

For major construction and improvements, Humboldt State College, Department of Education.....	113,000
For major construction and improvements, the four-year state institution of higher education established in the City of Sacramento, Department of Education.....	2,500,000
For acquisition of real property, San Diego State College, Department of Education.....	62,500
For major construction and improvement, San Diego State College, Department of Education.....	465,000
For major construction and improvements, San Francisco State College, Department of Education.....	2,000,000
For major construction and improvements, San Jose State College, Department of Education.....	648,500
For major construction and improvements, California School for the Blind at Berkeley, Department of Education....	50,000
For minor construction, improvements, repairs, and equipment, University of California.....	696,515
For acquisition of a warehouse in the City of Sacramento, Department of Finance.....	120,000
For major construction, improvements, repairs, and equipment in furtherance with the Postwar Building Program, Department of Finance.....	6,450,000
For major construction and improvements, Norwalk State Hospital, Department of Mental Hygiene.....	227,000
For major construction and improvements, Sonoma State Home, Department of Mental Hygiene.....	175,000
For major construction and improvements, Adjutant General and California National Guard.....	6,050,000

*For Transfer to Teachers' Permanent Fund for Operation of the State Teachers' Retirement System, from the General Fund*

Item 373, page 73 of the Budget Bill and page 950 of the Budget. The amount requested from the General Fund is \$4,830,000 for payment of Teachers' Retirement. This amount covers that part of anticipated payment allowances not provided for by member contributions made for services since 1944 or by current contributions of school districts and other employing agencies.

The amount requested is computed as follows:

Retirement allowances .....	\$4,956,556
Less surpluses * from prior appropriations.....	—126,556
Net total .....	\$4,830,000

\* This estimated surplus is due to the fact that appropriation to finance retirement benefits for the 1948-49 Fiscal Year under revised law (Chapter 1503, Statutes of 1947) were in excess of actual needs. The surplus is applied to the amount required for 1949-50 under the provisions of Section 14564 of the Education Code which provides for such action.

We recommend that Item 373 in the amount of \$4,830,000 be approved, *but it shall be payable from the Teachers' Permanent Fund in accordance with the authority contained in Section 3 (a), Chapter 13, Statutes of 1944*, which provides as follows:

Section 3a. Thirty million dollars (\$30,000,000) shall be deposited in the Teachers' Permanent Fund, and shall not be avail-

able for expenditure until the Legislature enacts additional legislation authorizing its expenditure. This thirty million dollars (\$30,000,000) shall be invested and reinvested from time to time by the Retirement Investment Board the same as other moneys in the Teachers' Permanent Fund. The increment thereon shall be deposited in the Permanent Fund and shall be subject to all of the limitations applicable to the principal sum of thirty million dollars (\$30,000,000). It is the intention of the Legislature that this sum of thirty million dollars (\$30,000,000), together with the increment thereof, shall ultimately be used in payment of the state contributions for operation of the State Teachers' Retirement System.

**For Transfer to Retirement Annuity Fund for Operations of the State Teachers' Retirement System**

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Item 374, page 73 of the Budget Bill and page 950 of the Budget. The amount requested from the General Fund is \$5,525,000 for payment of Teachers' Retirement Allowances. This amount covers that part of the estimated allowances to be paid during 1949-50 which is not funded by members' contributions for services performed since 1944, or by current contributions of school districts and other employing agencies. The amount requested also includes subventions to local retirement systems in accordance with Section 14565 of the Teachers' Retirement Act.

The amount requested is computed as follows:

Retirement allowances -----	\$4,197,426
Subventions to local systems -----	1,300,000
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	\$5,497,426
Plus: Surpluses * in prior appropriations -----	27,574
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Net total -----	\$5,525,000

\* This estimated deficit is due to the fact that appropriations to finance revised retirement benefits under revised laws (Chapter 1503, Statutes of 1947) were less than actual needs. The deficit is applied to the amount required for 1949-50 under the provisions of Section 14564 of the Education Code which provides for such action.

We recommend that Item 374 in the amount of \$5,525,000 be approved, *but it shall be payable from the Teachers' Permanent Fund in accordance with the authority contained in Section 3 (a), Chapter 13, Statutes of 1944*, which provides as follows:

Section 3a. Thirty million dollars (\$30,000,000) shall be deposited in the Teachers' Permanent Fund, and shall not be available for expenditure until the Legislature enacts additional legislation authorizing its expenditure. This thirty million dollars (\$30,000,000) shall be invested and reinvested from time to time by the Retirement Investment Board the same as other moneys in the Teachers' Permanent Fund. The increment thereon shall be deposited in the Permanent Fund and shall be subject to all of the limitations applicable to the principal sum of thirty million dollars (\$30,000,000). It is the intention of the Legislature that this sum of thirty million dollars (\$30,000,000), together with the increment thereof, shall ultimately be used in payment of the State contributions for operation of the State Teachers' Retirement System.

**For Publishing, Purchasing and Shipping Free Textbooks, Department of Education, from the General Fund**

Item 375, page 73 of the Budget Bill and page 951 of the Budget. The amount requested is \$1,667,170 for publishing, purchasing and shipping free textbooks.

*Recommendation*

Amount budgeted -----	\$1,667,170
Legislative Auditor's recommendation -----	1,667,170
Reduction -----	None

*Analysis*

Budgeted expenditures show an increase of \$52,550. We recommend approval of the amount budgeted. But we wish to emphasize that this whole matter needs to be reviewed and the waste eliminated. We suggest that a joint legislative committee be appointed to particularly look into this matter.

**For Reimbursement of Expenses Incurred by Counties and Cities in Maintaining Approved Services for the Licensing and Inspection of Agencies for Child Care, and Agencies for the Care of the Aged**

Item 376, page 74 of the Budget Bill and page 955 of the Budget. The amount requested is \$571,715 from the General Fund, an increase of \$118,663 or 26.2 percent over the estimated expenditures for the 1948-49 Fiscal Year.

*Recommendation*

Amount budgeted -----	\$571,715
Legislative Auditor's recommendations -----	None
Reduction -----	\$571,715

*Analysis*

The amount requested is to be expended in accordance with the provisions of Sections 1622 and 2302 of the Welfare and Institutions Code which sections read as follows:

1622. County or City Inspection Service: Inspection by Health or Social Service Department: Service to Conform to Chapter and Rules: Costs of Service: Filing Claims: Application of Federal Grant. The State Department of Social Welfare may inspect, examine and license under this chapter or any county or city may establish, and the State Department of Social Welfare may accredit and approve, a county or city inspection service to perform such functions under this chapter.

If any county or city establishes an inspection service, and such service is approved by the State Department of Social Welfare, the inspection may be made by a health department having at least one regularly licensed physician, or a qualified social service department.

The inspection service shall conform to the requirements of this chapter and to the rules of the State Department of Social Welfare.

*The costs of any inspection service undertaken by a county or city with the approval of the State Department of Social Welfare, shall be borne by the State in the amount found necessary by the*

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*State Department of Social Welfare for proper and efficient administration, but not to exceed four dollars (\$4) per month per license.* Claims shall be filed with the department at the time and in the manner specified by the department for reimbursement of the expenses incurred. If any grants-in-aid are made by the Federal Government for the support of any inspection service approved by the State Department of Social Welfare, the amount of the Federal grant shall first be applied to defer the costs of the service and the remainder of the costs, if any, shall be borne by the State. (Amended by Statutes 1st Extra Session 1946, Chapter 108, No. 1; Statutes 1947, Chapter 509, No. 1.)

2302. City or County Inspection Service: Inspection by Health or Social Service Department: Conformity to Chapter and Rules: Costs of Service: Filing Claims: Application of Federal Grants-in-Aid. The State Department of Social Welfare may inspect, examine and license under this chapter or any county or city may establish, and the State Department of Social Welfare may accredit and approve, a county or city inspection service to perform such functions under this chapter.

If any county or city establishes an inspection service, and such service is approved by the State Department of Social Welfare, the inspection may be made by either a health department having at least one regularly licensed physician, or a qualified social service department.

The inspection service shall conform to the requirements of this chapter and to the rules of the State Department of Social Welfare.

The costs of any inspection service undertaken by a county or city, with the approval of the State Department of Social Welfare, shall be borne by the State in the amount found necessary by the State Department of Social Welfare for proper and efficient administration, but not to exceed four dollars (\$4) per month per license. Claims shall be filed with the department at the time and in the manner specified by the department for reimbursement of the expenses incurred. If any grants-in-aid are made by the Federal Government for the support of any inspection service approved by the State Department of Social Welfare, the amount of the federal grant shall first be applied to defer the costs of the service and the remainder of the costs, if any, shall be borne by the State. (Amended by Statutes 1st Extra Session 1946, Chapter 107, No. 1; Statutes 1947, Chapter 510, No. 1.)

The language of the law is permissive, not mandatory. Subvention payments for inspection services have been made since October, 1947. Schools conducted by established religious organizations are exempted by the act. In addition to the licensing powers as provided in the act, the aged homes and child homes are subject to local regulation as provided in Section 1631 of the Welfare and Institutions Code which reads as follows:

1631. Local Regulation. The provisions of this chapter shall not prevent local authorities of any city or county within the reasonable exercise of the police power from adopting rules and regulations, by ordinance or resolution, prescribing standards of sanitation, health and hygiene for institutions, boarding homes, day

nurseries or other places for the reception or care of children under 16 years of age, not in conflict with the provisions of this chapter, and requiring a local health permit to maintain or conduct any such institution, boarding home or day nursery within such city or city and county. (Added by Statutes 1945, Chapter 132, No. 1.)

Beginning with January 1, 1949, the county expenditures for Old Age Security and Aid to Needy Blind are eliminated and these costs are borne by the State as a result of Constitutional Amendment Article XXV. This will result in a savings in county costs of approximately \$17,376,000 for the 1949-50 Fiscal Year. It is recommended that the inspection and licensing of aged and child homes be conducted as a function of the city and county governments in accordance with the provisions of Section 1631 of the Welfare and Institutions Code.

We recommend that Sections 1622 and 2302 of the code be repealed; furthermore, that Item 376 be disallowed and local governments receive no reimbursement for inspection services after June 30, 1949.

**For Reimbursement to Counties for the Cost of Administering Adoption Programs Under License Issued Pursuant to Section 225m of the Civil Code and for the Portion of the Cost of Care of Children Relinquished for Adoption**

Item 377, page 74 of the Budget Bill and page 956 of the Budget. The amount requested is \$681,000 from the General Fund, an increase of \$442,850 or 185.9 percent over the estimated expenditures for 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:		
None -----	-----	-----
Budgeted increase based on new or expanded services:		
<i>Item of increase</i> <i>Number</i>	<i>Amount</i>	<i>Budget page</i>
Reimbursements for County Administration		
Independent cases ----- 1,010	\$120,350	956
Relinquishment cases ----- 530	216,500	956
Total -----	\$336,850	
Reimbursements for care of children relinquished for adoption ----- 530	106,000	956
Total -----	\$442,850	

**Recommendations**

Amount budgeted -----	\$681,000
Legislative Auditor's recommendations -----	681,000
Reduction -----	None

**Analysis**

The Budget increase represents an expansion in case load from 910 for the 1948-49 Fiscal Year to 2,450 for the 1949-50 Fiscal Year, an increase of 1,540 cases or 169 percent.

The County Adoption Program, supported by the State, uses the same procedures as private agencies. However, the facilities of private agencies have been over-crowded and these agencies have not been able to handle a large number of cases. This is especially true of older children.

We recommend approval of this amount as requested. The increase in this program will result in a decrease in the Department of Social Welfare support budget for aid to needy children. The support budget has been submitted on the basis that only the two currently licensed counties will carry adoption responsibility. Therefore, to avoid duplication in the financing of the adoption program it is recommended that the appropriation for county subvention payments be determined by adjusting the subvention budget downward by the amount the support budget will be reduced if additional counties are delegated the adoption responsibility.

The reduction of costs in the support budget to increase in administration costs has not been clearly outlined. It is recommended that a comparison be made per case as handled by Social Welfare to cost per case as financed by the State for county administration.

**For Reimbursements to Counties for Maintenance of Juvenile Homes and Camps, Youth Authority, from the General Fund**

Item 378, page 75 of the Budget Bill and page 956 of the Budget. The amount requested is \$480,000 from the General Fund. This is an increase of \$5,000 over the appropriation made in 1948-49.

*Recommendation*

Amount budgeted .....	\$480,000
Legislative Auditor's recommendation .....	\$480,000
Reduction .....	None

*Analysis*

This appropriation is matched by the counties, for cost of maintaining wards of juvenile courts in juvenile homes, ranches, camps, or forestry camps. The number of wards is budgeted to increase from 792 in 1948-49 to 800 in 1949-50. We recommend approval.

**For Assistance to Cities, Counties, Local Health Agencies and Local Health Districts, for Health Departments, from the General Fund**

Item 379, page 75 of the Budget Bill and page 956 of the Budget. The amount requested is \$2,902,064 from the General Fund, an increase of \$376,276 over estimated expenditures in 1948-49.

*Recommendation*

Amount budgeted .....	\$2,902,064
Legislative Auditor's recommendation .....	\$2,902,064
Reduction .....	None

*Analysis*

The amount budgeted for 1948-49 was \$2,835,776. However, savings will accrue in the amount of \$309,978. The amount budgeted for 1949-50 is the same as appropriated for 1948-49 plus an increase for added population. If there is no change in policy established pursuant to Chapter 8, Part 2, Division 1 of the Health and Safety Code, this amount is required.

*Passed*

**For Subsidies to Cities, Counties, and Cities and Counties for Maintenance of Tuberculosis Sanatoria, Department of Public Health, from the General Fund**

Item 380, page 75 of the Budget Bill and page 956 of the Budget. The amount requested is \$3,909,500 for subsidies to local agencies for maintaining tuberculosis sanitoriums.

**Recommendations**

Amount budgeted .....	\$3,909,500
Legislative Auditor's recommendation .....	3,909,500
Reduction .....	None

*Approved*  
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**Analysis**

We again recommend that this appropriation should comprise part of a more closely integrated and comprehensive program to eradicate tuberculosis. We recommend approval as requested.

**For Assistance to Local Districts and Other Public Agencies in the Control of Mosquitos, Department of Public Health, from the General Fund**

Item 381, page 75 of the Budget Bill and page 957 of the Budget. The amount requested is \$400,000 for assistance to local agencies for mosquito control.

**Recommendations**

Amount budgeted .....	\$400,000
Legislative Auditor's recommendation .....	400,000
Reduction .....	None

*Approved*

**Analysis**

This amount is to be matched by local agencies in at least an equal amount. We recommend approval.

**For Assistance to Local Agencies in the Construction of Hospital Facilities, Department of Public Health, from the General Fund**

Item 382 of the Budget Bill and page 957 of the Budget. The amount requested is \$2,000,000 from the General Fund for assistance to local agencies in the construction of hospital facilities to be expended under the provisions of the California Hospital Survey and Construction Act.

**Recommendations**

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

*Approved*

**Analysis**

The State's contribution is to be matched, 2 to 1, by federal grants or local funds or other sources. The amount proposed to be expended is a reduction of \$3,535,174 from 1948-49.

We recommend approval.

**For Allocation to the State Water Resources Board for Reallocation to the Los Angeles County Flood Control District, from the Flood Control Fund of 1946**

Item 383, page 75 of the Budget Bill and page 959 of the Budget. The amount requested is \$2,272,000 for Los Angeles flood control to provide for state participation in the control of floods in Los Angeles and San Diego counties pursuant to Section 29 of the State Water Resources Act of 1945, and payable from the Flood Control Fund of 1946.

*Recommendations*

Amount budgeted .....	\$2,272,000
Legislative Auditor's recommendations .....	\$2,272,000
Reduction .....	None

*Analysis*

We recommend that Item 383 be approved as submitted.

**For Allocation by the State Water Resources Board to the Los Angeles County Flood Control District, from the Flood Control Fund**

Item 384 of the Budget Bill and page 959 of the Budget. The amount requested is \$408,000, a decrease of \$3,000 from 1948-49.

*Recommendation*

Amount budgeted .....	\$408,000
Legislative Auditor's recommendation .....	\$408,000
Reduction .....	None

*Analysis*

The policy with respect to this appropriation has already been determined by the Legislature. The amount requested will be necessary to carry this policy into effect.

**For State's Share of Salaries of Judges of Superior Courts, from the General Fund**

Item 385, page 76 of the Budget Bill and page 962 of the Budget. The amount requested is \$1,063,750 for the State's share of salaries of judges of superior courts from the General Fund as provided by Section 736b of the Political Code.

*Recommendation*

Amount budgeted .....	\$1,063,750
Legislative Auditor's recommendation .....	\$1,063,750
Reduction .....	None

*Analysis*

We repeat our recommendation of last year that provision be made whereby none of the appropriation should be made available to judges who do not hear a minimum number of cases during the year. This minimum figure should be established by the Judicial Council.

**For Contributions to Counties for Compensation and Expenses of County Service Officers**

Item 386, page 76 of the Budget Bill and page 962 of the Budget. The amount requested is \$330,000 from the General Fund, an increase of \$30,000 over 1948-49.



*Recommendation*

Amount budgeted -----	\$330,000
Legislative Auditor's recommendation -----	None
Reduction -----	\$330,000

*Analysis*

The function carried out by the county service officers will continue to diminish as the claims incidental to World War II military service become fewer in number. This is an unnecessary expenditure on the part of the State, and duplicates work performed by the State Department of Veterans' Affairs, the Veterans' Administration and service organizations.

We recommend elimination.

For Salaries of <sup>the</sup> ~~County Agricultural~~ Commissioners or Compensation for Services Performed for County Agricultural Departments, Department of Agriculture, from the General Fund

Item 387, page 76 of the Budget Bill and page 962 of the Budget. The amount requested is \$103,242 from the General Fund to be expended in accordance with the provisions of Section 63.5 of the Agricultural Code.

*Recommendation*

Amount budgeted -----	\$103,242
Legislative Auditor's recommendation -----	None
Reduction -----	\$103,242

*Analysis*

It is recommended that Section 63.5 of the Agricultural Code be repealed, removing the requirement that the State provide for salaries of ~~county agricultural~~ commissioners or compensation for services performed for county agricultural departments.

For Furnishing of Workmen's Compensation to Disaster Service Workers, California State Disaster Council, from General Fund

Item 388, page 76 of the Budget Bill and page 963 of the Budget. The amount requested is \$25,000 from the General Fund. This is the same amount as in 1948-49.

*Recommendation*

Amount budgeted -----	\$25,000
Legislative Auditor's recommendation -----	25,000
Reduction -----	None

*Analysis*

This amount provides for workmen's compensation to disaster service workers in accordance with provisions of Division 4 of the Labor Code.