

PUBLIC UTILITIES COMMISSION

ITEM 237 of the Budget Bill

Budget page 740
Budget line No. 7

For Support of Public Utilities Commission From the General Fund

Amount requested	\$1,467,621
Estimated to be expended in 1950-51 Fiscal Year	1,444,620
Increase (1.6 percent)	\$23,001

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$19,125	—\$2,727	\$21,852	745	40
Operating expense	—974	—974	---	745	41
Equipment	16,850	13,889	2,961	745	42
Less:					
Reimbursements	—12,000	—12,000	---	745	45
Total increase	\$23,001	—\$1,812	\$24,813		

RECOMMENDATIONS

Amount budgeted	\$1,467,621
Legislative Auditor's recommendation	1,466,271
Reduction	\$1,350

ANALYSIS

The increase of \$23,001 shown is computed without regard to an allocation of \$29,460 from the Emergency Fund shown on Budget page 740, line 17, for the Fiscal Year 1950-51 for Itinerant Merchants Regulation, since it is a nonrecurring item which is not related in any way to the normal General Fund activities of the Public Utilities Commission. This item is commented on in our analysis of the Itinerant Merchants Fund.

The increase of \$19,125 in salaries and wages represents the following:

Item	Amount
Salary adjustments, net	\$2,688
9 Additional positions based on increased work load	34,296
4 Additional positions for establishment of a new litigation division in the legal department (Budget page 744, lines 25 and 26)	21,852
Total increase	\$58,836
Less elimination of 12 part-year positions previously authorized to April 30, 1951 only	—39,711
Net increase	\$19,125

The requested new service is for legal staff to provide guidance and advice to technical employees in presenting cases to the commission or examiners. This is a desirable service for which sufficient legal staff has not been available in the past. It will permit the separation of prosecuting and adjudication functions, following an administrative procedure in existence in most federal regulatory agencies.

We recommend the increase of \$19,125 in salaries and wages be approved.

Included in equipment replacements of \$3,205, Budget page 742, line 24, is \$1,350 for a public address system in the large courtroom in the

Mirror Building in Los Angeles, which has been without a public address system since the Los Angeles office moved from the State Building. We recommend deletion of this item, since no clear showing has been made that it is needed in the conduct of hearings by those whose participation in the hearings is necessary. Furthermore, due to the infrequent necessity for the equipment, it can readily be rented in the city at nominal daily rates.

We recommend approval of the remainder of the budget as submitted.

PUBLIC UTILITIES COMMISSION

ITEM 238 of the Budget Bill

Budget page 740
Budget line No. 23

For Support of Public Utilities Commission From the Transportation Rate Fund

Amount requested	\$1,206,446
Estimated to be expended in 1950-51 Fiscal Year	1,191,810
Increase (1.2 percent)	\$14,636

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$156	\$156	---	745	40
Operating expense	14,145	14,145	---	745	41
Equipment	335	335	---	745	42
	\$14,636	\$14,636	---		

RECOMMENDATIONS

Amount budgeted	\$1,206,446
Legislative Auditor's recommendation	1,206,446
Reduction	None

ANALYSIS

Due to the change in method of accounting resulting from the approval by the State Controller on August 10, 1950, of a plan of financial adjustment between the General Fund activities and the Transportation Rate Fund activities of the Public Utilities Commission, the analysis shown above has little significance, except as to total increase. The reason for this is that 111.9 of the positions authorized for the Transportation Rate Fund by the Budget Act of 1950 are shown as General Fund positions in the current budget, these being positions the work of which relates to both funds. That part of the salary costs of these employees attributable to the Transportation Rate Fund are included in amounts shown under operating expenses in that fund, described as repayment of services rendered by General Fund of which \$154,000 shown on Budget page 746, line 38, is an example.

It is probable, therefore, that the increase of \$14,636 shown for the Transportation Rate Fund is attributable almost entirely to normal salary increases.

The positions commented upon in the printed Budget, page 741, lines 4 to 16, as being eliminated as of April 30, 1951, are the additional positions authorized by the 1950 Legislature for a period of 10 months only during the 1950-51 Fiscal Year in connection with the stepped-up

enforcement program aimed at reducing violations of highway transportation laws and regulations, an activity carried on under the Transportation Rate Fund.

We believe that the new plan of financial adjustment will result in more accurate allocation of expenditures as between the two funds than has been the case in the past, since it is predicated upon a daily time segregation by those employees whose activities relate to both funds.

As pointed out in our 1950-51 report, expenditures from the Transportation Rate Fund have exceeded revenues for the last few years, with the result that the fund balance has been decreasing. Revenues, expenditures and balances in the fund for the past, current and budget years are shown in the following tabulation:

	Beginning balance	Revenues	Expenditures		Ending balance
			Support	Retire- ment	
1949-50 actual	\$923,637	\$1,007,638	\$1,147,523	\$70,149	\$713,603
1950-51 estimated	713,603	1,100,000	1,191,810	74,880	546,913
1951-52 estimated	546,913	1,100,000	1,206,446	75,818	364,649

This indicates that expenditures have exceeded revenues by approximately \$200,000 per year for the years shown.

We recommend approval of this item as requested.

PUBLIC UTILITIES COMMISSION

ITEM 239 of the Budget Bill

Budget page 745

Budget line No. 81

For Support of Public Utilities Commission From the Itinerant Merchants Fund

Amount requested	\$13,724
Estimated to be expended in 1950-51 Fiscal Year	29,460
Decrease (53.4 percent)	\$15,736

Summary of Increase

Total increase	INCREASE DUE TO		Budget page	Line No.
	Work load or salary adjustments	New services		
Salaries and wages	\$5,634	\$5,634	745	60
Operating expense	9,632	9,632	745	76
Equipment	470	470	745	79
Total increase	\$15,736	\$15,736		

RECOMMENDATIONS

Amount budgeted	\$13,724
Legislative Auditor's recommendation	None
Reduction	\$13,724

ANALYSIS

The Itinerant Merchants Act (Sections 16300 to 16451 of the Business and Professions Code) was originally enacted as Chapter 870, Statutes of 1939, and requires each itinerant merchant to pay an annual license fee of \$10 to the Public Utilities Commission for each motor vehicle used by him in his business, such fees to be deposited in the Itinerant Merchants Fund in the State Treasury.

Section 16432 of the Business and Professions Code reads as follows:

“All moneys in the Itinerant Merchants Fund are hereby appropriated without regard to fiscal years to be expended in accordance with law by the commission in the enforcement and administration of this chapter.”

A loan of \$3,000 was made to the Railroad Commission (the predecessor of the present Public Utilities Commission) from the Emergency Fund on September 21, 1939, for enforcement and administration of the Itinerant Merchants Act, of which \$2,192.28 was repaid and the balance of \$807.72 cancelled in October, 1943, because of insufficient revenues under the Itinerant Merchants Act. Between that time and July 1, 1950, the provisions of the Act have not been enforced and no revenue collected.

During the current fiscal year a loan of \$29,460 has been made to the Public Utilities Commission from the Emergency Fund to enforce the provisions of the Itinerant Merchants Act, which is the amount shown at the beginning of this analysis as “Estimated to be expended in 1950-51 Fiscal Year.” It is contemplated that this loan will be repaid from future excess revenues of the Itinerant Merchants Fund, but, judging from past experience, we believe it highly unlikely that revenues from the Itinerant Merchants Fund will be sufficient to repay any such amount.

The \$13,724 requested for the 1951-52 Fiscal Year represents the following:

Estimated revenues from license fees, 1950-51 Fiscal Year-----	\$9,444
Estimated revenues from license fees, 1951-52 Fiscal Year-----	5,000
	\$14,444
Less contributions to State Employees Retirement Fund-----	—720
Remainder -----	\$13,724

The following table shows the estimated expenditures for administration for 1950-51 and 1951-52 by categories, from the Emergency Fund and the Itinerant Merchants Fund respectively.

	1950-51 <i>Emergency Fund</i>	1951-52 <i>Itinerant Merchants Fund</i>	<i>Decrease</i>
Salaries and wages-----	\$14,624	\$8,990	—\$5,634
Operating expenses-----	14,366	4,734	—9,632
Equipment-----	470	---	—470
Total-----	\$29,460	\$13,724	—\$15,736

The salaries for 1950-51 are for six field representatives and one senior stenographer-clerk, while those for 1951-52 are for two field representatives and one senior stenographer-clerk.

We recommend that the requested amount of \$13,724 for support of the Public Utilities Commission from the Itinerant Merchants Fund be deleted and appropriate legislation be introduced transferring the administration of this law to the Motor Transportation License Tax Division of the Board of Equalization.

We make this recommendation because the Motor Transportation License Tax Division of the Board of Equalization now has a staff of 19 field representatives, two special investigators and two supervising investigators, a large part of the time of which is spent in investigating

truck operators on the highways, at highway weighing stations and the like. Since in many instances exemption under one act implies liability under the other, it appears that enforcement of the provisions of the Itinerant Merchants Act and the Motor Transportation License Tax Act by the same staff would facilitate administration of both laws and could be accomplished without additional field personnel.

Department of Public Works
DEPARTMENTAL ADMINISTRATION

ITEM 240 of the Budget Bill

Budget page 750
Budget line No. 6**For Support of Departmental Administration From the General Fund**

Amount requested	\$96,119
Estimated to be expended in 1950-51 Fiscal Year	97,799
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Decrease (1.7 percent)	\$1,680

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$3,682	\$3,682	---	751	62
Operating expense	-1,909	-1,909	---	751	63
Equipment	-967	-967	---	751	64
Reimbursements:					
Accounting services, Water Resources	2,873	2,873	---	751	68
Pro rata departmental administration charge to State Highway Fund	-387	-387	---	751	69
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Total increase	-\$1,680	-\$1,680	---		

RECOMMENDATIONS

Amount budgeted	\$96,119
Legislative Auditor's recommendation	95,414
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Reduction	\$705

ANALYSIS

The total amount budgeted for this department is \$221,158. Reimbursements of \$119,094 by the State Highway Fund and \$5,945 by the Water Resources Board leaves a total of \$96,119 to be budgeted from the General Fund.

Salaries and Wages

The amount requested for salaries and wages is \$185,923, an increase of \$3,682, or 2 percent over \$182,241 estimated to be expended in 1950-51 Fiscal Year. This increase is due to normal salary adjustments.

Of the sum of \$185,923 budgeted for total wages and salaries, \$99,594 is for administration, and \$86,329 for accounting services. Administration includes the salaries of the Director of the Department of Public Works, his staff, and assistants. The State Highway Fund reimburses $\frac{11}{12}$ or \$82,995 of these salaries.

The Budget for 1951-52 contains an exempt position of special assistant to the director, salary of \$8,452, shown as an established position which was not in the Budget for 1950-51 and which was not authorized by the Legislature. Due to the fact that $\frac{11}{12}$ of this salary