

ANALYSIS

This appropriation is necessary to make money available for refund of fees or taxes paid in error and transmitted to the General Fund before action was taken on the application which accompanied the fee.

As of February 7, 1950, there had been \$1,992.08 of such claims approved by the Board of Control for the current fiscal year. These refunds included overpayment of inheritance taxes, erroneous fees to the Division of Corporations and the Personnel Board.

We recommend that Item 274 be approved as submitted.

PACIFIC COAST BOARD OF INTERGOVERNMENTAL RELATIONS

ITEM 275 of the Budget Bill

Budget page 767
Budget line No. 69

For Support of State Cooperation With Pacific Coast Board of Intergovernmental Relations From the General Fund

Amount requested	\$10,000
Estimated to be expended in 1949-50 Fiscal Year	None
Increase	\$10,000

RECOMMENDATIONS

Amount budgeted	\$10,000
Legislative Auditor's Recommendation	None
Reduction	\$10,000

ANALYSIS

The Pacific Coast Board of Intergovernmental Relations is a voluntary cooperative organization consisting of representatives of federal, state, and local governments in the States of Washington, Oregon, and California who meet to discuss and to secure cooperation in administrative efforts to solve mutual problems. In the past, it has been the policy of all agencies attending these conferences to provide for time and traveling expenses of the persons in attendance in the budgets of the official bodies represented. There are no dues.

In 1947, the Rockefeller Foundation made a grant of \$10,000 per year for three years to support this project. The States of Oregon and Washington will not have legislative sessions in 1950, and for that reason the California State Legislature is being requested to support this entire program during the 1950-51 Fiscal Year when the board will present a plan for permanent financing and operation.

We do not recommend this item of appropriation because we believe that this function overlaps the work of the Commission on Interstate Cooperation, which has an established office in San Francisco and to which the State provides a major share of the support. The State also participates in the Governors' Conference, and the Western Governors' Conferences.

It should be pointed out that this organization is a high policy level group and that adequate appropriations have been made in the budgets of the state agencies to participate in matters of this nature. The same is probably true in the States of Washington and Oregon. This organization is a cooperative project and has no decision making powers. It should

also be pointed out that the administrators and technicians in state agencies have been given relatively liberal budgets to attend regional conferences at which representatives of other states are present. We therefore do not believe that the creation of this additional agency is essential and that state participation in the organization is already adequately provided for. We also call attention to the fact that there has been no request for contributions from the federal or local agencies represented in 1950-51, this budget item constituting a proposal that the State of California shall bear the entire cost of the program budget.

We recommend this item be not approved.

MISCELLANEOUS

ITEM 276 of the Budget Bill

Budget page 768
Budget line No. 13

For Claim of the Secretary of the State Board of Control From Several Funds

Amount requested -----	\$55,554
Estimated to be expended in the 1949-50 Fiscal Year -----	417,645
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Decrease (86.7 percent) -----	\$362,091

RECOMMENDATIONS

Amount budgeted -----	\$55,554
Legislative Auditor's Recommendation -----	55,554
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Reduction -----	None

ANALYSIS

The amount of \$55,554 is requested to pay 96 claims against the State of California which have been approved by the Board of Control.

Examination of the claims showed that of the 96 approved, 34 claims totaling \$35,333.34 were for damages, losses, burglaries, etc. Twenty-six claims totaling \$14,621.09 were refunds of taxes, fees and deposits. Twenty-three claims amounting to \$3,724.70 were for state obligations for which money had not been appropriated, such as vacation pay, outlawed checks and items for which the State had received goods or services. Thirteen salary overpayments which cannot be recovered total \$1,869.91.

We recommend approval of the amount requested.

RESERVE FOR CONTINGENCIES

ITEM 277 of the Budget Bill

Budget page 772
Budget line No. 22

For Emergency Fund to Be Expended Only on Written Authorization of the Department of Finance for Emergencies

Amount requested -----	\$1,500,000
Amount appropriated for 1949-50 Fiscal Year -----	1,600,000
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Decrease (6.3 percent) -----	\$100,000

RECOMMENDATIONS

Amount Budgeted -----	\$1,500,000
Legislative Auditor's Recommendation -----	1,500,000
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Reduction -----	None

ANALYSIS

This fund provides a source from which allocations may be made to agencies for contingencies for which no appropriation or insufficient appropriations have been made by law and from which loans may be made to agencies which derive their support from sources other than the General Fund. Moneys from this fund can be expended only on written authorization of the Department of Finance.

**SALARY INCREASE FUND
INCREASES MADE IN 1949-50**

ITEM 278 of the Budget Bill

Budget page 773
Budget line No. 17

**For Salary Increase Fund from the General Fund to Provide for Salary
Increases Made in 1949-50**

Amount requested	\$667,500
Legislative Auditor's Recommendation	600,000
Reduction	\$67,500

ANALYSIS

The amount requested is to provide for pay increases made in the Fiscal Year 1949-50. This fund is to be allocated, on authorization of the Department of Finance, to the several state offices, departments, boards, bureaus, commissions, the Regents of the University of California and other state agencies supported from the General Fund, and is in augmentation of their regular appropriations.

A salary adjustment fund of \$500,000 was established for the current year to provide for adjustment of inequities in salaries of individual classes within the state service. In general, salaries appearing in the budget document are at rates that were in effect July 1, 1949 and do not reflect increases made from the Salary Adjustment Fund. This item provides for projection of these increases through the full Fiscal Year 1950-51.

There has been a tendency for state agencies wherever possible to absorb these increases from salary savings, thereby resulting in substantial reversions each year. Estimated savings from salary adjustment funds established in the current year exceed 10 percent.

We recommend, therefore, that Item 278 be approved in the amount of \$600,000, a reduction of \$67,500 as experience indicates this amount will be adequate for purposes of the fund, taking into account the amounts used from salary savings.

**SALARY INCREASE FUND
1950-51**

ITEM 279 of the Budget Bill

Budget page 773
Budget line No. 18

**For Salary Increase Fund From the General Fund to Provide for Salary
Increases in 1950-51**

Amount requested	\$500,000
Salary Increase Fund 1949-50	500,000
Increase	None

RECOMMENDATIONS

Amount budgeted	\$500,000
Legislative Auditor's Recommendation	100,000
Reduction	\$400,000

ANALYSIS

The amount requested is \$500,000 from the General Fund to provide for increased compensation resulting from increased salary ranges established by the Personnel Board or other salary-fixing authority with the approval of the Department of Finance. This appropriation is to provide for salary increases made during the 1950-51 Fiscal Year and the fund is to be allocated only on authorization of the Department of Finance.

Of the amount requested \$13,000 is scheduled for expenditure in selected classes to provide a differential for night shift work. The Legislature in 1949 authorized the State Personnel Board to provide for payment of shift salary differentials where necessary to meet prevailing rates and practices for comparable services in other public employment and in private business.

The balance of the fund, or \$487,000, is to provide for adjustment of inequities in salaries of individual classes within the state service, and for meeting probable further wage increases in private industry and other governmental agencies during 1950-51.

We recommend that Item 279 be approved in the amount of \$100,000, a reduction of \$400,000.

We believe that the present arrangement of the personnel agency, having authority for fixing pay without review or ratification by the legislative body is, up to a certain point, a progressive feature of the California civil service. The Government Code, Section 18850, however, provides, "The board shall make no adjustments which require expenditures in excess of existing appropriations which may be used for salary increase purposes." General economic conditions should therefore be considered in relationship to this item. The Legislature has been reluctant in the past to appropriate money in advance for general increases in salaries. It would seem that substantial appropriations of the nature of this item could result in the same effect on a piecemeal basis.

We recommend, therefore, that the amount of \$100,000 be appropriated, to be used only to adjust inequities between classes in the state service and for night shift and differentials. We also recommend that adjustments in salaries that are justified by further increases in private industry and other governmental agencies be made the subject of a special study and incorporated in a single item for presentation to each session of the Legislature. This would have the further advantage of considering all classes in the state service at one time rather than individually, which should present a more systematic over-all picture of salary levels. It will also permit the Legislature to analyze the total cost in relation to the over-all financial condition of the State for that fiscal year.