

Area Operations—Continued

fiscal representatives have not been performing what could be construed as constructive accounting.

On this basis, we recommend that the six positions of semisenior accountant costing \$35,485 be abolished, and that three positions of senior accountant be established at a cost of \$18,180. By applying themselves exclusively to constructive accounting suggestions and to the offering of procedural guidance to the counties, these three positions should improve the level of accounting services that was originally contemplated. This recommendation, if accepted, would result in a net saving of \$17,305.

RECREATION COMMISSION

ITEM 264 of the Budget Bill

Budget page 895
Budget page No. 7

For Support of Recreation Commission From the General Fund

Amount requested	\$88,103
Estimated to be expended in 1953-54 Fiscal Year	89,209
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Decrease (1.2 percent)	\$1,106

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$1,267	\$1,267	---	895	46
Operating expense	175	175	---	895	66
Equipment	-2,548	-2,548	---	895	73
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Total increase	-\$1,106	-\$1,106	---	895	75

RECOMMENDATIONS

Amount budgeted	\$88,103
Legislative Auditor's recommendation	74,410
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Reduction	\$13,693

ANALYSIS

The budget request of \$88,103 is \$1,106 or 1.2 percent less than the estimated expenditures for the current year.

For a number of years this office has pointed out that the Recreation Commission is performing a service which is primarily a responsibility of local government; that numerous state agencies are concerned with other aspects of recreation; and that the support of a separate agency for this purpose is almost unique in the United States. A detailed report on the work of this agency was prepared in 1953. Based on these facts we have previously recommended elimination of the agency. The Legislature has not concurred in this recommendation.

In essence our position concerning the Recreation Commission has been motivated primarily from two main considerations:

1. The establishment of separate boards and commissions can rarely be justified except on a temporary basis to meet a special problem.
2. In this activity the State has been performing a new service to local governments which we have not thought was as essential as other state requirements.

Recreation Commission—Continued

It is our opinion that the degree of recreational consultant service which the State will furnish local governmental services has no relationship to the question as to whether or not a separate commission is the best instrument for accomplishing the desired service.

The commission has been in existence for seven years and it is appropriate to review all of the duties conferred upon the commission and ask whether or not it is reasonable to expect the commission to have accomplished each such specific duty after seven years of existence or whether the commission is required on an indefinite basis. Chapter 1239, Statutes of 1947, outlined the duties of the commission in the following explicit language:

1. The commission shall cause to be studied and shall consider the whole problem of recreation of the people of the State of California as it affects and may affect the welfare of the people and especially the children and youth.
2. The commission shall formulate, in cooperation with other state agencies, interested organizations and citizens, a comprehensive recreational policy for the State of California.
3. The commission shall, with the written approval of the Governor, establish policies for the guidance of the Director of Recreation in the performance and exercise of his powers and duties as set forth in this act.
4. The commission shall aid and encourage, but not conduct, public recreation activities.

It is our contention that the need for a Recreation Commission no longer exists, as its principal duties have been or should have been accomplished in a seven-year period. We therefore recommend that the Recreation Commission be abolished and that the staff of the commission be transferred to the Division of Beaches and Parks with the following reductions:

	<i>Reductions</i>
1. Eliminate Director and substitute Bureau Chief, Division of Beaches and Parks	\$2,000
2. Eliminate secretary-stenographer	4,683
3. Commission travel	2,620
4. Long-distance toll charges	1,390
5. Other operating expenses	3,000
 Total reduction	 \$13,693

With the above changes we recommend approval of the budget as submitted.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 265 of the Budget Bill

Budget page 897
Budget line No. 42*For Support of Department of Veterans Affairs From the General Fund*

Amount requested	\$317,873
Estimated to be expended in 1953-54 Fiscal Year	292,330
 Increase (8.7 percent)	 \$25,543

Department of Veterans Affairs—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$6,917	\$6,917	---	900	73
Operating expense -----	20,290	20,290	---	900	74
Equipment -----	-1,664	-1,664	---	900	75
Total increase -----	\$25,543	\$25,543	---	900	82

RECOMMENDATIONS

Amount budgeted -----	\$317,873
Legislative Auditor's recommendation -----	293,645
Reduction -----	\$24,228

ANALYSIS

The Department of Veterans Affairs is proposing that for the 1954-55 Fiscal Year it be permitted to operate at substantially the same level of service as was authorized for the current fiscal year. However, the cost of this service would be increased by \$25,543, or approximately 8.7 percent over the amount estimated to be expended for the current fiscal year. Since no additional positions are involved, the increase is entirely due to the fact that the three General Fund divisions of the department will be required to pay rent for the first time in Sacramento, and its rental costs for the Los Angeles office will be increased. The situation in Sacramento is brought about by the fact that the present quarters of the Department of Veterans Affairs are owned by the General Fund, but must be razed to make room for the new employment building. A temporary building is to be constructed from Department of Employment funds, which will be rented to the Department of Veterans Affairs until that department can construct its own building as it was authorized to do by the 1953 Legislature. In Los Angeles, the office of the Department of Veterans Affairs was moved from low-cost leased space to quarters in a building which was leased entirely by the State and which has a considerably higher rental.

The Division of Administration is a comparatively small operation which has remained static for a number of years. The Division of Educational Assistance is the largest of the three general fund divisions and is engaged primarily in the distribution of funds to veterans for educational purposes. Its level of activity has remained fairly constant for the past few years and will probably continue at the same level for some years to come because of the Korean war veterans.

The Division of Service and Co-ordination, on the other hand, provides a service which, to a considerable degree, may be seriously questioned. Its primary function is the co-ordination of all veterans' assistance programs in the course of which it more or less "polices" the contract service rendered by four veterans' organizations in assisting veterans to establish claims before the Veterans Administration and the activities of the county service officers who provide general information and assistance to veterans at the local level. The division is also responsible for an informational bulletin published by the Department of Veterans Affairs, and distributed to interested individuals and organizations. This publication has now become a fairly routine oper-

Department of Veterans Affairs—Continued

ation and in the proposed budget there is included only \$4,850 for all printing in the Division of Service and Coordination. Consequently, we believe that two positions engaged in the compiling and editing of this publication are excessive. *We recommend, therefore, that the position of public information editor be continued, but the position of editorial assistant be deleted at a savings of \$5,148 in salaries and wages, plus such operating expenses as are chargeable to this position.*

Furthermore, we believe that the county service officer program is a duplication of services that are or should be offered by the local posts of all the veteran organizations. Section 972 of the Military and Veterans Code provides that the Veterans Welfare Board, out of state moneys available therefore, "may" pay each county a portion of the cost of maintaining a county service officer when such officer is established by the county. Since the word "may" is used, contribution on the part of this State towards this service is not mandatory and, in view of the fact that we believe such a service is properly rendered by voluntary veterans' organizations, we would recommend that the State no longer share in the costs of this service. *In addition to the foregoing, we would therefore also recommend that three field administrative positions in the Division of Service and Coordination be deleted at a savings in salaries and wages of \$19,080, plus related operating expenses.* This would leave the manager of this division and an auditor, who together would be sufficient man power to oversee the activities of the veterans' organizations which render service to the State under contract. These organizations operate primarily in San Francisco and Los Angeles and can therefore be audited and inspected with comparatively little difficulty.

**Department of Veterans Affairs
EDUCATIONAL ASSISTANCE TO VETERANS**

ITEM 266 of the Budget Bill

Budget page 897
Budget line No. 56

For Support of Educational Assistance to Veterans From the General Fund

Amount requested	\$3,093,000
Estimated to be expended in 1953-54 Fiscal Year	3,000,000
Increase (3.1 percent)	\$93,000

RECOMMENDATIONS

Amount budgeted	\$3,093,000
Legislative Auditor's recommendation	3,093,000
Reduction	None

ANALYSIS

This item represents the continuation of a program of educational assistance to veterans at substantially the same level as the program estimated for the current fiscal year. Actually, the Legislature appropriated \$3,191,000 for the 1953-54 Fiscal Year, but apparently fewer Korean war veterans required assistance than was originally anticipated, which results in an estimated savings for the current fiscal year of approximately \$190,000.

Educational Assistance to Veterans—Continued

The cost for the 1954-55 Fiscal Year is slightly increased over the current fiscal year, and is based on an anticipated slight increase in the number of Korean veterans applying for assistance. The estimate was made as late as possible in order to avoid a change during the Legislative Session, if possible. We recommend approval of this item as submitted.

**Department of Veterans Affairs
VETERANS' CLAIMS AND RIGHTS SERVICE**

ITEM 267 of the Budget Bill

Budget page 897
Budget line No. 61

For Support of Veterans' Claims and Rights Service From the General Fund

Amount requested	\$574,000
Estimated to be expended in 1953-54 Fiscal Year	574,000
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Increase	None

RECOMMENDATIONS

Amount budgeted	\$574,000
Legislative Auditor's recommendation	574,000
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Reduction	None

ANALYSIS

The Department of Veterans Affairs is proposing that for the 1954-55 Fiscal Year it be permitted to continue its program of assisting veterans, in pursuing claims and establishing rights to various benefits, by a contractual arrangement with the four veterans' organizations authorized by Congress to act for the veterans before the Veterans Administration. The cost of the service remains the same as that estimated for the current fiscal year.

Investigations made jointly by the Department of Finance and the staff of the Legislative Auditor indicate that the present cost of the service performed by the four veterans' organizations is reasonable for the scope and magnitude of the service, and that it is debatable whether the State could perform an equivalent service, with state employees, at the same cost. However, we would like to point out again that contract payments for this service are based on permissive rather than mandatory legislation. We would not take issue with the policy of affording the veterans certain rights and privileges at governmental expense, but we do question the extent to which the State offers, at its own expense, assistance to the veterans in pursuit of claims against the government. Such assistance, normally, would be carried out by voluntary, private organizations without an appropriation of public funds for the purpose. In view of the financial difficulties faced by the General Fund, we would recommend that the Legislature reconsider the present policy of providing this level of assistance at state expense.

Department of Veterans Affairs
EDUCATIONAL ASSISTANCE TO VETERANS' DEPENDENTS

ITEM 268 of the Budget Bill

Budget page 897
Budget line No. 63

For Support of Educational Assistance to Veterans' Dependents
From the General Fund

Amount requested -----	\$33,605
Estimated to be expended in 1953-54 Fiscal Year -----	10,775
	22,830
Increase (211.9 percent) -----	22,830

RECOMMENDATIONS

Amount budgeted -----	\$33,605
Legislative Auditor's recommendation -----	33,605
	None
Reduction -----	None

ANALYSIS

This item represents the financing of the deficit occurring in the Veterans' Dependents' Education Fund as outlined in our analysis of the item covering educational assistance to veterans' dependents from the Veterans' Dependents' Education Fund. Since the program is required by law, we recommend approval of this item as submitted.

Department of Veterans Affairs
VETERANS' DEPENDENTS' EDUCATION

ITEM 269 of the Budget Bill

Budget page 897
Budget line No. 70

For Additional Support of the Department of Veterans Affairs From
the Veterans' Dependents' Education Fund

Amount requested -----	\$17,000
Estimated to be expended in 1953-54 Fiscal Year -----	17,000
	None
Increase -----	None

RECOMMENDATIONS

Amount budgeted -----	\$17,000
Legislative Auditor's recommendation -----	17,000
	None
Reduction -----	None

ANALYSIS

The purpose of this item is mentioned in our analysis of the item on educational assistance for veterans' dependents. Since the item is essential to the operation of the program, we recommend approval as submitted.

Department of Veterans Affairs
EDUCATIONAL ASSISTANCE TO VETERANS' DEPENDENTS

ITEM 270 of the Budget Bill

Budget page 898
Budget line No. 8

For Educational Assistance to Veterans' Dependents From the
Veterans' Dependents' Education Fund

Amount requested -----	\$150,395
Estimated to be expended in 1953-54 Fiscal Year -----	163,565
	\$13,170
Decrease (8.1 percent) -----	\$13,170

Educational Assistance to Veterans' Dependents—Continued

RECOMMENDATIONS

Amount budgeted	\$150,395
Legislative Auditor's recommendation	150,395
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Reduction	None

ANALYSIS

This item represents the continuation of a program of educational assistance to veterans' dependents at approximately the same level as is authorized for the current fiscal year. The assistance takes the form of subsistence payments for veterans' widows and orphans seeking education. The over-all cost of the program of direct assistance is estimated at \$184,000, as compared with the current fiscal year, which is estimated to cost approximately \$175,000. The increased cost is based on an estimated continuation of the current level of widows being assisted, but an increase in the number of orphans due to the higher birth rates in 1937 and 1938.

In addition, the program will cost \$17,000 for overhead administration by the Department of Veterans Affairs. Normally, the entire cost would come out of the Veterans' Dependents' Education Fund. However, the surpluses in this fund have been almost completely exhausted and only the yearly transfer of \$150,000 from the State Lands Act Fund is now available. Consequently, the deficit must be made up from the General Fund, as noted in the preceding item. In view of the fact that it appears likely that this type of deficit will continue for many years, we again reiterate our recommendation that this special fund be abolished and the normal proceeds into the fund transferred to the General Fund, and this function then become a regular General Fund support item. With regard to the amounts involved in this item, we recommend approval as submitted.

**Department of Veterans Affairs
VETERANS' HOME**

ITEMS 271-272 of the Budget Bill

Budget page 903
Budget line Nos. 15 and 23

*For Support of Veterans' Home From the General and
Athletic Commission Funds*

Amount requested	\$2,025,547
Estimated to be expended in 1953-54 Fiscal Year	1,911,500
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Increase (6.0 percent)	\$114,047

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$123,095	\$123,095	---	909	68
Operating expense	53,885	53,885	---	909	71
Equipment	—11,886	—11,886	---	909	72
Increased federal funds	—47,417	—47,417	---	903	29
Increased reimbursements	—3,630	—3,630	---	909	78
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Total increase	\$114,047	\$114,047	---		

Veterans' Home—Continued

RECOMMENDATIONS

Amount budgeted	\$2,025,547
Legislative Auditor's recommendation	2,025,547
Reduction	None

ANALYSIS

The gross operating budget proposed by the Veterans' Home of California for the 1954-55 Fiscal Year, which includes both state and federal aid funds, represents substantially the same level of service as has been authorized for the current fiscal year, although the over-all activity will increase because of the anticipated completion of a second chronic convalescent barracks on about January 1, 1955. Proposed gross expenditures for 1954-55 are \$3,077,422, which is \$179,464 or 6.2 percent more than is estimated to be expended during the current fiscal year. For the first time, this gross figure includes the State's contributions to the Employees' Retirement Fund. Heretofore, this contribution was not stated as part of the over-all operating cost of the home but was merely considered as one of the fixed overhead expenditures of the State.

Actual costs of the State, through direct appropriations in the Budget Act, are expected to increase by \$114,047, or approximately 6.0 percent over estimated expenditures for the current fiscal year. However, it is proposed that for the 1954-55 Fiscal Year, part of the State's cost will be through an appropriation of \$98,000 from the Athletic Commission Fund, which heretofore has not been used for support, but generally for capital outlay. This results in holding down the demand on the General Fund to an increase of only \$25,047, or approximately 1.3 percent over the amount estimated for the current fiscal year.

Per capita cost is expected to decrease from \$1,655 in the current fiscal year to \$1,653 in the proposed fiscal year. The figures shown in the printed budget for the current fiscal year are in error. Actually, were it not for the anticipated opening of an additional building, the per capita cost would probably have dropped even more below the current fiscal year. The small amount of the decrease is primarily the result of the fact that when a new building is put into service, staffing is for a short time comparatively top heavy, due to the necessity to staff the building reasonably well in advance of the admission of the first members to the building, in order that personnel may become familiar with their duties and the building itself. Also, the membership comes into the building gradually rather than all at once, so that for the first six months or a year that a new building is open, its average utilization is considerably below its actual capacity. Staffing of the new chronic and convalescent building will be exactly on the same basis as that allowed for the present building. Thirty-one new positions are involved, of which 28 are civil service and three are member positions. Two other additional civil service positions are based on increased work load, one in the adjutant's office because of additional member population, and one as a building maintenance man because of the new chronic and convalescent barracks and the new recreation center which

Veterans' Home—Continued

will require additional service of this type. All additional positions appear to be well justified on the basis of work load.

Equipment, both replacement and additional, for the 1954-55 Fiscal Year has been intensively screened by the Department of Finance and representatives of the Legislative Auditor's staff. The total amount now included in the request is \$21,405, which is \$11,886, or approximately 35 percent less than the amount estimated to be expended during the current fiscal year. The original request presented by the Veterans' Home for equipment was almost \$30,000, which was reduced as mentioned above. In view of the foregoing, we recommend that this item be approved as submitted.

**Department of Veterans Affairs
WOMEN'S RELIEF CORPS HOME**

ITEM 273 of the Budget Bill

Budget page 911
Budget line No. 29

For Support of Women's Relief Corps Home From the General Fund

Amount requested	\$52,000
Estimated to be expended in 1953-54 Fiscal Year	77,805
Decrease (33.2 percent)	\$25,805

RECOMMENDATIONS

Amount budgeted	\$52,000
Legislative Auditor's recommendation	52,000
Reduction	None

ANALYSIS

This item provides for the leasing of the Women's Relief Corps Home in accordance with the provisions of Chapter 271, Statutes of 1953, which provides that the present population be provided for at a standard of care prescribed by the Department of Veterans Affairs. This population is composed of widows, destitute unmarried daughters, and sisters of Union veterans of the Civil War.

The decreasing population is estimated to be 16 for the 1954-55 Fiscal Year, for which the State will pay \$2,700 per year per capita, compared to the estimated per-capita cost of \$4,282 for 1953-54. In addition, under the terms of the lease the State will receive \$12,000 in rentals for the use of the facility, which means that the net cost to the State will be \$40,000, or a per-capita cost of \$2,500.

In view of the above, we recommend approval of the item as submitted.

**MISCELLANEOUS
CONTRIBUTION TO LEGISLATORS' RETIREMENT FUND**

ITEM 274 of the Budget Bill

Budget page 914
Budget line No. 50

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

Amount requested	\$55,000
Estimated to be expended in 1953-54 Fiscal Year	51,600
Increase (6.6 percent)	\$3,400