

MISCELLANEOUS**CONTRIBUTION TO LEGISLATORS' RETIREMENT FUND**

ITEM 283 of the Budget Bill

Budget page 853
Budget line No. 67*For State's Contribution to the Legislators' Retirement Fund**From the General Fund*

Amount requested -----	\$44,000
Estimated to be expended in 1951-52 Fiscal Year -----	28,500
Increase (54.4 percent) -----	\$15,500

RECOMMENDATIONS

Amount budgeted -----	\$44,000
Legislative Auditor's recommendation -----	44,000
Reduction -----	None

ANALYSIS

Section 9358 of the Government Code provides that the State shall contribute annually to the Legislators' Retirement Fund an amount, estimated by the Board of Administration, equal to so much of the benefits to be paid from the fund during that year as is not provided by the accumulated contributions of the members.

We recommend approval.

WORKMEN'S COMPENSATION BENEFITS FOR STATE EMPLOYEES

ITEM 284 of the Budget Bill

Budget page 852
Budget line No. 32*For Compensation, Medical Care and Hospitalization of State Employees**From the General Fund*

Amount requested -----	\$780,000
Estimated to be expended in 1951-52 Fiscal Year -----	690,000
Increase (13.0 percent) -----	\$90,000

RECOMMENDATIONS

Amount budgeted -----	\$780,000
Legislative Auditor's recommendation -----	780,000
Reduction -----	None

ANALYSIS

The amount requested, \$780,000, is the estimated amount necessary to provide compensation, hospitalization and medical care as prescribed by the Workmen's Compensation Act for all state employees injured while on duty and whose salaries are paid from the General Fund. The State Compensation Insurance Fund acts as adjusting agent for the State and disburses the payments. The cost of these services by the State Workmen's Compensation Insurance Fund is included in the appropriation.

The State is a self insurer for state employees paid from the General Fund. Expenditures from this appropriation pay hospital costs and compensation awards for state employees during the time they are hospitalized and during periods of convalescence. When a state employee sustains a permanent disability, the weekly payments for such disability will be met from this appropriation as such payments are made.

Expenditures for this purpose in the past years have been as follows:

<i>Fiscal year</i>	<i>Amount</i>	<i>Fiscal year</i>	<i>Amount</i>
1943-44	\$148,075	1948-49	\$402,903
1944-45	150,207	1949-50	423,998
1945-46	214,749	1950-51	601,844
1946-47	233,835	1951-52	690,000 (est.)
1947-48	312,108	1952-53	780,000 (est.)

All special fund agencies are required to obtain workmen's compensation coverage from the State Compensation Insurance Fund. For this coverage an annual premium is paid, based on the total annual payroll. This amount is shown in each special fund budget under the caption "Compensation Insurance." The payment of this premium by special fund agencies means that all liability for future costs for any permanent disability is defrayed in the year in which incurred.

We recommend approval.

REFUND OF PAYMENTS OF TAXES

ITEM 285 of the Budget Bill

Budget page 852
Budget line No. 52

For Refunding of Payments of Taxes, Licenses, Fees, and Other Receipts From the General Fund

Amount requested	\$5,000
Estimated to be expended in 1951-52 Fiscal Year	15,000
Decrease (66.6 percent)	<u>\$10,000</u>

RECOMMENDATIONS

Amount budgeted	\$5,000
Legislative Auditor's recommendation	<u>5,000</u>
Reduction	None

ANALYSIS

This appropriation is necessary to make funds 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.

In 1950-51 there was \$4,622 of such claims approved by the Board of Control. These refunds include such items as overpayment of inheritance taxes, erroneous fees to the Division of Corporations and the Personnel Board.

We recommend approval.

CLAIMS OF THE BOARD OF CONTROL

ITEM 286 of the Budget Bill

Budget page 852
Budget line No. 73

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

Amount requested	\$101,218
Estimated to be expended in 1951-52 Fiscal Year	162,529
Decrease (37.7 percent)	<u>\$61,311</u>

ANALYSIS

The Board of Control has approved claims against the State of California in the amount of \$101,218 as of November 20, 1951. This amount will be included in the Budget Act as introduced. Amendments to include additional claims will be submitted by the Board of Control prior to consideration of this item by the Legislature. We will review these claims prior to consideration by the Legislature when the Board of Control has transmitted a statement of the reasons for approval to the Legislature as required by Section 16020 of the Government Code.

AUGMENTATION OF PERMANENT REVOLVING FUNDS

ITEM 287 of the Budget Bill

Budget page 853
Budget line No. 67*For Augmentation of Permanent Revolving Funds From the General Fund***ANALYSIS**

The sum of \$2,000,000 is requested from the General Fund to provide augmentations to four permanent revolving funds; namely, the Ballot Paper Revolving Fund, Correctional Industries Revolving Fund, the Workshops for the Blind Manufacturing Fund, and the Purchases Revolving Fund.

The estimate of \$2,000,000 is based on the need for additional working capital to meet increased costs of materials, supplies and equipment, expansion of operations in those projects where defense contracts call for additional funds in order to operate effectively, and to provide availability of funds for setting up a textile plant at San Quentin, in the event the feasibility of operating such a plant is determined from a study presently in process. This is presently estimated to run over \$1,000,000.

Due to lack of data presently available, we cannot recommend these augmentations pending further study of the need for the \$2,000,000 requested. There are some questions as to the validity of increasing the accountability of certain revolving funds without proper amendments to the respective codes, and study should be made of the statutory provisions for these funds.

In the light of Section 3332 of the Welfare and Institutions Code there is some question, for instance, as to whether the Workshops for the Blind Manufacturing Fund can be augmented without specific legislative action to amend the above section so as to include the proposed augmentation in the wording of the section.

Also the question of establishing a textile plant at San Quentin seems to be premature without the full study of this operation having been completed.

SALARY INCREASE FUND

ITEM 288 of the Budget Bill

Budget page 855
Budget line No. 17*For the Salary Increase Fund to Provide for Salary Increases in 1951-52 and 1952-53, From the General Fund*

Amount requested	-----	\$12,366,265
Estimated to be expended in 1951-52 Fiscal Year	-----	13,827,469
Decrease (10.6 percent)	-----	\$1,461,204

RECOMMENDATIONS

Amount budgeted	\$12,366,265
Legislative Auditor's recommendation	12,266,265
Reduction	\$100,000

ANALYSIS

We are unable to make a specific determination as to the proper amount to bring salaries of state employees into conformity with salaries paid in private industry and other governmental employment. However, general trends as reflected by wage adjustments granted in industry and the continued rise in the cost of living index since the meeting of the Legislature last year indicate that under existing policy additional amounts will be required for the Salary Increase Fund. These trends indicate that a further upward adjustment of salaries will be necessary to maintain comparability of the State's pay schedule with that of private industry and other government jurisdictions.

The amount requested is based upon recommendations of the Personnel Board for salary adjustments in the budget year. To the amount requested for the adjustment of civil service salaries is added an amount sufficient to grant comparable percentage increases to employees exempt from civil service and to employees, both academic and nonacademic, of the University of California. In addition to the amounts requested for additional increases in the 1952-53 Fiscal Year, there is requested an amount determined as necessary to project increases granted in the current year, and which are not reflected in the detail of the respective agency budgets.

The total amount of \$12,366,265 requested from the General Fund will apply to increases by fiscal year as follows:

For increases granted in 1951-52 Fiscal Year but not included in agency budgets	\$2,523,998
For additional increases and special adjustments in the 1952-53 Fiscal Year	9,842,267
Total requested for Salary Increase Fund	\$12,366,265

The detail on the amount requested for salary increases to be made during the current year, and which are not included in the agency budgets, is as follows:

State colleges, academic classes	\$315,311
University of California, academic classes	1,026,657
Special adjustments, various classes	582,030
For additional adjustment to June 30, 1951 (estimated)	600,000

Total for increases granted in 1951-52 not included in agency budgets \$2,523,998

The following is the detail on the amount requested from the General Fund to provide for additional increases or special adjustments during the 1952-53 Fiscal Year:

For average 5 percent increase for all classes:	
Civil service and exempt (exclusive of University of California) ..	\$5,681,315
University of California	2,369,952

Total for average 5 percent increase

	\$8,051,267
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For special adjustments:

Civil service and exempt (exclusive of University of California) —	445,000
University of California —	475,000*
Additional 5 percent for psychiatric technician classes in the Department of Mental Hygiene —	871,000
Total requested for special adjustments —	\$1,791,000

Total amount requested for salary increases and adjustments
during 1952-53 Fiscal Year — \$9,842,267

* Includes \$300,000 estimated as the amount necessary to place the University's nonacademic employees on a pay plan similar to the one provided for civil service employees.

The budget item further provides that increases in salary ranges established during the 1952-53 Fiscal Year by the Personnel Board, whose compensation or portion thereof is payable from the General Fund, shall not result in total salary increases for more than \$7,000,000. It further provides that increases granted by the University of California and from special funds and other salary fixing authorities shall be limited in accordance with this limitation.

The report from the Personnel Board to the Governor and the Legislature, which provides the basis for the amounts requested for the Salary Increase Fund, indicates that the amount requested for additional salary adjustments in the 1952-53 Fiscal Year will be required to keep state salaries comparable with salaries paid for comparable service in other public employment and in private business.

In addition to the amount requested to provide for an average 5 percent increase to all classes, an additional amount is requested for special salary adjustments necessary to maintain internal relationship and to solve acute recruiting problems that result when one group of employees receives greater salary adjustments in private employment than other groups. The amount of \$400,000 is requested from the General Fund to provide for such adjustments to civil service classes. The amounts of \$45,000 for exempt employees and \$175,000 for the University of California for such similar special adjustments were established by applying the same percentage relationship to total salaries budgeted for these groups of employees. The latter two groups include academic positions in both the state colleges and the University of California, and since such positions are covered largely by annual contracts, special adjustments within these classes should not be necessary. We recommend, therefore, that the amount budgeted for special adjustments in the University of California be reduced from \$475,000 to \$400,000 and the amount budgeted for special adjustments for exempt classes be reduced from \$45,000 to \$20,000, a total reduction of \$100,000.

Included in the amount of \$475,000 requested for special adjustments for the University of California is the amount of \$300,000 which it is estimated will be required to put into effect a pay plan for nonacademic personnel similar to the one presently provided for civil service employees.

The amount of \$871,000 is requested for a special adjustment of 5 percent for psychiatric technician classes in the Department of Mental Hygiene. This increase for these classes is in addition to the 5 percent average increase recommended for all state employees.

We wish to point out again that the amounts requested for academic salary increases in both the University of California and the state colleges should continue to be supported by independent surveys as conditions and data which support a salary adjustment for state civil service employees are not necessarily applicable to academic personnel. We recommend, therefore, that no funds be released by the Department of Finance for the increase of academic salaries unless supported by separate survey data.

RESERVES FOR CONTINGENCIES

EMERGENCY FUND

ITEM 289 of the Budget Bill

Budget page 859
Budget line No. 23

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

RECOMMENDATIONS

Amount budgeted	\$1,500,000
Legislative Auditor's recommendation	2,500,000
Increase	\$1,000,000

Analysis under Item 292.

EMERGENCY FUND

ITEM 290 of the Budget Bill

Budget page 859
Budget line No. 25

For Emergency Fund in Augmentation of Item 269, Budget Act of 1951, From the General Fund

RECOMMENDATIONS

Amount budgeted	\$509,854
Legislative Auditor's recommendation	509,854
Reduction	None

Analysis under Item 292.

PRICE INCREASE FUND

ITEM 291 of the Budget Bill

Budget page 859
Budget line No. 48

For Price Increase Fund, to Be Allocated Only on Written Authority of the Department of Finance, From the General Fund

RECOMMENDATIONS

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

Analysis under Item 292.