

It is estimated that there will be 120 surgeries and 40 refractions in 1948-49 and 180 surgeries and 60 refractions in the 1949-50 Fiscal Year.

*This program has served to make self-sufficient enough persons who were receiving blind assistance to more than compensate the State for the direct cost of the program. We recommend approval of the amount requested.*

### RECREATION COMMISSION

#### *For Support of the Recreation Commission from the General Fund*

Item 263, page 59 of the Budget Bill and page 714 of the Budget. The amount requested is \$88,799, an increase of \$8,019 or approximately 9 percent over \$80,780 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 -----	+\$2,262	714
Operating expenses -----	+3,691	714
Equipment -----	+566	714
	<hr/>	
Total -----	\$6,519	
Budgeted increase for new or expanded service		
Salary -----	\$1,500	714

#### *Recommendations*

Amount budgeted -----	\$88,799
Legislative Auditor's recommendations -----	None
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Reduction -----	\$88,799

#### *Analysis*

The salary increase of \$2,262 is to provide for automatic increases. The increase of operating expenses, \$3,691, include normal increase in rent, telephone, supplies, etc. The increase in equipment purchase (\$566) is included in a total amount of \$1,066 to be used for the purchase of an addressograph machine, adding machine and a new typewriter. The increase of \$1,500 salary under the item expanded service is to provide for temporary help to assist in preparing and mailing of reports, vacation and emergency relief of permanent employees.

We recommend that the Recreation Commission be eliminated, as not being an essential state service. Special personnel are provided throughout the Budget to promote recreational facilities where such facilities are a direct function of the agency concerned. The existence of a separate agency for the promotion of recreation as such is not needed.

### DEPARTMENT OF VETERANS' AFFAIRS

#### *For Support of Department of Veterans' Affairs from the General Fund*

Item 264, pages 59 and 60 of the Budget Bill and pages 715 to 718 of the Budget. The amount requested is \$258,323 from the General Fund for support of the Department of Veterans' Affairs. This is an increase of \$17,640 or 7.32 percent over the amount of \$240,683 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-----	\$8,024	715
Operating expenses-----	2,375	715
Equipment-----	2,141	715
Reimbursement-----	1,500 <sup>b</sup>	715
Veterans Dependents Education Fund for administrative services.		
 Total-----	 \$11,040	
Budgeted increase for new or expanded service:		
Salaries and wages-----	\$4,800	715
Secretary, Veterans Board, \$4,800		
Operating expenses-----	1,800	715
Traveling expenses for secretary of Veterans Board.		
 Total-----	 \$6,600	
<sup>b</sup> Subtract		

### *Recommendations*

Amount budgeted-----	\$258,323
Legislative Auditor's recommendations-----	245,423
 Reduction-----	 \$12,900

### *Analysis*

The bulk of the gross support increase amounts to \$12,540 which is made up of \$8,024 for salary adjustments in authorized positions, \$2,375 for operating expenses due to increased costs amounting to 4.84 percent over the \$49,200 estimated to be expended in the 1948-49 Fiscal Year and \$2,141 for equipment. The total is partly offset by the amount of \$1,500 which represents an increase in reimbursement for administrative services from the Veterans Dependents Education Fund, making a net increase of \$11,040 or 4.6 percent over the \$240,683 estimated to be expended in the 1948-49 Fiscal Year.

The balance of the increase is made up of the \$4,800 per year salary for a proposed secretary of the Veterans Board plus \$1,800 for the secretary's traveling expense. The authority of the Veterans Board to appoint a secretary is contained in the Military and Veterans Code, Division 1, Section 71 which was added by statute in 1946. However, the Veterans Board has not clearly demonstrated the need for this position, as such. It would appear that the duties of the position will be largely that of public relations and is not justifiable. Therefore, it is recommended that the sum of \$4,800 for this position, plus \$1,800 for expenses be not allowed.

The Division of Educational Assistance is requesting the purchase of a bookkeeping machine for the sum of \$3,300 in order to avoid borrowing a suitable machine which belongs to the Division of Farm and Home Purchases. It is argued that the new machine will eventually be turned over to the Division of Farm and Home Purchases when the need for it ceases to exist in the Division of Educational Assistance after several years. Since the borrowing of the present machine is causing no particular hardship in either division and since it is anticipated that the need

for a new machine will be short-lived, it is recommended that the sum of \$3,300 be not allowed for the purchase of a bookkeeping machine.

The Division of Service and Coordination is presently publishing a monthly news bulletin consisting of from 12 to 16 pages and containing much material which is of a purely personal nature that can be of little or no interest to the bulk of the periodical's readers. Furthermore, the format is expensive and of a type generally associated with "prestige" publications being printed on high grade paper by the offset process and averaging 5,000 copies per month. The printing request for the Division of Service and Coordination is \$7,025 of which \$5,000 is allocated to the printing of the news bulletin. Investigation discloses that a very satisfactory periodical, similar to that issued in mimeographed form by other state agencies can be produced for a maximum of \$2,000 per year for 5,000 copies per month. It is recommended, therefore, that the appropriation of the printing item for the Division of Service and Coordination be reduced to \$4,025, a saving of \$3,000 which brings the total proposed reduction for the Department of Veterans Affairs to \$12,900.

*For Additional Support of the Department of Veterans' Affairs, from the Veterans Dependents Educational Fund (Oil Royalties)*

Item 265, page 60 of the Budget Bill and page 717 of the Budget. The amount requested is \$7,625 from the Veterans' Dependents Educational Fund for additional support of the Department of Veterans Affairs. This is an increase of \$1,500 or 24.5 percent over the amount of \$6,125 estimated to be expended in the 1948-49 Fiscal Year.

This is an Operating Expense based on the pro rata costs of divisional administration of educational benefits to veterans' dependents.

*Recommendation*

Amount budgeted -----	\$7,625
Legislative Auditor's recommendation -----	\$7,625
Reduction -----	None

*Analysis*

The total number of veterans' dependents who will participate as students for the summer, fall and spring sessions in both high schools and colleges is projected to increase by 556 or 53.5 percent from 1,039 in the 1948-49 Fiscal Year to 1,595 in the 1949-50 Fiscal Year. This increase is such as to amply justify the increase in pro rata cost of administration.

*For Educational Assistance to Veterans, Department of Veterans' Affairs, from the General Fund*

Item 266, page 60 of the Budget Bill and page 717 of the Budget. The amount requested is \$2,262,000 from the General Fund for Educational Assistance to Veterans. This is an increase of \$202,500 or 9.83 percent over the amount of \$2,059,500 estimated to be expended in the 1948-49 Fiscal Year. These funds are expended pursuant to Sections 981-981.7 of the Military and Veterans Code.

*Recommendation*

Amount budgeted .....	\$2,262,000
Legislative Auditor's recommendation .....	\$2,262,000
Reduction .....	None

*Analysis*

The total veteran student enrollment for the fall, spring and summer sessions is projected to increase by 678 students or 8 percent from 8,522 in the 1948-49 Fiscal Year to 9,200 in the 1949-50 Fiscal Year. In addition, the ratio of students in private schools to those in public schools is expected to increase somewhat in favor of the private schools which will increase the average per capita cost, as the tuition fees in private schools are higher.

It is anticipated that the proposed Budget will represent the peak amount to be expended for this purpose, and should remain constant through 1950-51 and begin to decrease during 1951-52.

*For Veteran Claims and Rights Service, Department of Veterans' Affairs, from the General Fund*

Item 267, page 60 of the Budget Bill and page 718 of the Budget. The amount requested is \$550,000 from the General Fund for Veterans Claims and Rights Service. This is an increase of \$50,000 or 10 percent over the amount of \$500,000 estimated to be expended in the 1948-49 Fiscal Year. These funds are expended pursuant to Section 699.5 of the Military and Veterans Code, and represent contract payments for claims service to three veterans organizations as follows :

American Legion .....	\$300,946 80
Veterans of Foreign Wars .....	145,178 00
Disabled American Veterans .....	103,875 20
Total .....	\$550,000 00

*Recommendations*

Amount budgeted .....	\$550,000
Legislative Auditor's recommendation .....	500,000
Reduction .....	\$50,000

*Analysis*

Contract payments made to these veterans organizations are in return for their services in processing veterans claims against the United States arising out of war service. The United States is represented by the Veterans Administration before whom only veterans organizations nationally chartered by Congress are permitted to plead on behalf of the veteran. These organizations are authorized to accept and exercise powers of attorney for the veterans and in this manner a real service is rendered the veteran.

However, statistics submitted by these organizations indicate that much of the service for which they are reimbursed by the State is not directly involved in the processing of claims through the Veterans Admin-

istration. Following are representative figures for the 1947-48 Fiscal Year totaled for all three organizations:

Number of claims-----	96,785
Other services-----	1,781,264
Monetary recovery-----	\$53,159,029 71
Number of employees-----	267

It will be noted that the number of "Other Services" far exceeds the number of "Claims."

The wording of Section 699.5 of the Military and Veterans Code appears to be of such ambiguity as to make difficult the task of the Department of Veterans Affairs in exercising and maintaining control over the veterans organizations service activities for which they can claim reimbursement. In view of these facts, it is recommended that the appropriation for contract payments to veterans organizations be held to a maximum of \$500,000 and that an intensive study be made of the entire service activities of the veterans organizations in order to determine a proper rewording of Section 699.5 of the Military and Veterans Code so that the Division of Veterans' Affairs will be in a better position to exercise a more positive control over their activities, in line with the intent of the Legislature.

*For Educational Assistance to Veterans' Dependents, Department of Veterans' Affairs, from the Veterans' Dependents Educational Fund (Oil Royalties)*

Item 268, page 60 of the Budget Bill and page 718 of the Budget. The amount requested is \$254,800 from the Veterans' Dependents Educational Fund for educational assistance to veterans' dependents. This is an increase of \$83,760 or 49 percent over the amount of \$171,040 estimated to be expended in the 1948-49 Fiscal Year.

*Recommendation*

Amount budgeted-----	\$254,800
Legislative Auditor's recommendations-----	254,800
Reduction-----	None

*Analysis*

The amount of increase is in line with the projected increase in veterans' dependents enrolled as students of 556 or 53.5 percent from 1,039 in the 1948-49 Fiscal Year to 1,595 in the 1949-50 Fiscal Year.

**VETERANS HOME**

**DEPARTMENT OF VETERANS' AFFAIRS**

*For Support of the Veterans Home from the General Fund*

Item 269, pages 60 and 61 of the Budget Bill and pages 719 through 725, inclusive, of the Budget. The amount requested is \$1,355,552 from the General Fund for support of the Veterans Home. This is an increase

of \$73,160 or 5.7 percent over the amount of \$1,282,392 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 -----	\$162,320	719
Authorized Positions -----	\$152,216	719
Administrative		
1 Institution equipment operator—reclassification from member to Civil Service -----	1,140	720
Support and Subsistence		
1 Laundry helper, member -----	1,020	721
Care and Welfare		
1 Sergeant of the guard, member --	1,140	723
1 Charge hospital attendant, reclassification of hospital attendant	240	723
1 Chief nurse, Vets Home, reclassification of supervising nurse, gr. 2	648	723
1 Sr. bacteriologist, reclassification clinical laboratory technician --	456	723
2 Intern. steno-clerks -----	4,560	723
Farming and Processing		
1 Poultry assistant, reclassification laborer member -----	900	725
Operating expenses -----	\$71,726	719
Equipment -----	—13,635	719
Payments from federal grants for care and maintenance of veterans -----	165,875 <sup>b</sup>	719
Reimbursements -----	9,620 <sup>b</sup>	719
Total -----	\$44,916	
Budgeted increase for new or expanded service:		
Salaries and wages -----	\$28,244	719
Support and Subsistence		
1 Institution dietician -----	\$2,772	721
1 Janitor-janitress -----	2,040	721
Care and Welfare		
1 Intermediate clerk -----	2,160	723
2 Supervising nurses, gr. 1 -----	6,120	723
1 Roentgenologist (intermittent) --	2,600	723
3 Janitor-janitress -----	6,120	723
Maintenance and Operation of Plant		
2 Institution mechanics -----	6,432	724
Total -----	\$28,244	

<sup>b</sup> Subtract

### Recommendations

Amount budgeted -----	\$1,355,552
Legislative Auditor's recommendation -----	<del>1,163,508</del>
	<del>1,231,135</del>
Reduction -----	<del>102,044</del>
	124,417

### Analysis

The 5.7 percent increase in cost of support to the State, does not reflect the true percentage increase in gross cost of operation of the Veterans Home. The actual cost has increased by \$239,035 or 12.78 percent, from \$1,869,517 estimated to be expended in the 1948-49 Fiscal Year to \$2,108,552 estimated to be expended in the 1949-50 Fiscal Year.

*These amounts are partly offset by Federal Grants which are estimated to aggregate \$587,125 in the 1948-49 Fiscal Year and \$753,000 in the 1949-50 Fiscal Year, an increase of \$165,875 or 28.25 percent. The increase in Federal payments is brought about partly by an increase in average member population of 195 or 14.5 percent from 1,340 in 1948-49 to 1,535 in 1949-50 and partly by the fuller realization of the increase from \$300 per year per member to \$500 per year per member granted by Federal Public Law 581 which became effective on June 1, 1948 and continues through June 30, 1951.*

*The gross cost per member in 1948-49 is estimated at \$1,395 and for 1949-50 is reduced by \$21 or 1.5 percent to \$1,374. The per capita realization from Federal Grants is estimated to average \$438.14 in 1948-49 and \$490.55 in 1949-50, an increase of \$52.40 or 12 percent.*

While an increase of 12.78 percent in gross support appears equitable in view of an increase of 14.5 percent in average member population if the base was reasonable, it would seem that the cost of support, however, should not continue to rise in direct relation to the growth of member population. *Certain economies should be produced by larger volume operations and certain costs, such as building and grounds maintenance should remain fixed and not rise with the growth of member population.* The reduction of 1.5 percent in gross cost per member is not sufficient and every effort should be made to reduce the per capita cost still further, commensurate with safety and health. On this basis we recommend a reduction to \$1,300 per year per member to be adjusted by the Administration. We call attention to the fact that Norwalk State Hospital with 2,432 inmates, many requiring bed care cost \$908 per patient per year for 1949-50. Pacific Colony with 2,050 inmates cost \$902 per capita for 1949-50. Chino Institution for Men with 1,319 inmates cost \$1,201 per inmate per year including the prison guards and instructors. Differences in cost are shown in such items as support and subsistence.

Institution	Inmates	Total Cost	Per capita Cost	Veterans Home differential	
				Amount	Percent
Veterans Home -----	1,535	848,838	553	--	--
Norwalk State Hospital--	2,432	510,823	210	+343	+163.3
Pacific Colony -----	2,050	602,639	294	+259	+88
Sonoma Home -----	3,200	758,728	237	+316	+133.3
Chino Prison -----	1,319	479,105	363	+190	+52.3

So are the differences striking in maintenance and operation of plant:

Veterans Home -----	1,535	250,392	163	--	--
Norwalk State Hospital--	2,432	176,843	73	+90	+123.3
Pacific Colony -----	2,050	169,147	83	+80	+96.4
Sonoma Home -----	3,200	285,500	89	+74	+83.1
Chino Prison -----	1,319	137,784	104	+59	+56.7

The cost of salaries and wages for authorized positions is scheduled to increase by \$152,216 or 12.73 percent from \$1,195,655 in 1948-49 to \$1,347,871 in 1949-50. This increase is principally the result of budgeting for a full year the 94 positions authorized in the 1948-49 Budget, to be established on January 1, 1949, upon the opening of a new hospital wing and convalescent barracks at the home.

The increase in operating expense amounts to \$71,726 or 10.42 percent over the \$687,939 estimated to be expended in 1948-49. Since most

of these costs are directly related to member population, the increase appears reasonable.

New positions which can be demonstrated as being necessitated by increase in work load due to increased membership, or to a proposed increase in the medical and health service of the home. However, certain positions are being requested which are not justified on this basis. In the personnel authorization for the new hospital wing, it was considered that one janitor for each two floors would be satisfactory. In the new convalescent barracks one janitor for each ward was authorized. It is now proposed that three janitors at \$6,120 be added to the hospital in order to bring it up to the ratio of one janitor per ward. *It is recommended that these three positions be not allowed and further, that a study be made to determine the possibility of reducing the janitorial service in the convalescent barracks to the ratio of one position for each two wards or floors.*

*One janitor at \$2,040 is also requested for the supply department to perform duties that could be accomplished by members on a fatigue detail basis. It is recommended that the position be not allowed.*

One intermediate clerk at \$2,160 is requested to perform duties in the adjutant's office which cannot be justified on the basis of work load increase. There are presently three positions authorized for these duties and to add one more would be an increase of 33 percent against a population increase of 14.5 percent. It is recommended that this position be not allowed.

Certain additional clerical equipment amounting to \$507 is proposed to implement two clerical positions which were deleted from the original request, by the Department of Finance. It is recommended, therefore, that this sum be disallowed.

#### WOMAN'S RELIEF CORPS HOME

##### For Support of the Woman's Relief Corps Home from the General Fund

Item 270, page 61 of the Budget Bill and pages 726 through 728 of the Budget. The amount requested is \$75,801 from the General Fund for support of the Woman's Relief Corps Home. This is an increase of \$5,095 or 7.2 percent over the amount of \$70,706 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 -----	\$1,448	726
Total -----	\$1,448	
Budgeted increase for new or expanded service:		
(1) Additional groundsman and ower gardener-----	\$2,280	726
Equipment -----	1,507	726
Operating expenses -----	—140	726
Total -----	\$3,647	

##### *Recommendations*

Amount budgeted -----	\$75,801
Legislative Auditor's recommendations -----	\$73,521
Reduction -----	\$2,280



*Analysis*

This institution, which is closed to further enrollment, has now reached a point where the cost per member per year will be \$2,707 as anticipated in the 1949-50 Fiscal Year. This is at least one-third greater than the cost of comparable care obtainable in the best private homes for aged persons in the State. In fact, the service available in such private homes is generally superior to that rendered at the Woman's Relief Corps Home. From year to year the cost per member will rise at a rapid rate since the average age of the membership is very high and the consequent mortality rate reduces the membership by approximately four members per year, while fixed costs of the home cannot be reduced accordingly. The population for 1949-50 is estimated at 28.

Since it is very apparent that some action should be taken to liquidate this institution and transfer its membership to other state establishments or by contract to private homes for aged persons, it is recommended that, during the balance of the current fiscal year and the 1949-50 Fiscal Year, a plan be formulated to liquidate this establishment by transferring the members to other state lodgings such as the women's building soon to be built at the Yountville Veterans Home, to county hospitals, on contract, or by contract to lodge them in qualified private homes for aged people. The State should sell the present premises at the best obtainable price. This should be completely accomplished by the end of the 1949-50 Fiscal Year.

The management of the home has stated that it needs an additional groundsman and flower gardener to increase the value of the property by putting additional grounds into cultivation, so that the State can realize the maximum possible return in the event it is sold to private interests. It appears most unlikely that the additional yearly wage of \$2,280 plus certain additional operating costs will produce a corresponding increase in the potential sale value of the real estate inasmuch as there is already one position of groundsman and flower gardener provided for in the Budget to take care of existing landscaping. It is improbable that new plantings will add values equal to \$2,280 or more per year.

We recommend that the proposed position be not allowed.

*For Hospitalization of Members of the Woman's Relief Corps Home in County Hospitals from the General Fund*

Item 271, page 61 of the Budget Bill and page 728 of the Budget. The amount requested from the General Fund is \$5,000 for hospitalization of members of the Woman's Relief Corps Home in county hospitals. This is the same amount estimated to be expended in the 1948-49 Fiscal Year.

*Recommendation*

Amount budgeted -----	\$5,000
Legislative Auditor's recommendations -----	\$10,000
Increase -----	\$5,000

*Analysis*

The expenditure of this sum is not intended as ordinary medical expenses, but is for the purpose of moving certain members out of the

home when physical condition justifies the move. We recommend increase of the item by \$5,000 in accord with our recommendation that a plan be formulated at once to move members to hospitals or homes where they will get more adequate care.

### MISCELLANEOUS

#### For Activities of the California Centennials Commission

Item 272, page 61 of the Budget Bill and pages 729 and 730 of the Budget. *The amount requested is a reappropriation of the unexpended balance, amounting to \$821,000, of the appropriation made in the 1948 Budget Act for activities of the California Centennials Commission.*

No significant changes are made in the salaries and wages, operating expenses or equipment items for administration of the commission. The total amount budgeted for administration is \$210,949 in 1949-50, compared with \$203,823 in 1948-49.

In addition to the amount budgeted for administration, there is \$610,051 for special items. A list of these items are as follows:

Assistance to local celebrations -----	\$125,000
Portsmouth Square project -----	20,000
Statehood celebrations -----	200,000
Historical caravan -----	100,000
Historical markers -----	10,000
California historical motion pictures -----	85,000
Motion picture projection -----	7,500
Brochure -----	10,000
Newsletter -----	7,500
Publicity -----	25,000
Radio -----	5,000
Contract services—miscellaneous -----	15,051
Total -----	\$610,051

*We recommend that the amount of \$821,000 remaining unexpended in the appropriation of \$2,000,000 made in the 1948 Budget Act, not be reappropriated, and that it be reverted to the General Fund. We further recommend that the activities of the Centennials Commission be brought to a conclusion during the current fiscal year as economically as possible. The objectives of the Centennials Celebration have already been substantially accomplished in the 1948-49 Fiscal Year, and other General Fund requirements during the 1949-50 Fiscal Year are more essential than a continuation of the program contemplated in the budget request of the Centennials Commission for 1949-50.*

Our recommendation will effect a saving of \$821,000.

#### For State's Contribution to Legislators' Retirement Fund

Item 273, page 61 of the Budget Bill and page 732 of the Budget. The amount requested is \$3,000 for the State's contribution to the Legislators' Retirement Fund in accordance with Section 9358 of the Government Code.

We recommend approval as requested.