

the State Employees' Retirement System and will be completed on or about June, 1948.

In view of the study now in progress which may result in changes in the organization, the methods used, and other changes in the requirements of the State Employees' Retirement System, together with the fact that a considerable time will be required to acquire quarters, to order and receive delivery of the desired intercommunication system and in view of the present extremely overcrowded conditions in this office as stated in support of the request for new quarters, it is apparent that the exact needs of the agency are still unknown and that, at best, action to satisfy actual needs determined as a result of the current survey could not be effectuated until near the close of the 1948-49 Fiscal Year.

CALIFORNIA COMMISSION ON INTERSTATE COOPERATION

For Support of the California Commission on Interstate Cooperation from the General Fund

Item 33 of the Budget Bill and page 20 of the Budget. The amount requested is \$28,425 for the 1948-49 Fiscal Year. This compares with \$17,515 estimated expenditures for the 1947-48 Fiscal Year, an increase of \$10,760. The principal item of expenditure is \$25,000 for services contracted with the Council of State Governments. The cost of this contractual service has increased \$11,000 or 78 percent over 1947-48.

The functions of the commission include the following:

(1) To carry forward the participation of the State as a member of the Council of State Governments.

(2) To confer with officers of other states and the Federal Government on common interstate problems.

(3) To formulate proposals for cooperation between California and other states and with the Federal Government. Committees have been appointed to assist in making an effective study of various interstate problems; including agriculture, conservation, crime and correction, federal relations, interstate trade barriers, legislative, economic, and social planning, taxation and fiscal problems, and transportation.

The commission is composed of:

(1) Five members of the Senate Committee on Interstate Cooperation.

(2) Five members of the Assembly Committee on Interstate Cooperation.

(3) Five officers of the State appointed by the Governor.

(4) The Governor is an ex-officio member.

Recommendation

We recommend the proposed budget be approved for \$28,425 as requested. The amount of \$2,700 requested for travel and mileage would seem to be insufficient especially considering the out-of-state travel required of the members. However, while all members are entitled to claim travel expenses from this fund, it has not been a general practice for the commission members to do so. The Senate and Assembly by resolutions have allocated \$21,700 for the Legislative Commission members' expenses. The five commissioned members appointed by the Governor

usually claim expense from their respective departmental funds. Only non-commissioned members (technical advisers) have been claiming expenses from this commission fund since 1945.

PERSONNEL BOARD

For Support of Personnel Board from the General Fund

Item 34 of the Budget Bill and pages 21 to 26 of the Budget. The amount requested is \$1,241,012 for support from the General Fund. This is an increase of \$74,154, or 6.3 percent over expenditures of \$1,166,858 in 1947-48.

The increase shown by functions is: Board \$11,038, or 18.6 percent; administration \$7,662, or 4.2 percent; records and transactions \$12,800, or 6.1 percent; classification \$11,035, or 11.8 percent; testing and recruiting \$30,090, or 5.5 percent; compensation \$1,529, or 2 percent; cooperative personnel services \$22,658, or 35.4 percent. All expenditures of the cooperative personnel services are reimbursed by local or state agencies.

The increase by object of expenditure shows that salaries and wages increased from \$1,019,872 in 1947-48 to \$1,099,990 in 1948-49, an increase of \$80,118, or 7.8 percent. Operating expenses are scheduled to increase from \$187,828 in 1947-48 to \$208,738 in 1948-49, an increase of \$20,910, or 11.1 percent. Equipment requests are \$18,984 or \$4,216 below actual and estimated expenditures for 1947-48. Reimbursements for cooperative personnel services show an increase from \$64,042 in 1947-48 to \$86,700 in 1948-49, an increase of \$22,658, or 35.4 percent and cover the cost of operating that function.

Although the budget of the Personnel Board requests 16 man-years of new positions, the number of existing positions is decreased by 9.8 man-years through the abolishment of 10 positions in testing and recruiting. The new positions when calculated with the estimated salary savings gives a new increase of 6.1 man-years.

Recommendation

We recommend that Item 34 be approved in the amount of \$1,227,337, a reduction of \$13,675. This reduction is composed of a deletion of one additional automobile and the replacement of two automobiles, a reduction of \$3,675 and a reduction in operating expenses of \$10,000.

The two cars to be replaced are confiscated cars assigned to the Personnel Board by the Department of Finance on December 1, 1947, following a budget hearing wherein three additional cars were requested. The Personnel Board was able to operate these two cars during 1947-48 on a budget which presumably was tightly drawn and would not allow extra activities. The Budget for 1947-48 was padded in a sufficient amount to allow for the operation of these cars. The 1948-49 Budget can likewise be presumed to be padded in a like amount and, therefore, we are recommending the reduction of the Budget by \$10,000.

We recommend that the request for the replacement of two automobiles and the purchase of one additional automobile not be allowed and the three automobiles currently operated by individual board members be assigned as pool cars.

The Personnel Board operates eight cars. Three of the cars are assigned to individual board members. The mileage driven by the board members on official business is so low that the State cannot economically own and operate the vehicles, even if all the mileage driven was on state business. The automobiles assigned to the board members should be placed in a pool for the use of the staff.

The car assigned to the Los Angeles office as a pool car was driven an average of 739 miles a month for the period July 1, 1946, to June 30, 1947. From July 1, to November 30, 1947, this car averaged but 355 miles a month.

During the entire year, 1946-47, only one car assigned to the Personnel Board was driven more than an average of 1,000 miles per month. All of the other cars were driven less than this amount with the exception of a car driven by one board member which averaged 1,126 miles per month from March through June of 1947. Part of this was transportation from his home to the board meetings and is expensive individual transportation.

The Personnel Board does not need additional cars but a better distribution of the cars now assigned to it. One of the new cars requested was to be assigned to the San Francisco office for use by the staff in that area. There are two cars now assigned to the area. One was driven an average of 479 miles per month in 1946-47, and the other averaged 950 miles per month during the same period of time. Both of these cars were driven by members of the Personnel Board and only a fraction of the mileage on state business.

We further recommend that the scope of the Veterans' Personnel section be changed to include all recruitment functions without special emphasis on service to veterans and that the title of the section be changed to reflect the change in activities.

Board

Expenditures of the Personnel Board are scheduled to *increase \$11,038, or 18.6 percent*. Two new positions are requested, one additional hearing reporter and one assistant board secretary. *The position of assistant board secretary is to be exempt from civil service and is to be a public relations man for the board and should receive legislative review before it is established.* The position of hearing reporter is recommended on a workload basis.

Operating expenses are scheduled to increase by \$960, or 7.6 percent over 1947-48. The sum of \$750 of the total expenditures is requested for automobile operation. The Personnel Board has eight cars assigned for use of the members of the board and staff employees. Three of these are assigned to board members for official business. *Two of the eight cars were given to the Personnel Board on December 1, 1947, by the Department of Finance, and were cars that had been confiscated by the State.* The cars driven by the board members are operated in total less than 1,000 miles per month on state and other business. The minimum mileage necessary for the State to own and operate cars economically is 1,000 miles per month. We recommend that the cars assigned to board members be withdrawn and the board members be allowed mileage when on official business; that the cars formerly assigned to board members be reassigned as pool cars, and no additional automobiles be allowed.

The allowances for automobile operation should be transferred to automobile mileage to pay for mileage driven by the board members in their own cars.

Administration

The Administration Section requests no new positions. The increase requested is \$7,662 or 4.2 percent. Operating expenses show nominal increases. The request for an additional automobile should be for the replacement of one of the confiscated cars recently given to the Personnel Board and is to be exchanged for a lighter car. We recommend that this car be taken from the Personnel Board and one of the cars operated by board members be substituted for it. This is a reduction of \$1,050 from the request for equipment of \$3,543.

Records and Transactions

Records and transactions requests an increase of \$12,800, or 6.1 percent. Four new positions of junior clerk are requested for the certification section. We recommend that these positions be allowed. Operating expense shows an increase of \$955, or 15 percent, but are in line with requirements. Request for equipment totals \$4,202 and is to be used for the replacement of obsolete and worn equipment.

Classification

The increase requested for classification is \$11,035, or 11.8 percent. One new position of assistant personnel technician is requested to assist in the classification work of state agencies. This position appears justified based on the increased number of state employees. Operating expenses show an increase from \$7,610 in 1947-48 to \$11,260 in 1948-49, an increase of \$3,650, or 48 percent. This is due mainly to an increase in travel expenses which appear justified in the light of the large program undertaken by this section. Requests for equipment total \$858.

Testing and Recruiting

An increase of \$30,090 or 5.5 percent is requested for testing and recruiting including a request for four new positions. One senior personnel examiner for the testing activities, one associate personnel technician, and one intermediate stenographer-clerk for the training section, and one senior personnel technician for recruiting activities make up this request.

The number of existing positions has been reduced from 161.6 man-years in 1947-48 to 151.6 man-years in 1948-49, a decrease of 10 positions. The positions abolished are one junior typist-clerk and nine junior clerks in the testing section. The addition of the four new positions will leave the number of man-years available below that of 1947-48.

There are six existing positions of veterans' personnel representatives and one position of senior personnel technician which were established to be a service in recruiting veterans. The veterans' section is now doing general recruitment rather than placement just for veterans.

The scope of the work of the veterans' personnel representatives should be enlarged and broadened and the emphasis and title of the

section should reflect a wider field of recruitment and not retain the implication that this is a service for veterans only.

The increase of \$12,550 in operating expenses is found mainly in increased allowances for travel of \$6,975, printing \$3,300 and rental of equipment \$1,200.

Printing estimates totaling \$15,800 include \$1,500 for six special recruitment pamphlets and \$500 for paid advertising in local newspapers. The ads used should be keyed so as to furnish a check on the results of such recruitment activities.

Equipment requests total \$7,577 compared to \$7,904 in 1947-48. *We recommend that the additional car requested and the car to be replaced be deleted and that the cars now assigned to the board members be utilized. This is a reduction of \$2,625.*

Requests for additional office equipment total \$4,028. Major items are \$1,038 for movie equipment to be used in the training and recruitment programs, two electric typewriters for stenciling tests, \$710, and a hand-operated paper cutter for trimming and cutting test papers, \$225. The rest of the equipment request is made up of miscellaneous items.

Compensation

Expenditures of the compensation division show an increase of \$1,529 or 2 percent over 1947-48. No new positions are requested and all operating expenses and payment requests are in line.

Cooperative Personnel Services

An increase of \$22,658 or 35.4 percent is requested for the cooperative personnel services. All expenses of the cooperative personnel services are reimbursed by state and local agencies for which work is done and the section is entirely self-supporting.

Care should be exercised to prevent building up an organization that will be too expensive for other agencies to employ.

SECRETARY OF STATE

For Support of Secretary of State from the General Fund

Item 35 of the Budget Bill and pages 28 to 30, inclusive, of the Budget. The amount requested is \$156,195 from the General Fund. This represents an increase of \$12,293 or 8.5 percent over actual and estimated expenditures of \$143,902 for 1947-48.

The proposed increase in expenditures is principally attributed to the cost of additional workload and printing for the 1948 elections. There were no elections during the 1947-48 Fiscal Year. The Budget provides for intermittent employment of election clerks equal to 1.4 percent additional units of personnel and raising the proposed expenditures for salaries and wages for election clerks from \$350 for 1947-48 Fiscal Year to an estimated \$3,000 for the 1948-49 Fiscal Year, an increase of \$3,650. The proposed expenditures for the 1948-49 Fiscal Year include \$10,000 for printing, an increase of \$3,700 or 5.8 percent over actual and estimated expenditures of \$6,300 for 1947-48. *These costs are justified by the rise in printing costs and in the increased printing needs caused by 1948 elections.*

Other items contributing to the increase of expenditures for 1948-49 Fiscal Year over 1947-48 appear reasonable and are justified by increases in workload and price rises.

Pages 28 and 29 of the Budget indicate the expenditure of \$30,000 for installation of a new index file system in the 1947-48 Fiscal Year with no comparable cost for the installation in the 1948-49 Fiscal Year.

During consideration of the 1947-48 Budget of the Secretary of State, the Department of Finance presented the Senate Finance Committee with a request from the Secretary of State for \$35,000 for the installation of a new index of notaries public and corporations. At the request of the Senate Finance Committee, the request for the new system was reviewed by the staff of the Budget Committee.

Review by the technical staff of the Budget Committee resulted in a recommendation for installation of a different type of index requiring considerably less floor space and providing a much more compact, usable record. The filing system recommended by the staff of the Budget Committee was such that a single employee, while answering long-distance telephone calls, could refer to the entire index of corporations without leaving his desk. This was not true of the system originally recommended, as the proposed files would have extended around all walls of the room and would have filled a considerable portion of the center of the floor. During the Budget Committee's study, it became apparent that the cost of the installation of the index had been over-estimated, so the appropriation item in the Budget Bill was fixed at \$30,000 instead of \$35,000.

As a result of the Budget Committee's study, the new indexing system was applied to the inactive corporation record in addition to the active record, thus increasing the volume of corporation records converted to the new system by 50 percent.

The cost of the new index system, including this increased volume is estimated at \$21,000. This is \$14,000 less than the \$35,000 originally requested and \$9,000 less than the amount appropriated. The final installation of the new system has been virtually completed. The new filing system will conserve space and improve service to the public.

Recommendation

We recommend approval of Item 35 in the amount of \$156,195 as requested.

For Printing Roster of Public Officials, Secretary of State, from the General Fund

Item 36 of the Budget Bill and page 28 of the Budget. Amount budgeted is \$5,000 payable from the General Fund, an increase of \$500 or 11.11 percent over actual and estimated expenditures of 1947-48. This increase reflects the anticipated increase in cost of printing.

Recommendation

We recommend approval of Item 36 in the amount of \$5,000 as requested.

**For Printing Constitutional Amendments, Secretary of State, from the
General Fund**

Item 37 of the Budget Bill and page 29 of the Budget. Amount requested is \$80,000 for support from the General Fund, an increase of \$22,415, or 28 percent, over expenditures for this purpose during the 1946-47 Fiscal Year. No constitutional amendment pamphlets were printed in the 1947-48 Fiscal Year.

This request is based on an anticipated need during the 1948-49 Fiscal Year for 5,500,000 copies of pamphlets containing text and arguments reflecting proposed constitutional amendments and laws to be voted upon at a statewide election. This represents an increase of 758,270 pamphlets over the 4,741,730 printed during 1946-47. An investigation was made to ascertain what part of the copies printed during 1946-47 were actually required. The Printing Plant records show that in that year 4,741,730 pamphlets were printed and that 4,686,250 were shipped out on orders of the Secretary of State, leaving a surplus of 55,480 copies for delivery to the Secretary of State from the Printing Plant. Efforts to definitely learn if their copies were actually needed failed, due to a lack of records as to their disposition. There are 1,700 copies of these pamphlets still on hand in the archives of the Secretary of State.

It is the conclusion of the technical staff of the Legislative Budget Committee that only 5,100,000 copies of constitutional amendments need be printed during the 1948-49 Fiscal Year. This is a reduction of 400,000 pamphlets from the 5,500,000 copies on which the budget request for \$80,000 is based. *The recommended reduction in the number of copies to be printed would reduce the anticipated costs from \$80,000 to approximately \$74,000, a saving of \$6,000.*

The foregoing reduced estimate that only 5,100,000 pamphlets must be printed during the coming year was computed as follows:

Registration of voters, general election in November, 1946-----	4,383,963
Adjustment of 1948-49 for population increase:	
Increase 1946-47 to 1947-48 Fiscal Year, 3 percent--	131,519
Increase 1947-48 to 1948-49 Fiscal Year, 2.4 percent	108,372
Total increase in registered voters-----	239,891
Total registered voters 1948-49 (estimated)-----	4,623,854
Extra printing for reserve as required by law, 10 percent-----	462,385
Estimated total copies of Constitutional Amendments required, 1948-49 -----	5,086,239

The cost of the reduced volume of copies in the amount of \$74,000 represents a rounding of the result of the following computation:

The over-all costs for the 1946 printing of 4,741,730 copies amounted to \$57,585. If 20 percent of the 1946 printing cost is added to adjust the cost from the 1946-47 level to the 1948-49 cost of printing, it is found the same pamphlets would have cost \$69,102. If this adjusted cost is divided by the 4,741,730 copies, the adjusted unit cost per copy is found to be \$.0145 per pamphlet. The actual computed cost of pamphlets for the 1948-49 Fiscal Year was computed by multiplying the unit cost per copy by the 5,100,000 copies which will be required, producing an estimated cost of \$73,950. This amount was round to \$74,000.

Recommendation

We recommend that Item 37 be approved in the amount of \$74,000, a reduction of \$6,000 or 7.5 percent.

**For Establishment of Central Depository for Records, Secretary of State,
from the General Fund**

Item 38 of the Budget Bill and page 28 of the Budget. The sum of \$130,000 payable from the General Fund is requested for the establishment of a central records depository as provided by Section 12260 of the Government Code. This is the first time this item has appeared in the Budget. It is anticipated that approximately \$20,000 will be expended for the preliminary work in the establishment of this depository during the 1947-48 Fiscal Year. The administrative analysts of the Department of Finance are at present studying the nature of the records to ascertain what part of the total records which have been deposited with the Secretary of State actually warrant permanent storage or recordation by photograph processes, and what part should be destroyed.

The exact needs for personnel in the central records depository, for photographic supplies, etc., will not be known until the completion of the Department of Finance study. The \$130,000 requested for the 1948-49 Fiscal Year for the establishment of the central records depository is therefore an estimate of the approximate amount which may be required for expenditure during that year.

Recommendation

We recommend that Item 38 be approved in the amount of \$130,000 as requested.

**For Support of Collection Agency Division, Secretary of State, from
Collection Agency Fund**

Item 39 of the Budget Bill and pages 29 to 30 of the Budget. The amount requested is \$29,838 for support from the Collection Agency Fund. This is \$4,086, or 15.9 percent, more than the actual estimated expenditures of \$25,752 for the 1947-48 Fiscal Year.

Page 29 of the Budget shows that the total actual and estimated expenditures from the Collection Agency Fund for the years 1946-47, 1947-48 and 1948-49 exceed the revenues in each of the related fiscal years. For the 1948-49 Fiscal Year the Budget document shows that revenues of the Collection Agency Fund will decline to \$23,475, a decrease of \$2,875, or 11 percent, from the \$26,350 estimated and actual revenues for the 1947-48 Fiscal Year.

The Collection Agency Division is experiencing a steady increase in the number of collection agency licenses issued and in the number of applicants for licenses examined. This is attributable to the end of the war and the relaxation of credit regulations, particularly the federal regulations requiring a one-third down payment on installment contracts. This trend will, undoubtedly continue as the volume of credit transactions grows.

The Secretary estimates that the number of licensed agencies would increase by about 25 during the 1948-49 Fiscal Year. The reasonableness

of this estimate and the foregoing comments were discussed with the Manager of the Retail Credit Association Office in Sacramento who concurred with the Secretary of State.

In view of this, *the revenue estimates shown in the Budget of the Secretary of State for the 1948-49 Fiscal Year require revision.*

As a result of the error in estimating a decrease in revenues and the proposed increase in expenditures in the 1948-49 Fiscal Year, the Budget indicates that the unbudgeted surplus of \$25,494 on July 1, 1948 will be reduced to \$17,778 as of June 30, 1949, a reduction of \$7,716 or 30.3 percent.

If expenditures are continued in excess of revenues, the surplus in the Collection Agency Fund will be consumed in the next year or two. Either a reduction in the cost of operating this division or sufficient upward adjustment of the fees for licenses and the right to take examinations sufficient to provide funds adequate for the administration of the Collection Agency Division will be necessary.

A major part of the anticipated increase in expenditures for support for the 1948-49 Fiscal Year reflects the Secretary of State's intention to establish and maintain offices for his convenience while in Los Angeles and San Francisco. The Secretary of State indicates that approximately 70 percent of his time in San Francisco and Los Angeles is devoted to collection agency activities. This accounts for the inclusion of the cost of proposed additional office space in the budget of the Collection Agency Division.

The following schedule shows the present office space of the Division of Collection Agencies and the estimated rent for 1948-49 together with the additional space and cost thereof for the convenience of the Secretary of State while he is in Los Angeles and San Francisco:

	EXPLANATION					
	<i>Totals</i>		<i>Office Space</i>			
	<i>1948-49 F. Y.</i>		<i>Los Angeles</i>		<i>San Francisco</i>	
	<i>Square ft.</i>	<i>Rent</i>	<i>Square ft.</i>	<i>Rent</i>	<i>Square ft.</i>	<i>Rent</i>
Present office space.....	556	\$2,000 ¹	319	\$1,148	237	\$853
Additional office space for convenience of the Secretary of State	418	1,500 ¹	81	292	337	1,213
Totals	974	\$3,500	400	\$1,440	574	\$2,066

¹ Total rounded.

The total cost of the additional office facilities for the Secretary of State consists of \$1,500 for rent plus \$409 for desks and chairs for the San Francisco office, a total of \$1,909.

In claims filed during 1947, the Secretary of State indicated that he was in Los Angeles on approximately 12 trips for a total of 33 days and in San Francisco on approximately eight trips for a total of 15 days, or a total of 48 days in the two cities combined. Dividing this total number of days spent by the Secretary of State in Los Angeles and San Francisco into the cost of the additional office space and equipment for the Secretary of State totaling \$1,909 reveals that the additional cost would average approximately \$39.77 for each day spent in them during the year by the Secretary of State. Dividing the total cost of the additional space and equipment for San Francisco in the amount of \$1,622 by the 15 days

which the travel claims show the Secretary of State spent in San Francisco during 1947 indicates that cost for each day spent in that office by the Secretary would be \$108.13.

Similarly, the division of the 33 days which the Secretary of State spent in Los Angeles during 1947, as indicated by claims filed, include \$222, cost of additional rental indicates the additional office space requested in Los Angeles would cost approximately \$8.85 for each day spent in the office by the Secretary.

In view of the excess of expenditures over revenues from this fund, it is recommended that establishment of additional office facilities be deferred. This would reduce the amount budgeted for rent from \$3,500 to \$2,000 for the 1948-49 Fiscal Year, a reduction of \$1,500 or 43 percent. Likewise, the additional office equipment in the amount of \$409 should be deleted from the Budget.

Recommendation

We recommend that Item 39 of the Budget Bill be reduced from \$29,838 to \$27,929, a saving of \$1,909, or 6.4 percent, so that the balance in this fund will be protected.

DEPARTMENT OF AGRICULTURE—GENERAL FUND

For Support of the Department of Agriculture from the General Fund

Item 40 of the Budget Bill and pages 33 to 49 of the Budget. The amount requested is \$3,882,310 for support from the General Fund. This represents an increase of \$205,072, or 5.5 percent over actual and estimated expenditures of \$3,677,238 for 1947-48.

The amount which will actually be spent during the 1947-48 Fiscal Year will be in excess of the amount budgeted *because of allocations from the emergency fund granted for pest eradication and control*. Past experience has indicated clearly that provision should be made in a permanent way for meeting emergencies of this type without the necessity of going to the emergency fund. *We recommend that the Legislature should establish a fund to be expended under the direction of the Director of Agriculture with the approval of the Director of Finance and reimbursed annually from the Horse Race License fee revenues adequate to meet such emergency needs as arise every year.*

The proposed increase in the Budget for 1948-49 is designed to strengthen departmental administration in order to meet an increase in general activities of the Department and generally to meet increased operating costs in line with the Department of Finance price increase schedules.

In addition there is included a proposed increase of \$147,880 for control of bovine brucellosis in accordance with Chapter 1460, Laws of 1947. This is a decentralized program calling for the employment of approximately 200 veterinarians on a fee basis to vaccinate cows at \$0.75 per head. This service is performed without cost to the owner.

The amount proposed for 1948-49 for eradication of the Mexican Bean Beetle is a reduction of \$68,332 from 1947-48. It is expected that this program can be concluded by the following year or at least substantially reduced. At the present time Ventura County is cooperating with