

with all the safeguards necessary to insure protection of the welfare of the inhabitants of the home and the State's interests and rights in the property. Insofar as the proposal for the budget for 1953-54 is concerned, we recommend that it be approved as submitted subject to the changes recommended above.

**Department of Veterans Affairs**  
**WOMAN'S RELIEF CORPS HOME--HOSPITALIZATION**

ITEM 278 of the Budget Bill Budget page 887  
Budget line No. 19

*For Hospitalization and Medical Aid of Members in County Hospitals From the General Fund*

Amount requested -----	\$1,600
Estimated to be expended in 1952-53 Fiscal Year -----	1,600
Increase -----	None

**RECOMMENDATIONS**

Amount budgeted -----	\$1,600
Legislative Auditor's recommendation -----	1,600
Reduction -----	None

**ANALYSIS**

Since the Woman's Relief Corps Home is not staffed to provide extensive surgical and medical service, the Legislature added Section 1086.1 to the Military and Veterans Code which authorized the home to transfer to the county hospital any member requiring such hospitalization. The code also provides that in the event county hospital facilities are not available and immediate hospitalization is required, the home may employ the service of a private hospital until such time as the member may be returned to the home.

We recommend approval of this item as submitted.

**Miscellaneous**  
**CONTRIBUTION TO LEGISLATORS' RETIREMENT FUND**

ITEM 279 of the Budget Bill Budget page 891  
Budget line No. 75

*For State's Contribution to the Legislators' Retirement Fund From the General Fund*

Amount requested -----	\$51,600
Estimated to be expended in 1952-53 Fiscal Year -----	44,000
Increase (17.3 percent) -----	\$7,600

**RECOMMENDATIONS**

Amount budgeted -----	\$51,600
Legislative Auditor's recommendation -----	51,600
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, State Employees' Retirement System, 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 BENEFIT FOR STATE EMPLOYEES**

ITEM 280 of the Budget Bill

Budget page 892  
Budget line No. 34

*For Compensation, Medical Care and Hospitalization of State Employees*

*From the General Fund*

Amount requested .....	\$950,000
Estimated to be expended in 1952-53 Fiscal Year .....	780,000
<hr/>	
Increase (21.8 percent) .....	\$170,000

**RECOMMENDATIONS**

Amount budgeted .....	\$950,000
Legislative Auditor's recommendation .....	850,000
<hr/>	
Reduction .....	\$100,000

**ANALYSIS**

The amount requested, \$950,000, 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, Vocational Education Fund, or the Vocational Rehabilitation 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.

The following table compares actual expenditures in the 1951-52 Fiscal Year with estimated expenditures for the current and budget years.

<i>Fiscal year</i>	<i>Expenditures actual or estimated</i>	<i>Man-years covered actual or estimated</i>	<i>Cost per man- year covered</i>
1951-52 .....	\$640,026 (Actual)	27,954.5	\$22.90
1952-53 .....	780,000 (Estimated)	29,567.9	26.38
1953-54 .....	950,000 (Proposed)	32,037.1	29.65

The amount requested for the budget year is based on an increase of 2,500 employees plus an allowance for increased medical costs. The actual expenditures under this program from July 1, 1952 to November 30,

1952, a period of five months, has been reported as \$285,148. Expenditures for the balance of the current year have been estimated at \$494,852, making the total estimated expenditures for the current year \$780,000, as listed in the table above. However, if the same rate of expenditure continued through the year, as evidenced by actual expenditures during the first five months, the annual cost during the current year would be \$684,355, or a cost per man-year covered of only \$23.15, only slightly higher than the man-year cost for 1951-52.

Though the State is a self-insurer and only actual cost of compensation, hospitalization, medical care, plus administration will be eventually expended, we believe the record of expenditures to date indicate that the amount requested is more than necessary to meet requirements. Attention is also directed to the establishment of a safety and accident prevention program. A State Safety Coordinator has been appointed in the State Personnel Board. This program was approved by the Legislature after noting the large workmen's compensation and disability benefits paid annually by the State and on the basis that these expenditures could be substantially reduced by creating the position noted above and giving direction and emphasis to a safety program.

*We recommend, therefore, that this item be approved for \$850,000, a reduction of \$100,000.* The amount of \$850,000 would represent a cost of \$26.53 per man-year covered and an increase of \$3.63, or 15.9 percent, over actual cost per man-year covered in the 1951-52 Fiscal Year.

**REFUND OF TAXES, LICENSES AND OTHER FEES**

ITEM 281 of the Budget Bill

Budget page 892  
Budget line No. 52

*For Refunding of Payments of Taxes, Licenses, Fees and Other Receipts*

*From the General Fund*

Amount requested .....	\$15,000
Estimated to be expended in 1952-53 Fiscal Year .....	5,000
<hr/>	
Increase (200 percent) .....	\$10,000

**RECOMMENDATIONS**

Amount budgeted .....	\$15,000
Legislative Auditor's recommendation .....	15,000
<hr/>	
Reduction .....	None

**ANALYSIS**

This appropriation is necessary to make funds available for refund of fees and taxes erroneously collected and transmitted to the General Fund before action was taken on the application which accompanied the fee. The increase of \$10,000 for the budget year is due to the inclusion of an amount estimated as necessary to effect refunds of fees for credentials collected in error by the Department of Education.

We recommend approval as submitted.

**CLAIMS OF THE BOARD OF CONTROL**

ITEM 282 of the Budget Bill

Budget page 892  
Budget line No. 79

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

Amount requested .....	\$37,858
Estimated to be expended in 1952-53 Fiscal Year .....	177,072
Decrease (78.6 percent) .....	<u>\$139,214</u>

**ANALYSIS**

The Board of Control has approved claims against the State of California in the amount of \$37,858 as of November 6, 1952. This amount will be 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.

**FOR AUGMENTATION OF PERMANENT REVOLVING FUNDS**

ITEM 283 of the Budget Bill

Budget page 893  
Budget line No. 69

*For Augmentation of Permanent Revolving Funds From the General Fund*

This item reappropriates the unexpended balance of the \$500,000 originally appropriated in Item 287 of the Budget Act of 1952 for augmentation of the workshops for the Blind Manufacturing Fund, the Purchasing Revolving Fund and the Ballot Paper Revolving Fund. We recommend approval.

**FOR AUGMENTATION OF CORRECTIONAL INDUSTRIES REVOLVING FUND**

ITEM 284 of the Budget Bill

Budget page 893  
Budget line No. 69

*For Augmentation of Correctional Industries Revolving Fund From the General Fund*

This item reappropriates the unexpended balance of the \$1,500,000 originally appropriated in Item 287.5 of the Budget Act of 1952 for augmentation of the Correctional Industries Revolving Fund. The Budget Act of 1952 limited the expenditure of this money to a textile mill operation and, then, only in the event that the Legislature authorizes an annual production in such an industry in excess of \$225,000.

Inasmuch as Item 284 of the Budget Bill of 1953 would re-enact these restrictions, we recommend approval of this item.

**PROVISION FOR SALARY INCREASES**

ITEM 285 of the Budget Bill

Budget page 895  
Budget line No. 6**For the Salary Increase Fund to Provide for Salary Increases in 1952-53 and 1953-54 From the General Fund**

Amount requested .....	\$12,146,112
Estimated to be expended in 1952-53 Fiscal Year .....	12,022,284
Increase (10.3 percent) .....	\$123,828

**RECOMMENDATIONS**

Amount budgeted .....	\$12,146,112
Legislative Auditor's recommendation .....	12,146,112
Reduction .....	None

**ANALYSIS**

The amount of \$12,146,112 requested from the General Fund for the Salary Increase Fund will finance increases granted by the Personnel Board during the 1952-53 Fiscal Year, provision for which has not been included in the individual agency budgets for 1953-54 Fiscal Year, and to provide for additional increases in the 1953-54 Fiscal Year.

The General Fund appropriation requested by this item will apply to increases by fiscal year as follows:

For increases granted in 1952-53 but not included in agency budgets	\$2,072,923
For additional increases and special adjustments in the 1953-54 Fiscal Year .....	10,073,189
Total requested for Salary Increase Fund .....	\$12,146,112

Of the \$2,072,923 estimated as required to finance 1952-53 increases during the budget year, \$1,312,000 is scheduled as required by the University of California, the amount of \$431,207 to cover academic increases in the state colleges, and \$329,716 for special adjustments granted to various classes in the state civil service.

The following is the detail on the amount requested from the General Fund to provide for additional increases or special adjustments during the 1953-54 Fiscal Year:

For average 5 percent increase for all classes:	
Civil service and exempt (exclusive of the University of California)	\$6,695,813
University of California .....	2,757,376
Total for average 5 percent increase .....	\$9,453,189
For special adjustments:	
Civil service and exempt (exclusive of the University of California)	445,000
University of California .....	175,000
Total requested for special adjustments .....	\$620,000
Total amount requested for salary increases and adjustments during 1953-54 Fiscal Year .....	\$10,073,189

The amount requested by this item is based on recommendations made by the Personnel Board in its report to the Governor and the Legislature as required by Section 18712 of the Government Code. To the amount recommended to be made available 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 amount requested for additional increases in the 1953-54 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 specific amount required to bring the salaries of state employees into conformity with salaries paid in private industry and other governmental employment cannot be determined at this time. The Personnel Board in its report summarizes the present salary situation as follows:

1. California's labor market is tight.
2. Salaries and wages in industry are continuing to rise slowly.
3. Personnel Board studies show that wages and salaries have increased about 2.5 percent from March to September, 1952.
4. If the wage trend continues, the March, 1953, surveys may show increases of about 5 percent. Increases may not be justified, however, for all civil service employees.

We believe the present system of reviewing and adjusting state salary ranges to be a good one. We believe the Personnel Board will administer the fund in accordance with wage data which will be developed in the spring of 1953, and if increases do not develop as presently indicated, savings in this fund will develop. It should be pointed out that the Legislature augmented this fund \$2,000,000 above the amount requested by the board in 1952. Present estimates indicate the fund will return savings at the end of the current year of \$1,977,716, of which \$1,633,375 constitute appropriations in excess of needs and the balance arises from the fact that salary savings in agency budgets were used for salary increase purposes in lieu of withdrawals from the fund.

We, therefore, recommend approval of the amount requested. However, we recommend that proposed increases of University of California and state college academic salaries be supported by wage surveys conducted by the State Personnel Board and that no funds appropriated by this item be released by the Department of Finance for academic salary increases unless supported by such a survey.

**RESERVES FOR CONTINGENCIES**

**EMERGENCY FUND**

ITEM 286 of the Budget Bill

Budget page 898  
Budget line No. 12

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

Amount requested .....	\$2,500,000
Estimated to be expended in 1952-53 Fiscal Year .....	2,500,000
Increase .....	None