for an Assistant Secretary to serve as an understudy of the secretary who is in ill health and anticipates retirement in two years.* This position has already been filled, having been first filled by an emergency appointment on January 22, 1947.

The work load of this bureau has risen from 1,700 certified public accountants regulated by the bureau prior to 1946 to about 11,700 registrations, due to the addition of approximately 10,000 public accountants not previously licensed by the Bureau of Accountancy.

Revenues for the Accountancy Fund are expected to decline from \$160,050 in the 1946-47 Fiscal Year, to \$73,200 in the 1947-48 Fiscal Year. This decline of \$86,850, or 54.3 percent, reflects the fact that the \$90,000 in one time original registration fees from public accountants received in 1946-47 will not be received again in 1947-48.

In view of the workload borne by this agency, we recommend approval of this budget as submitted.

For Support of State Board of Architectural Examiners

Item 260, page 49, of the Budget Bill and pages 759 and 760 of the Budget. Amount requested, \$22,121 from the Board of Architectural Examiners Fund. This represents an increase of \$3,624, or 20 percent, over expenditures of \$18,497 for the 1946-47 Fiscal Year. It is not anticipated that the increased expenditures will be offset by revenues since revenues will decline from \$16,990 in the 1946-47 Fiscal Year to \$16,435 in the 1947-48 Fiscal Year, a decrease of \$555, or 3 percent. The difference between the estimated revenues of \$16,435 and expenditures of \$22,121 amounting to \$5,686 will be drawn from the unbudgeted surplus in the Board of Architectural Examiners Fund. It is estimated that as of June 30, 1948, the balance in this fund will be \$18,873.

Of the \$3,624 increase in expenditures, \$2,640 is to provide one additional investigator position and to adjust the salary for a position reclassified from Junior Stenographer Clerk to Intermediate Stenographer Clerk.

The board has been unable to find anyone willing to accept employment in the present position of Junior Stenographer Clerk. In view of this fact, and the fact that anyone accepting such employment will probably only do so for a short period of training and then would move to

a higher paying employment, it is recommended that the additional salary for the reclassification of the position to that of Intermediate Stenographer Clerk be allowed.

A history of the number of investigations completed by the Board of Architectural Examiners is as follows:

In the 1945-46 Fiscal Year, 33; in the 1947-48 Fiscal Year it is estimated that 480 investigations will be completed. The validity of this estimate is highly questionable since no evidence was submitted to the Legislative Auditor to show that the present investigator either maintained adequate record of his activities or reported these activities to the Board of Architectural Examiners or the Division of Administration in the Department of Professional and Vocational Standards in such a manner that the nature and effectiveness of his work can be appraised.

In the absence of reliable data indicating need for an additional investigator, it is recommended that the additional investigator position in the amount of \$3,120 be deleted.

For Support of State Athletic Commission

Item 261, page 49, of the Budget Bill, and pages 761 through 763 of the Budget. Amount requested, \$115,000 for support during the 1947-48 Fiscal Year from the Athletic Commission Fund.

This represents a decrease of \$508, or 0.4 percent, under expenditures of \$115,508 for the 1946-47 Fiscal Year.

Revenues for the Athletic Commission Fund are expected to decline from \$271,000 in the 1946-47 Fiscal Year to \$251,000 in the 1947-48 Fiscal Year. This decline of \$20,000, or 7.4 percent, reflects the expectation that receipts from license fees will be about the same in the 1947-48 Fiscal Year as in 1946-47, but that receipts from admission tax on boxing and wrestling contests will fall as employment opportunities lessen and inflation reduces the amount of money which the population have for entertainment.

The following schedule analyzes the proposed expenditures of the Athletic Commission by object of expenditures:

Object	Actual and estimated		Increase or decrease	
	1946-47	1947-48	Amount	Percent
Salaries and wages.....	\$94,240	\$90,940	—\$3,300	—3.5
Operating expenses.....	20,408	23,449	3,041	14.9
Equipment	860	611	—249	—28.9
Totals	\$115,508	\$115,000	—\$508	—0.4

In view of the amounts actually expended for administrative traveling during the 1945-46 Fiscal Year, and the limited number of traveling positions on the staff of this agency, it is our opinion that the allowance for administrative traveling expenses should be reduced from \$3,200 to \$3,000, a saving of \$200. Likewise, the allowance for automobile expenses should be reduced from \$750 to \$500, a saving of \$250. The amounts recommended will allow the equivalent of 375 days traveling expenses at \$8 per day and 20,000 miles of automobile expenses at 2.5 cents per mile.

After adjustment to effectuate our recommendations, the schedule of expenses for the Budget Bill will be as follows:

Salaries and wages-----	\$90,940
Operating expenses-----	22,999
Equipment-----	611
Total of schedule-----	\$114,550

We recommend that Item 261 be approved in the amount of \$114,550.

For Support of State Board of Barber Examiners

Item 262, page 49, of the Budget Bill, and pages 764 and 765 of the Budget. Amount requested, \$78,831 for the 1947-48 Fiscal Year from the State Board of Barber Examiners.

This represents an increase of \$377, or 0.5 percent, over expenditures of \$78,454 for the 1946-47 Fiscal Year. Anticipated revenues of this board will increase \$3,190 in the 1948 Fiscal Year while expenditures will increase only \$558. No additional positions are requested.

We recommend the approval of this Budget as submitted.

For Support of Board of Chiropractic Examiners

Item 263, page 49, of the Budget Bill, and pages 766 and 767 of the Budget. Amount requested, \$24,512 for support for the 1947-48 Fiscal Year from the State Board of Chiropractic Examiners Fund.

This represents an increase of \$998, or 4.1 percent, over expenditures of \$24,512 for the 1946-47 Fiscal Year.

Revenues for the Chiropractic Examiners Fund are expected to decline from \$31,875 for the 1946-47 Fiscal Year to \$31,500 for the 1947-48 Fiscal Year, a decline of \$375, or 1.2 percent.

Estimated unbudgeted surplus is expected to rise from \$40,010 as of July 1, 1947, to \$46,181 as of June 30, 1948, an increase of \$6,171, or 15.4 percent.

We recommend approval of Item 263 for \$24,512, as requested.

For Support of Board of Registration for Civil Engineers

Item 264, page 50, of the Budget Bill, and pages 768 through 770 of the Budget. Amount requested, \$53,650 for the 1947-48 Fiscal Year from the Civil Engineers Fund.

This represents an increase of \$7,097, or 15.2 percent, over expenditures of \$46,553 for the 1946-47 Fiscal Year.

It is anticipated that revenues for the 1947-48 Fiscal Year will amount to \$50,265, an increase of \$2,260, or 4.7 percent, over the revenues for the 1946-47 Fiscal Year, amounting to \$48,005.

No new positions are requested in this Budget. All increases in expenditures over the prior year are justifiable and reasonable. The increasing number of applicants for registration is constantly requiring more time of board members and provision to meet the need for travel expense on the part of the board is reflected in the increase of \$1,800 in traveling expenses.

During the 1946-47 Fiscal Year an additional typist and an investigator were employed. At that time it was impossible to purchase an automobile for the investigator and, therefore, an automobile for his use is included in the Budget for the 1947-48 Fiscal Year. This also has produced an increase in the anticipated expense for automobile and travel.

Additional office equipment in the amount of \$440 is required to provide a desk, a file cabinet, and certain other miscellaneous pieces of equipment for the investigator.

All of the foregoing expenditures seem justified on the basis of the prevailing conditions, and for this reason, it is recommended that Item 264 be approved in the amount of \$53,650, as submitted.

For Support of State Board of Cleaners

Item 265, page 50, of the Budget Bill, and pages 771 and 772 of the Budget. Amount requested, \$104,185 for support for the 1947-48 Fiscal Year from the Cleaners' Fund. *This represents an increase of \$22,460, or 27.5 percent, over expenditures of \$81,725 for the 1946-47 Fiscal Year.*

This board was created by the 1945 Legislature. Its duties include licensing and policing of cleaning establishment operators.

Revenues for the Cleaners' Fund are expected to rise from \$115,250 for the 1946-47 Fiscal Year to \$122,450 for the 1947-48 Fiscal Year. This represents an increase of \$7,200, or 6.2 percent. *For each of the 1946-47 and 1947-48 Fiscal Years, \$60,000 will be transferred from the Cleaners' Fund to the General Fund, per Section 9575 of the Business and Professions Code, and Chapter 1173, Statutes 1945.*

Estimated unbudgeted surplus for the Cleaners' Fund is expected to rise from \$56,350, as of July 1, 1947, to \$70,167, as of June 30, 1948, an increase of \$13,817, or 24.5 percent.

The following schedule analyzes the proposed expenditures of this board by object of expenditure:

Object	Actual and estimated		Increase or decrease	
	1946-47	1947-48	Amount	Percent
Salaries and wages.....	\$49,246	\$59,780	\$10,534	21.4
Operating expenses.....	31,236	31,724	488	1.6
Equipment	1,243	12,681	11,438	920.2
Totals	\$81,725	\$104,185	\$22,460	27.5

We recommend approval of Item 265 in the amount of \$104,185, as submitted.

For Support of Contractors' License Board

Item 266, page 50, of the Budget Bill, and pages 773 through 776 of the Budget. Amount requested, \$303,586 for support for the 1947-48 Fiscal Year from the Contractors' License Fund. This represents an increase of \$55,135, or 22.2 percent, over expenditures of \$248,451 for 1946-47.

Revenues for the Contractors' License Fund are expected to increase from \$293,500 in the 1946-47 Fiscal Year to \$329,620 in the 1947-48 Fiscal Year, an increase of \$36,120, or 12.3 percent.

The following schedule analyzes the proposed expenditures for support by object of expenditure:

Object	Actual and estimated		Increase or decrease	
	1946-47	1947-48	Amount	Percent
Salaries and wages -----	\$169,984	\$196,870	\$26,886	15.8
Operating expenses -----	70,656	86,943	16,287	23.1
Equipment -----	7,811	19,773	11,962	153.2
Totals -----	\$248,451	\$303,586	\$55,135	22.2

Salaries and Wages

The increase in this item reflects normal annual salary increases plus salaries for nine additional positions. These include five clerical positions and four investigator positions as follows:

	Additional cost	
	Amount	Percent
5 clerical positions -----	\$9,000	33.5
4 investigator positions -----	10,560	39.3
Annual salary increases -----	7,326	27.2
Total, salaries and wages -----	\$26,886	100.0

These increases are warranted in view of the work load which has risen rapidly as the State's population and building activity has risen. The investigators are deemed necessary to police the activities of contractors and those who pose as contractors. It is estimated that there are now more than 50,000 contractors in California, and, of course, the number of builders posing as contractors is unknown.

Operating Expenses and Equipment

This cost appears to be in line since the major part of the increases in these objects of expenditure may be attributed to the anticipated field activity of the additional investigators plus the resulting office activities. This is, of course, in addition to the increased activity in examination of applicants for licenses as well as other activities of this board.

We recommend approval of Item 266 in the amount of \$303,586, as submitted.

For Support of State Board of Cosmetology

Item 267, page 50, of the Budget Bill, and pages 777 and 778 of the Budget. Amount requested \$127,537 for the 1947-48 Fiscal Year from the Board of Cosmetology Contingent Fund. This represents an increase of \$10,825, or 9.3 percent, over the expenditures of \$116,712 in the 1946-47 Fiscal Year.

The increase in revenues collected by the Board of Cosmetology exceeds the anticipated increase in expenditures, both in dollar amount and percentage. Our analysis did not reveal any unwarranted anticipated expenditures, and the additional Intermediate Typist Clerk and Cosmetology Inspector are justified on the basis of the work load.

We recommend that Item 267 be approved in the amount of \$127,537, as requested.

For Support of Board of Dental Examiners

Item 268, page 50, of the Budget Bill, and pages 779 and 780 of the Budget. Amount requested, \$45,315 for the 1947-48 Fiscal Year from the State Dentistry Fund. This represents an increase of \$3,403, or 8.1 percent, over expenditures of \$41,912 for the 1946-47 Fiscal Year.

It is anticipated that revenues for the 1947-48 Fiscal Year will be \$47,170, a decrease of \$2,000, or 4.1 percent, from the revenues of \$49,170 for the 1946-47 Fiscal Year. *The decrease in revenues is attributable to a reduction in examination fees collected.* The war interrupted the schooling of a substantial number of potential licentiates and has caused a temporary decrease in the number of applicants examined. It is anticipated that this decrease will be of a temporary nature only but in the next few years the revenues from examination fees will rise to previous levels.

No new positions are requested in this Budget and the increases shown arise from normal and reasonable increases in operating expenses, none of which are unduly out of line. During the 1947-48 Fiscal Year, the biennial report of the Board of Dental Examiners required by law will be published. The cost of printing the publication accounts for most of the increase in cost over the 1946-47 Fiscal Year.

We recommend that Item 268 be approved in the amount of \$45,315, as requested.

For Support of Detective License Bureau

Item 269, page 51, of the Budget Bill, and pages 782 and 783 of the Budget. Amount requested, \$21,730 for the 1947-48 Fiscal Year from the Private Detective Agency Contingent Fund.

This represents an increase of \$5,075, or 30.5 percent, over expenditures of \$16,655 for the 1946-47 Fiscal Year.

Revenues for the Detective Agency Contingent Fund are expected to rise from \$28,950 for the 1946-47 Fiscal Year to \$29,010, an increase of \$60, or 0.2 percent, for the 1947-48 Fiscal Year. Estimated unbudgeted surplus in this fund is expected to rise from \$94,157 as of July 1, 1947, to \$100,752 as of June 30, 1948, an increase of \$6,595, or 7.0 percent.

The following schedule analyzes the proposed expenditures of this bureau by object:

Object	Actual and estimated		Increase or decrease	
	1946-47	1947-48	Amount	Percent
Salaries and wages -----	\$6,055	\$9,520	\$3,465	57.2
Operating expenses -----	10,500	12,110	1,610	15.3
Equipment -----	100	100	---	---
Totals -----	\$16,655	\$21,730	\$5,075	30.5

The big increase is in the salaries and wages category. This reflects the fact that one of the two investigator positions shown in the Budget for the 1946-47 Fiscal Year was not filled, and one was filled for three months, only. The salaries for these two positions combined amount to \$5,280, or 55.4 percent, of the \$9,520 budgeted for salaries and wages for the 1947-48 Fiscal Year.

We recommend approval of Item 269 in the amount of \$21,730 as requested.

For Support of State Board of Funeral Directors and Embalmers

Item 270, page 51, of the Budget Bill, and pages 784 and 785 of the Budget. Amount requested, \$27,156 for support during the 1947-48 Fiscal Year from the Funeral Directors and Embalmers' Fund.

This represents an increase of \$2,854, or 11.7 percent, over expenditures of \$24,302 for 1946-47.

Revenues for the Funeral Directors and Embalmers Fund are expected to rise from \$23,800 for the 1946-47 Fiscal Year to \$28,888 for 1947-48, an increase of \$5,088, or 21.4 percent.

The estimated unbudgeted surplus as of July 1, 1947, will amount to \$50,653. This balance is expected to rise to \$51,309 as of June 30, 1948, an increase of \$656, or 1.3 percent.

In view of the normal increase in work load, we recommend approval of Item 270 in the amount of \$27,156, as requested.

For Support of Bureau of Furniture and Bedding Inspection

Item 271, page 51, of the Budget Bill and pages 786 through 788 of the Budget. Amount requested, \$131,490 for the 1947-48 Fiscal Year from the Bureau of Furniture and Bedding Inspection Fund.

This represents an increase of \$6,958, or 5.6 percent, over expenditures of \$124,532 for support for 1946-47.

Revenues for the Bureau of Furniture and Bedding Inspection Fund are expected to rise from \$151,800 for the 1946-47 Fiscal Year to \$153,890 for the 1947-48 Fiscal Year, an increase of \$2,090, or 1.4 percent.

Estimated unbudgeted surplus in this fund is expected to rise from \$308,628 as of July 1, 1947, to \$324,544 as of June 30, 1948, an increase of \$15,916, or 5.2 percent.

We recommend approval of Item 271 in the amount of \$131,490, as requested.

For Support of State Board of Medical Examiners

Item 272, page 51, of the Budget Bill and pages 789 and 790 of the Budget. Amount requested \$110,040 for support for 1947-48 from the Contingent Fund of the Board of Medical Examiners.

This represents an increase of \$11,924, or 12.2 percent, over expenditures of \$98,116 for the 1946-47 Fiscal Year.

Revenues for the Medical Examiners Contingent Fund are expected to decline from \$192,650 in the 1946-47 Fiscal Year to \$169,120 in the 1947-48 Fiscal Year, a decrease of \$23,530, or 12.2 percent.

Estimated unbudgeted surplus is expected to increase from \$355,877 as of July 1, 1947 to \$410,587 as of June 30, 1948, an increase of \$54,710, or 15.4 percent.

We recommend approval of Item 272 in the amount of \$110,040, as requested.

For Support of Nurse Examiners

Item 273, page 52, of the Budget Bill and pages 791 and 792 of the Budget. Amount requested \$78,516, for support for the 1947-48 Fiscal Year from the Board of Nurse Examiners' Fund.

This represents an increase of \$11,159, or 16.6 percent over expenditures of \$67,357 for the 1946-47 Fiscal Year.

The estimated unbudgeted surplus for the Board of Nurses' Examiners Fund is expected to rise from \$335,278, as of July 1, 1947, to \$347,762, as of June 30, 1948, an increase of \$12,484, or 3.7 percent.

No new full-time positions are requested by this board. However, the part-time services of an investigator are provided to take care of the increased work load which is anticipated.

The item of educational expense shows an increase of \$4,800 for the 1947-48 Fiscal Year over 1946-47 since the amount provided was increased from \$2,200 for 1946-47 to \$7,000 for 1947-48. This increase is predicated upon the estimate that about 1550 applicants' papers will be graded at a cost of \$4.50 per person.

The items in this budget appear to be reasonable. *We recommend approval of Item 273 in the amount of \$78,516, as requested.*

For Support of State Board of Optometry

Item 274, page 52, of the Budget Bill and pages 793 and 794 of the Budget. Amount requested, \$20,878, for support for the 1947-48 Fiscal Year from the State Optometry Fund. This represents an increase of \$1,812, or 9.5 percent, over expenditures of \$19,066 for the 1946-47 Fiscal Year.

It is anticipated that revenues for the Optometry Fund will rise from \$18,325 for the 1946-47 Fiscal Year to \$20,400 for the 1947-48 Fiscal Year, an increase of \$2,075, or 10.2 percent.

The estimated unbudgeted surplus in the Optometry Fund is expected to decline from \$9,172 as of July 1, 1947, to \$7,821 as of June 30, 1948, a decrease of \$1,351, or 14.7 percent.

Of the total increase of \$1,812 in expenditures for support, \$800, or 44.1 percent, is occasioned by the fact that the 1945 Legislature, at request of the industry, created a five-member board in lieu of a three-member board, necessitating an increase in total amount allowed for per diem for board members.

The proposed increases in expenditures appear reasonable. *We recommend approval of Item 274 in the amount of \$20,878, as requested.*

For Support of State Board of Pharmacy

Item 275, page 52, of the Budget Bill and pages 795 and 796 of the Budget. Amount requested, \$88,105, for support for the 1947-48 Fiscal Year from the Pharmacy Board Contingent Fund.

This represents an increase of \$8,460, or 10.6 percent, over expenditures of \$79,645 for the 1946-47 Fiscal Year.

Revenues from licenses and other fees are expected to rise from \$66,905 for the 1946-47 Fiscal Year to \$74,550 for the 1947-48 Fiscal Year, an increase of \$7,645, or 11.4 percent.

We wish to direct attention to the fact that estimated unbudgeted surplus is expected to decline from \$46,096 as of July 1, 1947, to \$28,676, as of June 30, 1948, a decrease of \$17,420, or 37.8 percent.

The proposed increased expenditures including the addition of one investigator position and the resultant increase in traveling and automobile expenses, plus the purchase of two additional automobiles for the use of the staff of this board, are reasonable.

We recommend approval of Item 275 for the amount of \$88,105, as requested.

For Support of the Board of Social Work Examiners

Item 276, page 52, of the Budget Bill and pages 797 and 798 of the Budget. Amount requested, \$14,523 for support for 1947-48 from the Registered Social Workers' Fund.

This represents an increase of \$550, or 3.9 percent, over expenditures of \$13,973 for the 1946-47 Fiscal Year.

It is expected that the estimated unbudgeted surplus in Registered Social Workers' Fund will rise from \$12,679 as of July 1, 1947, to \$19,393 as of June 30, 1948, an increase of \$6,714, or 52.9 percent.

This agency was created by the 1945 Legislature and began operations after September 15, 1945. The 1946-47 Fiscal Year was the first normal full year of operation. Our analysis indicates that this Budget request is reasonable.

We recommend approval of Item 276 in the amount of \$14,523, as requested.

For Support of Structural Pest Control Board

Item 277, page 52, of the Budget Bill and pages 799 and 800 of the Budget. Amount requested, \$29,007, for support for the 1947-48 Fiscal Year from the Structural Pest Control Fund. This represents an increase of \$10,129, or 53.6 percent over expenditures of \$18,878 for the 1946-47 Fiscal Year.

It is anticipated that revenues for the Structural Pest Control Fund will increase from \$21,050 for the 1946-47 Fiscal Year to \$26,650 for the 1947-48 Fiscal Year, an increase of \$5,600, or 26.6 percent. Because proposed expenditures will exceed receipts from licenses and other fees, the estimated unbudgeted surplus is expected to drop from \$13,406 as of July 1, 1947, to \$10,071 as of June 30, 1948, a decrease of \$3,335, or 24.9 percent.

In view of the excess of expenditures over revenues and the drop in estimated unbudgeted surplus, we recommend that only one additional automobile at a cost of \$1,400 be allowed for 1947-48. This will reduce the \$2,800 budgeted for additional automobiles to \$1,400, a saving of \$1,400.

As a result of this reduction of \$1,400 in proposed expenditures for the 1947-48 Fiscal Year, the estimated unbudgeted surplus as of June 30, 1948 will be \$11,471 rather than \$10,071 as shown in the Budget. The "current" (uninvested) part of this surplus will be raised from \$71 to \$1,471. This is shown below:

<i>Explanation</i>	<i>Estimated surplus as of June 30, 1948 per Budget</i>	<i>Adjustment recommended</i>	<i>Adjusted estimated surplus as of June 30, 1948</i>
Invested in Business and Professions Building Annex----	\$10,000	-----	\$10,000
Current -----	71	\$1,400	1,471
Estimated unbudgeted surplus---	\$10,071	\$1,400	\$11,471

The printed Statement of unbudgeted surplus for the Structural Pest Control Fund shown on page 801 of the Budget contains an error since the items shown as "Invested in Business and Professions Building Current" should simply be shown as "Current."

Even though the purchase of one automobile is disallowed, we believe the allowance made in the proposed budget for traveling and automobile expenses is reasonable.

The revised schedule in the Budget Bill for this item after the reduction will then be as follows:

Salaries and wages -----	\$13,430
Operating expenses -----	12,234
Equipment -----	1,943
Total of schedule -----	\$27,607

We recommend approval of Item 277 in the reduced amount of \$27,607, a saving of \$1,400.

For Support of Board of Examiners in Veterinary Medicine

Item 278, page 53, of the Budget Bill and pages 801 and 802 of the Budget. Amount requested \$9,385 for support for the 1947-48 Fiscal Year from the Board of Veterinary Examiners' Contingent Fund.

This represents a decrease of \$107, or 1.1 percent, from expenditures of \$9,492 for the 1946-47 Fiscal Year.

Revenues are expected to rise from \$7,500 for the 1946-47 Fiscal Year to \$8,750 for the 1947-48 Fiscal Year, an increase of \$1,250, or 16.7 percent.

We recommend approval of Item 278 for \$9,385, as requested.

For Support of Yacht and Ship Brokers Commission

Item 279, page 53, of the Budget Bill and pages 803 and 804 of the Budget. Amount requested \$11,226 for support for the 1947-48 Fiscal Year from the Yacht and Ship Brokers' Fund.

This represents an increase of \$651, or 6.1 percent from expenditures of \$10,575 for the 1946-47 Fiscal Year.

Revenues for the Yacht and Ship Brokers Fund are expected to rise from \$19,785 as of July 1, 1947 to \$21,412 as of June 30, 1948, an increase of 8.2 percent.

We point out that Section 8916 of the Business and Professions Code sets the salary of the Yacht and Ship Brokers Commissioner at \$3,600 but by reason of the laws increasing salaries of the state employees, this commissioner's salary is budgeted at \$3,900 for the 1947-48 Fiscal Year.

The proposed expenditures for support of the Yacht and Ship Brokers Commission appear reasonable on the basis of prior years' experience. *However, the amount proposed will not support the type of program which would be required to effectively execute the Commission's responsibilities.*

There are hundreds of yachts, fishing boats and other small craft scattered along the coast of California from San Diego to Crescent City and in the inland waters as far as Stockton and Sacramento.

Transactions in the purchase, sale, or use of these boats are entered into daily. Under the present laws, the Yacht and Ship Brokers Commission licenses those who deal in these boats. It is our opinion that the commission is giving dealers the advantages and protection of state licenses without protecting the State by the necessary investigation and follow-up.

It appears that it would be far better for the State to remove this sanction and allow the courts to handle prosecution when necessary, rather than revoke the licenses of yacht and ship brokers.

If the state policing power is to be exercised through a delegated authority or commission, then that delegated authority should have an adequate staff of employees enabling it to properly exercise such policing power. Failing that, this authority should be returned to the regularly constituted police and law enforcement officers.

We believe that the State is practically committing a fraud in saying that it is conforming to regulations which it does not and cannot conform with in view of the inadequate staff budgeted for the Yacht and Ship Brokers Commission. *Therefore, we recommend that the schedule of fees charged by this commission per Section 8970 of the Business and Professions Code be increased to produce revenues which will allow an adequate staff for this commission or that this commission be abolished and that the Budget Bill be amended to delete Item 279 in the amount of \$11,226.*

For Support of State Board of Osteopathic Examiners

Item 280, page 53, of the Budget Bill and pages 805 and 806 of the Budget. Amount requested, \$19,295 for support for the 1947-48 Fiscal Year from the Board of Osteopathic Examiners' Contingent Fund. This represents an increase of \$453, or 2.4 percent over expenditures of \$18,842 for the 1946-47 Fiscal Year.

Revenues for the Osteopathic Examiners' Contingent Fund are expected to rise from \$21,250 for the 1946-47 Fiscal Year to \$21,850 for the 1947-48 Fiscal Year, an increase of \$600, or 2.8 percent. Anticipated revenues exceed the proposed expenditures and the latter appear warranted.

We recommend that Item 280 be approved in the amount of \$19,295.

For Support of Board of Pilot Commissioners

This Budget appears on page 807 of the Governor's Budget. No appropriation is made by the Budget Bill.

This board receives 5 percent of bar pilotage fees collected at San Francisco. For the 1947-48 Fiscal Year it is anticipated that these fees will amount to \$39,361, which was also the amount received in the 1946-47 Fiscal Year.

The fees thus collected are used to pay the board's operating expenses, the contributions to the State Employees' Retirement System and the salary of the Secretary. The balance of the revenues remaining is divided among the three commissioners as their salaries. *The Budget shows the estimated revenues and expenditures of this board with no recommendation of a cure for this condition.*

The fees collected are expended as follows:

Commissioners salaries -----	\$35,220
Secretary, salary -----	2,400
Operating expenses -----	1,576
Total, support -----	\$39,196
Contributions to State Employees' Retirement System -----	165
Total expenditures -----	\$39,361
Total revenues, 1947-48 -----	\$39,361

We recommend that the salaries of the commissioners be established in conformity with comparable state positions and that the budget of the Board of Pilot Commissioners be reflected in the Budget Bill.

We recommend that the support budgeted from the Board of Pilot Commissioners be payable from the revenues of the Board of Pilot Commissioners and that the balance of revenues remaining be placed in a Board of Pilot Commissioners Fund subject to future appropriation by the Legislature.

Horse Racing Board

For Support of the Horse Racing Board

Item 281, page 53, of the Budget Bill, pages 809 to 814 of the Budget.

The total appropriation requested is \$71,925 from the Fair and Exposition Fund. This is an increase of \$14,469 or 25.18 percent, over the \$57,466 estimated expenditures for 1946-47.

We recommend the amount requested be approved. It is less than the \$75,000 set forth in the law to be annually appropriated to the support of the Horse Racing Board, and will be necessary to adequately regulate horse racing in California.

When, as, and if, a central tax collecting agency is set up in California, the tax collecting function of the Horse Racing Board should be transferred to that agency. At present, the board acts solely as a transmitting agent. It performs no audit or assessing function. It accepts the computations of tax by certified public accountants hired by the racing associations.

The Horse Racing Board continually points to its low ratio of administrative costs to tax collected. Actually the tax collecting function has taken only an insignificant part of the Board's or its staff's time.

In the past, the Horse Racing Board has been dependent upon the staffs of the Racing Associations for almost all enforcement work and much of the clerical work in the performance of its duties. This has worked out reasonably well. However, the board has been handicapped by having too small an investigative staff, having to depend on racing association stewards for information and evidence.

The proposed Budget provides for four Investigators and a Chief Investigator. This is the minimum staff necessary to adequately represent the board at the race meets scheduled in 1947.

Increases over the estimated expenditures for 1946-47 are a result of renewed racing activity since the close of the war. The opening of one new major track, and probable increase in fairs to be held in 1947-48, warrant the increases. The proposed increases are shown in Table I by object of expenditure.