

### Recommendations

Amount budgeted -----	\$25,020
Legislative Auditor's recommendations -----	\$25,020
Reduction -----	None

### Analysis

The salary increase of \$376 provides for automatic salary increases. The decrease in operating expenses of \$3,366 represents a reduction in travel expenses. The decrease in equipment of \$506 represents curtailment of equipment purchased.

We again recommend that additional duties be given to the position of Lieutenant Governor in order that the State might benefit from the fullest utilization of his services. The high office and salary paid would justify giving this official greater responsibilities.

### STATE EMPLOYEE'S RETIREMENT SYSTEM

#### For Support of State Employee's Retirement System from the General Fund

Item 32, page 4 of the Budget Bill and page 23 through 25 of the Budget. The amount requested is \$173,569 from the General Fund for support of administration of the State Employee's Retirement System. This is a decrease of \$7.00 or .004 percent under the amount of \$173,576 estimated to be expended in the 1948-49 Fiscal Year.

Item of increase	Amount	Budget page
Budgeted increase based on work load, price increase, or salary adjustment at existing level of service:		
Salaries and wages -----	—\$10,887	24
Operating expenses -----	34,936	24
Equipment -----	65	25
Total -----	\$24,114	
Less reimbursements for charges to contracting public agencies -----	—24,121	23
Net decrease -----	—\$7	
Budgeted increase for new or expanded service:		
None -----	-----	----

### Recommendations

Amount budgeted -----	\$173,569
Legislative Auditor's recommendation -----	\$156,478
Reduction -----	\$17,091

We further recommend that a study be made by the Administrative Analyst of the Department of Finance, of the possibility of combining the administration of the four separate retirement systems of the State into one administrative unit. The State Employees' Retirement System, the Teachers' Retirement System, the Judges Retirement System, and the Legislators Retirement System would be combined under one administrative unit. One board could be established for the four, and the accounts, records and payments could be maintained and made by the Controller. We believe such a study will show that this consolidation will result in very material savings.

### Analysis

In last year's budget analysis, we stated that a complete review of the operations of the State Employee's Retirement System by the Systems Section of the Department of Finance was in progress. *This review has been completed and the many inadequacies of the present system were brought to light.* The Department of Finance has submitted the problem to eight business machine companies for proposals. Further reduction in expenditures should be expected when a modernized mechanical system is in operation.

*In view of this survey we recommend that the following requested new positions, with the office equipment budgeted for the positions, be deleted.*

3 Calculating machine operators -----	\$5,940
1 Intermediate account clerk -----	2,160
1 Intermediate typist-clerk -----	2,160

#### Office equipment for above:

Desks, calculator -----	\$360
Desks, flat top -----	114
Desks, typewriter -----	142
Calculator -----	1,515
Adding machine -----	360
Typewriter -----	130
Chairs -----	210

We also recommend that the \$4,000 for the purchase of a telemat system be eliminated from the budgeted amount for equipment. The justification given for its need is "To increase office efficiency." In an operation of this nature the functions should, in the majority, be routine. Well written procedures, well trained employees and good supervision will result in efficiency. It does not appear, therefore, that a telemat system in an organization so small would materially increase the efficiency of operations.

The amount of \$58,030 budgeted for operating expenses is an increase of \$34,936 over the amount of \$23,094 estimated for 1948-49. The major item of increase, \$27,180, is for rent of additional space. The present quarters are extremely inadequate and are hampering operations. *It is imperative that additional space be acquired.*

The balance, \$7,756, of the increase is due to general price increases.

### COMMISSION ON INTERSTATE COOPERATION

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

Item 33, page 4 of the Budget Bill and page 26 of the Budget. The amount requested is \$28,350 from the General Fund for support of the Commission on Interstate Cooperation. This is a decrease of \$75 or .26 percent under the amount of \$28,425 estimated to be expended in the 1948-49 Fiscal Year.

Item of increase	Amount	Budget page
Budgeted increase based on work load, price increase, or salary adjustment at existing level of service:		
Equipment -----	—\$75	26
Budgeted increase for new or expanded service:		
None -----	-----	-----

*Recommendations:*

Amount budgeted -----	\$28,350
Legislative Auditor's recommendations -----	\$28,350
Reduction -----	None

*Analysis*

The decrease of \$75 represents curtailment of equipment purchase. The Budget provides for continuation of the present program, including provision for the state contribution to the support of the contract with the Council of State Governments in the amount of \$25,000.

The concrete assistance rendered to the State of California by the Council of State Governments in the past few years has hardly been such as to justify the State's contribution of \$25,000 a year for its support. It is felt, however, that much larger benefits can be secured and that fuller use can be made of this service. There is not enough direct connection with the council at the present time through the Commission on Interstate Cooperation and the functioning and operating departments of the State Government. It is recommended that a channel be provided whereby this direct contact can be established and maintained.

**PERSONNEL BOARD**

*For Support of the Personnel Board from the General Fund*

Item 34, pages 4 and 5 of the Budget Bill, and page 27 through 34 of the Budget. The amount requested is \$1,434,379 from the General Fund for support of the Personnel Board. This is an increase of \$202,939 or 16.5 percent over the amount of \$1,231,440 estimated to be expended in the 1948-49 Fiscal Year.

<i>Item of increase</i>	<i>Amount</i>	<i>Budget page</i>
Budgeted increase based on work load, price increase, or salary adjustment at existing level of service:		
Salaries and wages-----	\$109,130	27
Normal salary increases-----	\$38,647	
20 new positions-----	48,984	
Position reclassifications-----	2,818	
Increased temporary help-----	15,971	
Add decrease in salary savings-----	550	
Operating expense-----	37,295	
Equipment-----	38,045	
Total increase-----	\$184,470	
Less: Increase reimbursements by political subdivisions for personnel services-----	—16,087	
Net increase-----	\$168,383	
Budgeted increase for new or expanded service: Board		
Salaries and wages-----	\$6,060	
Equipment-----	224	
Total increase—Board-----	\$6,284	
Testing and recruiting		
Salaries and wages-----	\$8,760	
Operating expense-----	16,100	
Equipment-----	3,412	
Total increase—Testing and recruiting-----	\$28,272	
Total increases—New or expanded service---	\$34,556	

*Recommendations:*

Amount budgeted .....	\$1,434,379
Legislative Auditor's recommendations .....	\$1,367,530
Reduction .....	\$66,849

*Summary of Reductions:*

<i>Item of decrease</i>	<i>Amount</i>	<i>Budget page</i>
Testing and recruiting:		
Salaries and wages .....	\$33,200	30
9 positions .....	\$19,320	
Temporary help .....	13,880	
Operating expense .....	11,000	30
Records and transactions:		
Salaries and wages .....	12,290	32-33
8 positions .....	\$12,290	
Miscellaneous equipment (all divisions) .....	16,299	27
Bulletin boards .....	\$1,400	
Paper shredder and baler .....	1,210	
Equipment for positions recommended for disapproval .....	4,969	
Furniture and equipment not essential for efficiency .....	8,720	
Total reductions .....	\$72,789	
Less: <i>Recommended increases:</i>		
Board: (Confidential employee)		
Salaries and wages .....	—\$5,940	27
Net reduction .....	\$66,849	

*Analysis*

The increases in the proposed 1949-50 Budget over estimated 1948-49 expenditures shown by function are as follows:

<i>Function</i>	<i>Based on workload, etc.</i>	<i>Expanded service</i>	<i>Total</i>	<i>Percent increase</i>
Board .....	\$5,088	\$6,284	\$11,372	17.0
Administration .....	5,579	—	5,579	6.2
Classification .....	12,623	—	12,623	13.5
Testing and recruiting .....	78,727	28,272	106,999	21.3
Compensation .....	3,343	—	3,343	5.3
Records and transactions .....	59,974	—	59,974	14.9
Training .....	3,049	—	3,049	20.5
Cooperative personnel service* .....	16,087	—	16,087	18.5
Total increase .....	\$184,470	\$34,556	\$219,026	16.6
Less increase—reimbursements for personnel service .....	—	—	16,087	—
Net increase .....	—	—	\$202,939	16.5

\* All expenses of cooperative personnel service are reimbursed by state and local agencies served.

By object of expenditure the net increase for salaries and wages over 1948-49 is \$113,697, or 11.2 percent, for operating expense \$49,315 or 24.2 percent, and for equipment \$39,927 or 303.4 percent.

The proposed budget is based on the contention that the 1947-48 and the 1948-49 Budgets did not adequately provide for increased workloads. The 1947-48 Budget submitted in October, 1946, was based on actual workload figures for the 1945-46 Fiscal Year. The total of state civil service employees on September 30, 1946, numbered approximately 32,000, and the number on June 30, 1948, approximated 46,500, an

increase of 14,500 or 45.6 percent over 1946. The proposed 1949-50 Budget shows an increase of \$202,939 or 16.5 percent over 1948-49, and \$304,346 or 26.8 percent over the 1947-48 Budget.

The large increase in state employment and broadening of services offered indicates a definite need for further examination of the entire operation of the State Civil Service System. *Procedures and systems should be simplified* where consistent with good civil service administration. Particular study should be given to the entire testing process, as costs in this phase of the operation have increased considerably. Likewise, appeal from disciplinary and other actions requiring personnel board hearings are increasing in number and are time-consuming and costly to the State. Related employment classes should be studied with a view to combining classes and thereby reducing the total number of employment classes in the state service. The state personnel management problem should be analyzed, and activities to be conducted and records to be maintained at the board and agency level clarified. Such studies objectively made should result in economies as well as improved service to the state agencies served.

The increasing cost of testing and recruiting is directly related to the large number of separate classes, 2,134 on January 1, 1949, for which tests periodically must be given. The possibility of reducing the number of classes is indicated by the fact that on July 1, 1948, *there were 694 separate classes in the State having only one employee*. There were 495 classes having only two to five employees, and 315 classes having six to twenty employees. On the other hand, classes having twenty-one to one-hundred employees were 167 in number and only 58 classes had over one hundred employees. Though it is recognized that classes employing only one person include an unknown number of key positions which justify the existence of a separate class, the figures indicate that much can be done in the combining of related classes. Classes established for specific agencies should be reduced to a minimum by inclusion wherever possible in a general class. *The reduction in the number of classes will effect substantial reductions in the cost of Personnel Board activities in general.*

We recommend therefore that aggressive action be taken by the Personnel Board immediately to effect a reduction in employment classes. We further recommend that action necessary to further streamline procedures and systems be initiated. The study should include personnel procedures for and clearly define the responsibilities of state agencies in personnel administration.

In view of indicated economies that can be effected, we recommend that Item 35 be approved in the amount of \$1,367,530 in accordance with the following schedule:

Salaries and wages-----	\$1,088,825
Operating expenses-----	241,917
Equipment-----	36,788

This is a reduction of \$66,849 from the amount requested and an increase of \$136,090 or 11.5 percent over estimated net expenditures for 1948-49.

The total amount requested for equipment is \$56,990. We recommend approval in the amount of \$40,691 as adequate to make necessary additions and replacements to operate without loss of efficiency. The recommended amount will permit replacement of seven automobiles with

light cars, replacement of 42-inch and 52-inch drop head and center drop desks where used for combined clerical and typing work. Provision is also made for replacement of typewriters, office machines and the purchase of additional files to meet current needs.

The reduction of \$16,299 is summarized as follows:

Bulletin board (recruitment program)-----	\$1,400
Paper shredder and baler-----	1,210
Equipment-positions recommended for disapproval-----	4,969
Furniture and equipment not essential-----	8,720

Salaries and wages and operating expenses will be considered by divisions in the order in which they appear in the Budget.

#### Board

Proposed expenditures of the Personnel Board reflect an increase of \$11,372 or 17.0 percent over 1948-49. An additional position of assistant board secretary is requested to provide assistance to members of the Personnel Board and the secretary (executive officer). Proposed duties would require meetings with individuals and groups to explain board policies and operations; make special investigations for the board; coordinate work in connection with changes in laws and rules; and disseminate information. This position is exempt from civil service. *We recommend approval provided that all public relation functions be deleted from the position, and that the position be filled with a highly qualified person who will be assigned the responsibility of reviewing the entire State Civil Service System.* The objective of this review should be the streamlining of the entire Personnel Board operation, thereby effecting economies and improving the service. This individual should not be given operating responsibility, but should concentrate his entire efforts on procedural and administrative improvement of the present system. It is doubtful whether a person of the calibre required to do the job indicated can be obtained for the budgeted \$6,060; therefore, *we recommend this item be raised to \$12,000, increasing the total amount for salaries and wages for the board to \$66,374.*

Operating expenses are scheduled to increase \$3,265 or 24.1 percent over 1948-49. The major part of this increase is an item of \$3,000 for part-time hearing services to be furnished by the Division of Administrative Procedure. The prompt disposition of appeals is necessary and the increase in hearing cases justifies this additional expenditure on a workload basis. However, the need for a thorough review of the appeal procedure is indicated and should be made with the objective of minimizing hearings necessary at the board level.

#### Administration

The increase requested by administration is \$5,579 or 6.2 percent over the 1948-49 Budget. No new positions are requested and operating expenses show nominal increases. We recommend approval of the divisional budget as submitted.

#### Classification

The increase requested for classification is \$12,623 or 13.5 percent over 1948-49. Two new positions are requested, a senior personnel technician and a junior personnel technician. The increase to 10 personnel

technicians in the departmental unit appears justified when related to the total employees now in the state service. It is important to strengthen this division to permit increased emphasis on the review of job specifications and the combination of related classes.

Increases in operating expenses are in accordance with established schedule.

We recommend approval of the divisional budget as submitted.

#### Testing and Recruiting

Testing and recruiting requests an increase of \$106,999 or 21.3 percent over 1948-49. Included in the increase is a request for 13 additional positions.

*We recommend that only four of the 13 positions requested be approved as follows:*

Application Review :

1 Intermediate clerk

Recruitment :

1 Intermediate typist-clerk

Machine Processing :

1 Senior clerk

1 Supervising tabulating  
machine operator

The intermediate clerk is requested for application review to make mail investigations of applicant's education, experience, criminal records, etc., and verify other pertinent information submitted on the application form. Spot checks have given sufficient evidence of falsification to indicate a need for this service. It is recommended that this position be allowed, as the mere knowledge by applicants that their statements are being checked should in itself result in the submission of more accurate information by such applicants. In addition, mail inquiries often give additional information of value in appraising applicants' qualifications.

The position of intermediate typist-clerk requested by the recruitment section is to provide a post card notification to qualified candidates who have asked to be notified when an examination is scheduled to be given for certain classes where recruitment is essential. This service is not presently given these people and many qualified applicants are not in a position to regularly review examination announcements.

One senior clerk and a supervising tabulating machine operator are recommended for approval for the machine processing unit. This unit is beginning to operate effectively and added savings should result by further utilizing machine operations.

The increase of expert examiners, temporary help for oral examination boards from \$8,500 to \$15,700, or \$7,200, involves a question of policy. This increase is requested to permit paying outside panel members some compensation. The rights of these persons to compensation is not questioned but attention is called to the growing cost of the oral part of the testing process. In addition to the \$15,700 requested for expert examiners, an amount of \$33,500 is requested for chief examination proctors, examination proctors, and hearing reporters. This makes a total amount of \$49,200 or an increase of \$14,500 or 40.5 percent over the amount of \$35,700 estimated for expenditure in 1948-49. We recommend that \$3,000 be allowed for compensation of expert examiners on a trial basis and that all other temporary help be approved at the 1948-49 level plus normal salary increases.



*It is recommended that the nine additional positions listed below be disapproved.* The decrease in the number of tests, which will be made possible by the proposed reduction in the number of classes, should permit increases in work to be absorbed by the present staff.

Supervision and planning :	Application review :
1 Intermediate clerk	1 Intermediate clerk
Continuous testing :	1 Junior typst-clerk
2 Intermediate clerks	Arrangements :
Test scoring and research :	1 Intermediate clerk
1 Senior clerk	Test pool
1 Junior clerk	1 Intermediate typist-clerk

We recommend that salaries and wages for testing and recruiting be approved in the amount of \$413,952, a reduction of \$33,200 from the \$447,152 requested.

The summary of reductions in salaries and wages is as follows:

Nine positions -----	\$19,320
Temporary help -----	13,880
Total reductions -----	\$33,200

The proposed increase in operating expenses for testing and recruiting amounts to \$41,889 or 39.8 percent over 1948-49. Of this total \$17,000 is to permit reimbursement for continuous testing services now being performed by the Department of Employment. *Also included in the proposed budget for operating expense is an item of \$10,000 for publicity, an increase of \$9,500 over 1948-49, and an estimated \$6,600 for additional printing, postage, and miscellaneous office expense directly related to the expanded recruitment program.* The objectives of an expanded recruitment program are the substantial reduction of the number of temporary appointments, the establishment of eligible lists ahead of agency demand, and the attraction of more highly qualified candidates for state employment. *We recommend that this item be reduced to \$2,500, and that publicity activity be limited to classes for which recruitment is essential, and special effort is necessary in order to obtain qualified personnel.*

We recommend the operating expenses for this division be approved in the amount of \$136,040. *This is a reduction of \$11,000 from the amount requested.* These reductions are summarized as follows:

Recruitment publicity -----	\$7,500
Other operating expense—recruitment-----	3,000
Operating expense—positions recommended per disapproval-----	500

In the interest of economy, *the \$1,400 for bulletin boards is recommended for deletion. The paper shredder and baler is being deleted from the Personnel Board Budget and recommended for inclusion with Building and Grounds in order to provide a central operation which will serve all agencies.*

#### Records and Transactions

Proposed expenditures for records and transactions show an increase of \$59,974 or 14.9 percent over 1948-49. Nine new positions are requested as follows: Three additional intermediate typist-clerks for the roster section, two intermediate typist-clerks and one junior clerk for the clerical pool, one intermediate clerk for the duplicating unit, one intermediate typist-clerk for the Los Angeles office, and one intermediate



typist-clerk for the accounting unit. *We recommend approval of only the intermediate typist-clerk for the accounting unit.*

*The balance of eight clerical positions are recommended for disapproval.* The activities to which these positions are assigned will be directly effected by streamlining operations as previously discussed which should effect economies sufficient to permit carrying existing workload with the present staff.

We recommend that salaries and wages be approved in the amount of \$407,803, a reduction of \$12,290 from the \$420,093 requested.

Operating expenses show nominal increases plus an additional \$330 to provide additional supplies for microfilming operations.

#### Training

Training requests an increase of \$3,049 with no additional positions. All items appear in order. A comparison with 1948-49 operating expenses is not possible as expenditures for this function have previously been included with testing and recruiting.

#### Cooperative Personnel Service

Cooperative personnel service reports an increase of \$16,087 or 18.5 percent over 1948-49. This activity is self-supporting as reimbursement is made by state and local agencies for which service is performed.

### SECRETARY OF STATE

#### *For Support of the Secretary of State from the General Fund*

Item 35, page 5 of the Budget Bill and pages 36 and 37 of the Budget. The amount requested is \$155,662 from the General Fund for support of the Secretary of State. This is an increase of \$2,905 or 1.9 percent over the amount of \$152,757 estimated to be expended in the 1948-49 Fiscal Year.

<i>Item of increase</i>	<i>Amount</i>	<i>Budget page</i>
Budgeted increase based on workload, price increase, or salary adjustment at existing level of service :		
Salaries and wages (normal salary adjustments)	\$863	36
Operating expenses -----	2,050	37
Equipment -----	1,300	37
Total -----	\$4,213	
Budgeted increase for new or expanded service :		
None -----	---	---

#### *Recommendations*

Amount budgeted -----	\$155,662
Legislative Auditor's recommendations -----	\$155,662
Reduction -----	None

#### *Analysis*

The increase of \$2,050 for operating expenses is caused by normal price increases.

The amount of \$1,300 requested for additional equipment is to be expended for filing cabinets for filing of additional corporation documents.

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

Item 36, page 5 of the Budget Bill and page 36 of the Budget. The amount requested is \$5,750 from the General Fund. This is an increase of \$750 or 15.0 percent over the amount of \$5,000 estimated to be expended in the 1948-49 Fiscal Year.

<i>Item of increase</i>	<i>Amount</i>	<i>Budget page</i>
Budgeted increase based on work load, price increase, or salary adjustment at existing level of service :		
Compilation and publication of Roster of Public Officials -----	\$750	38
Budgeted increase for new or expanded service :		
None -----	-----	-----

*Recommendations*

Amount budgeted -----	\$5,750
Legislative Auditor's recommendations -----	\$5,000
Reduction -----	\$750

*Analysis*

The increase of \$750 is due to higher costs of printing plus increased number of rosters to be distributed.

An examination of the roster will show that reorganization and condensation can be made together with the reduction in the number to be distributed so that the cost of last year will not be exceeded.

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

Item 37, page 5 of the Budget Bill and page 36 of the Budget. The amount requested is \$62,000 from the General Fund. This is a decrease of \$68,000 or 52.3 percent under the amount of \$130,000 estimated to be expended in the 1948-49 Fiscal Year.

<i>Item of increase</i>	<i>Amount</i>	<i>Budget page</i>
Budgeted increase based on work load, price increase, or salary adjustment at existing level of service :		
Establishment of Central Records Depository --	—\$68,000	38
Budgeted increase for new or expanded service :		
None -----	-----	-----

*Recommendations*

Amount budgeted -----	\$62,000
Legislative Auditor's recommendations -----	\$62,000
Reduction -----	None

*Analysis*

The amount estimated to be expended in 1948-49 Fiscal Year is \$130,000. The amount of \$62,000 requested for the 1949-50 Fiscal Year is a decrease of \$68,000 when compared with the 1948-49 Fiscal Year estimated expenditure. This is due to the fact that no purchases of equipment are contemplated for the 1949-50 Fiscal Year. The amount of \$62,000 is to be expended for salaries and wages only.

The preliminary work for the establishment of the central records depository is the sorting, indexing and destruction of records deemed unnecessary. Prior to the 1947-48 Fiscal Year no attempt was made to keep records in an orderly manner. Very little was accomplished in the Fiscal Year 1947-48. The estimated expenditure for that year was only \$14,814 in salaries and wages. Considerable progress has been made during this Fiscal Year 1948-49. The Secretary of State believes that the greater portion of the preliminary work on old records will be completed during the 1949-50 Fiscal Year and that there will be an estimated 50 percent decrease in the request for temporary help. However, this depends on the volume of old records sent to the central depository by the various departments.

*For Support of the Collection Agency Division, Secretary of State's Office, from the Collection Agency Fund*

Item 38, page 5 of the Budget Bill and page 39 of the Budget. The amount requested is \$33,321 from the Collection Agency Fund for support of the Collection Agency Division. This is an increase of \$2,888 or 9.5 percent over the amount of \$30,433 estimated to be expended in the 1948-49 Fiscal Year.

<i>Item of increase</i>	<i>Amount</i>	<i>Budget page</i>
Budgeted increase based on work load, price increase, or salary adjustment at existing level of service :		
Salaries and wages-----	\$679	39
(Normal salary adjustment)		
Operating expenses -----	1,768	39
Equipment -----	100	39
Total -----	\$2,547	
Budgeted increase for new or expanded service:		
None -----	-----	---

*Recommendations*

Amount budgeted -----	\$33,321
Legislative Auditor's recommendations-----	\$33,321
Reduction -----	None

We recommend that the Collection Agency Division of the Secretary of State's Office be transferred in total to the Department of Professional and Vocational Standards, and that that department be asked to make such economies as is possible in the Budget.

*Analysis*

The major part of the \$1,768 increase in operating expenses is an increase of \$450 for traveling and \$600 for automobile operation. Meetings of the Collection Agency Board have increased and they expect to have more hearings during the 1949-50 Fiscal Year; more travel and automobile operation will result. The balance of the increase, \$718, is due to increased costs of services. Equipment, desks and chairs, estimated at \$100, is to be used in the office of the Secretary of State in San Francisco.