

to the total appropriations that are proposed to be made from it in the Budget Bill of 1955.

We have recommended reductions in projects or deletions payable from the Capital Outlay and Savings Fund in the amount of \$11,369,-842. We recommend, therefore, a corresponding reduction in this item. We should point out that other changes, either up or down in this amount, may take place as a result of our subsequent recommendation with respect to actual amounts to be appropriated for these projects which we have recommended in principle.

**LOCAL ASSISTANCE  
TEACHERS' RETIREMENT SYSTEM**

ITEM 402 of the Budget Bill

Budget page 1284  
Budget line No. 9

*For Transfer to Teachers' Permanent Fund for Operation of the State  
Teachers' Retirement System From the General Fund*

|   |             |
|---|-------------|
| Amount requested .....                                | \$7,028,000 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 6,301,000   |
| <hr/>   |             |
| Increase (11.5 percent) .....                         | \$727,000   |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted .....                      | \$7,028,000 |
| Legislative Auditor's recommendation ..... | 7,028,000   |
| <hr/>                                      |             |
| Reduction .....                            | None        |

**ANALYSIS**

The amount requested from the General Fund is \$7,028,000 for payment of teachers' retirement. This amount covers that part of anticipated payment allowances not provided for by member contributions made for services since 1944 or by current contributions of school districts and other employing agencies.

We recommend approval of the amount requested.

**TEACHERS' RETIREMENT SYSTEM**

ITEM 403 of the Budget Bill

Budget page 1284  
Budget line No. 11

*For Transfer to the Retirement Annuity Fund for Operation of the State  
Teachers' Retirement System From the General Fund*

|   |              |
|---|--------------|
| Amount requested .....                                | \$18,557,000 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 16,619,000   |
| <hr/>   |              |
| Increase (11.7 percent) .....                         | \$1,938,000  |

**RECOMMENDATIONS**

|  |              |
|--|--------------|
| Amount budgeted .....                      | \$18,557,000 |
| Legislative Auditor's recommendation ..... | 18,557,000   |
| <hr/>                                      |              |
| Reduction .....                            | None         |

**ANALYSIS**

The amount requested from the General Fund is \$18,557,000 for payment of teachers' retirement allowances. This amount covers that part of the estimated allowances to be paid during 1955-56 which is not funded by members' contributions for services performed since 1944; or by current contributions of school districts and other employing agencies. The amount requested also includes subventions to local retirement systems in accordance with Section 14565 of the Teachers' Retirement Act. Item \_\_\_\_ also appropriates \$7,028,000 for the purpose of teachers' retirement allowances, making a total of \$25,585,000 for the Teachers' Retirement System.

In 1950-51 the amount requested for the Teachers' Retirement System was \$16,650,000. Thus in five years the amount has increased by \$8,935,000 or over 50 percent. This rapid increase in cost, which will continue, is due to liberalizations in the system, increases in numbers of teachers and other members of the system, and the fact that this system is on a pay as you go basis, rather than being actuarially sound. Although complete actuarial data will not be available until later in this 1955 Session, it is estimated that the cost to the State for this purpose will continue to mount rapidly. Cognizance of this cost increase should be reflected in estimates of revenues required for state budget purposes in the future.

**Department of Education**

**FREE TEXTBOOKS**

ITEM 404 of the Budget Bill

Budget page 1286

Budget line No. 9

**For Support of Free Textbooks From the General Fund**

|  |             |
|--|-------------|
| Amount requested .....                               | \$5,725,382 |
| Estimated to be expended in 1954-55 Fiscal Year..... | 2,503,159   |
| Increase (128.7 percent) .....                       | \$3,222,223 |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted .....                      | \$5,725,382 |
| Legislative Auditor's recommendation ..... | 5,725,382   |
| Reduction .....                            | None        |

**ANALYSIS**

The amount requested for the cost of printing, shipping, and royalty payments is \$5,725,382 which is \$3,222,223, or 128.7 percent greater than the estimated expenditures for the current year. The large increase is due to the addition of \$3,285,950 for the cost of printing a social studies series. Other items remain at the same level or show slight decreases.

We recommend approval as submitted.

**Department of Public Health  
AID TO LOCAL HEALTH DEPARTMENTS**

ITEM 405 of the Budget Bill

Budget page 1287  
Budget line No. 49

*For Assistance to Cities, Counties, Local Health Agencies and Local Health Districts, for Health Departments, From the General Fund*

|   |             |
|---|-------------|
| Amount requested .....                                | \$3,234,896 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 3,118,944   |
| Increase (3.7 percent) .....                          | \$115,952   |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted .....                      | \$3,234,896 |
| Legislative Auditor's recommendation ..... | 3,234,896   |
| Reduction .....                            | None        |

**ANALYSIS**

The funds appropriated by this item are subvended to qualifying local health departments which meet minimum standards established by the State Board of Public Health. These funds are distributed in accordance with the formula set forth in Section 1141 of the Health and Safety Code. The law provides for a basic allotment of \$16,000 or 60 cents per capita per county, whichever is the lesser, to administrative bodies serving one or more counties. If a county is divided into two or more local health department jurisdictions, the basic allotment is divided in proportion to population served, except that no funds are available to independent health departments serving cities of less than 50,000 population. The law further provides that after deducting amounts allowed for basic allotments the balance of the appropriation shall be allotted on a per capita basis to the administrative body of each local health department in the proportion that the population of the local health department jurisdiction bears to the population served by all qualified local health departments of the State.

The amount requested is based on a population estimate of 12,800,000 and would provide a per capita distribution of 20.735401 cents in addition to basic allotments. The amount requested continues the present level of state assistance.

In addition to the amount appropriated by this item, an estimated \$410,000 in federal funds will be available for distribution to local health departments in the same ratio as state funds.

We recommend approval as requested.

**Department of Public Health**

**SERVICES TO COUNTIES WITHOUT LOCAL HEALTH DEPARTMENTS**

ITEM 406 of the Budget Bill

Budget page 1288  
Budget line No. 30

*For Services to Counties Without Local Health Departments, Department of Public Health, From the General Fund*

|   |         |
|---|---------|
| Amount requested .....                                | \$9,875 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 9,778   |
| Increase (1.0 percent) .....                          | \$97    |

**RECOMMENDATIONS**

|  |         |
|--|---------|
| Amount budgeted .....                      | \$9,875 |
| Legislative Auditor's recommendation ..... | 9,875   |
| Reduction .....                            | None    |

**ANALYSIS**

The State Department of Public Health is authorized to furnish local public health services to counties of less than 40,000 population in accordance with agreements with the boards of supervisors of such counties. (Chapter 740, Statutes of 1953.) It is provided that to be eligible for these services the contracting counties must appropriate a sum the equivalent of not less than 55 cents per capita for the total county population. It is further provided that state funds appropriated for public health services in counties which have not qualified shall be available for this service.

The amount requested, together with appropriations by Mono and Alpine Counties, will provide the services of a sanitarian and a public health nurse for these counties.

We recommend approval as requested.

**Department of Public Health  
TUBERCULOSIS SANATORIA**

ITEM 407 of the Budget Bill

Budget page 1288  
Budget line No. 52

*For Subsidies to Cities, Counties, Cities and Counties for Maintenance of the Tuberculosis Sanatoria, Department of Public Health, From the General Fund*

|   |             |
|---|-------------|
| Amount requested .....                                | \$5,249,514 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 5,486,296   |
| Decrease (4.3 percent) .....                          | \$236,782   |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted .....                      | \$5,249,514 |
| Legislative Auditor's recommendation ..... | 5,249,514   |
| Reduction .....                            | None        |

**ANALYSIS**

The amount of \$5,249,514 requested for state grants-in-aid for the care and treatment of tuberculosis patients represents a decrease of \$236,782 from estimated expenditures for the current fiscal year and is approximately one million dollars less than the amount appropriated for the current year. These reductions are the result of improved case finding and treatment techniques.

The amount of the tuberculosis subsidy to cities, counties, and cities and counties is based on provisions of Sections 3301.5 and 3301.6 of the Health and Safety Code. It is provided that each county, city or city and county shall receive \$2.60 per patient-day for the first 36,500 patient-days of care, \$2.30 per patient-day for the second 36,500 patient-days and \$1.75 for all patient-days in excess of 73,000. In addition the code provides that there shall be distributed any additional amounts specified in the appropriation for tuberculosis subsidy.

This appropriation will provide for a distribution of 35 cents per patient-day over the amounts indicated in the above schedule.

We recommend approval as requested.

**Department of Public Health  
CRIPPLED CHILDREN SERVICES**

ITEM 408 of the Budget Bill

Budget page 1289  
Budget line No. 9

*For Assistance to Counties and Cities and Counties for Crippled  
Children From the General Fund*

|   |             |
|---|-------------|
| Amount requested -----                                | \$3,838,674 |
| Estimated to be expended in 1954-55 Fiscal Year ----- | 3,600,000   |
| <hr/>   |             |
| Increase (6.6 percent) -----                          | \$238,674   |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted -----                      | \$3,838,674 |
| Legislative Auditor's recommendation ----- | 3,769,774   |
| <hr/>                                      |             |
| Reduction -----                            | \$68,900    |

**SUMMARY**

The legal basis for the entire program for handicapped children is found in the Crippled Children's Act (Division I, Part I, Chapter 2, Article 2, Health and Safety Code), which was enacted in 1927. The State Department of Public Health is directed by this act to establish and administer a program for handicapped children. It further directs the department to seek out handicapped children and provide expert diagnosis. During the first 10 years children with orthopedic, eye and plastic defects and those with multiple congenital anomalies were covered. Since that initial period, the scope of the program has been broadened to include many categories of crippling conditions not originally considered. In 1940 rheumatic fever and rheumatic heart disease programs were operated in demonstration areas and were financed from federal funds. In 1949 the Legislature appropriated money for a state-wide rheumatic fever program. In 1943 a program for treatment of conditions leading to the loss of hearing was added, and in 1946 a program for children with cerebral palsy was established by legislative action.

The Crippled Children's Act makes it mandatory upon the county to appropriate not less than one-tenth mill on each dollar of assessed property valuation for the purpose of financing the program. The State, through its subvention program each year, augments county funds appropriated for the support of this program. The rapidly increasing cost of the program in recent years is the result of a combination of factors; namely, (1) additional counties organizing programs for crippled children and expansion of existing programs; (2) expanding scope of the program to include additional categories as medically eligible; (3) increased cost of treatment and care, and (4) normal state growth and the disproportionate increase in school age children.

**ANALYSIS**

The amount of \$3,838,674 requested by this item is scheduled to provide the amount of \$3,033,674 for assistance to counties in the care and treatment of handicapped children and \$805,000 for expert diagnosis which is supported entirely by state funds. The amount of \$3,033,674 budgeted for subvention to counties for care and treatment represents an increase of \$133,674 or 4.6 percent over estimated expenditures of state funds for this purpose during the current year. Expenditures for

expert diagnosis are scheduled to increase \$105,000 or 15 percent over the \$700,000 estimated for expenditure for this purpose during the current year. The following table shows the percent of the cost of expert diagnosis, which is financed entirely from state funds, to the total cost of care and treatment:

|                                      | <i>Actual</i><br>1953-54 | <i>Estimated</i><br>1954-55 | <i>Proposed</i><br>1955-56 |
|--------------------------------------|--------------------------|-----------------------------|----------------------------|
| Treatment and care :                 |                          |                             |                            |
| State -----                          | \$2,402,365              | \$2,900,000                 | \$3,033,674                |
| County contributions * -----         | 1,865,479                | 2,056,312                   | 2,186,893                  |
| <b>Total care and treatment-----</b> | <b>\$4,267,844</b>       | <b>\$4,956,312</b>          | <b>\$5,220,567</b>         |
| Diagnosis (state) -----              | 596,161                  | 700,000                     | 805,000                    |
| Percent of diagnosis to total care_  | 14.0                     | 14.1                        | 15.4                       |

\* Includes administrative costs.

*We recommend that the amount of \$736,100 be appropriated for diagnosis making a saving of \$68,900.* This would continue the same ratio between expenditures for expert diagnosis and total expenditures for care and treatment as is estimated for the current year. It will not reduce funds for care and treatment.

The funds appropriated by this item for care and treatment of handicapped children will be distributed on the basis of a formula included as part of the appropriation item. This formula provides for the expenditure from county funds of an amount equivalent to one-tenth mill per dollar of the county's assessed valuation as provided in the Crippled Children's Act, after which, subject to need, there shall be allotted from this item sufficient funds to provide a total program equivalent to 35 cents per capita or \$20,000 whichever is greater. If funds are available after basic distribution, additional amounts may be allocated to counties provided the amount so allocated does not exceed twice the amount of additional funds made available by the county. This formula differs from the one currently in effect in that the present formula does not require additional local funds until a program equal to 45 cents per capita has been reached. It should be noted that a state-wide program equivalent to 35 cents per capita and based on the proposed formula would provide a program costing approximately \$4,725,815 of which \$1,873,510 would represent the county's share the equivalent of one-tenth mill per dollar of assessed valuation, and approximately \$2,852,305 would represent the State's share.

Estimated expenditures for all crippled children services in the Department of Public Health during the budget year as outlined on page 1289 of the budget are \$7,099,985. Of this amount \$4,913,092, or 69.2 percent, is scheduled for expenditure from state funds and \$2,186,893, or 30.8 percent will be supported by county contributions. The proposed state expenditure consists of this subvention item for treatment, care and diagnosis, a proposed expenditure of \$659,666 to provide for the employment of therapists for classes of children with cerebral palsy and \$414,752 for state administration.

**Department of Public Health**

**THERAPEUTIC SERVICES FOR CEREBRAL PALSIED CHILDREN**

ITEM 409 of the Budget Bill

Budget page 1289  
Budget line No. 61

*For Assistance to Local Agencies and Costs to the State for the Employment of Technical Personnel for Treatment of Minors With Cerebral Palsy Attending Special Schools or Classes, Department of Public Health, From the General Fund*

|   |           |
|---|-----------|
| Amount requested .....                                | \$634,998 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 525,928   |
| <hr/>   |           |
| Increase (20.7 percent) .....                         | \$109,070 |

**RECOMMENDATIONS**

|  |           |
|--|-----------|
| Amount budgeted .....                      | \$634,998 |
| Legislative Auditor's recommendation ..... | 634,998   |
| <hr/>                                      |           |
| Reduction .....                            | None      |

**ANALYSIS**

This item provides for the continued employment of therapists employed from subvented funds appropriated by a similar item for the current year. It also provides funds for the employment of therapists by the State Department of Public Health for assignment to classes for cerebral palsied children where local agencies are unable or not ready to employ such personnel directly. The policy of the department is to transfer personnel provided by this item to local agency pay rolls as rapidly as possible.

The amount requested will provide 142 therapists to work with classes for cerebral palsied children. This represents an increase of 20 over the number budgeted for the current year. Classes presently organized will require 136 therapists, the remaining six are for new classes anticipated.

We recommend approval as requested.

**Department of Public Health**

**MOSQUITO AND GNAT CONTROL**

ITEM 410 of the Budget Bill

Budget page 1290  
Budget line No. 9

*For Subsidies to Local Districts and Other Public Agencies for the Control of Mosquitoes and Gnats, Department of Public Health, From the General Fund*

|   |           |
|---|-----------|
| Amount requested .....                                | \$400,000 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 393,262   |
| <hr/>   |           |
| Increase (1.7 percent) .....                          | \$6,738   |

**RECOMMENDATIONS**

|  |           |
|--|-----------|
| Amount budgeted .....                      | \$400,000 |
| Legislative Auditor's recommendation ..... | 25,000    |
| <hr/>                                      |           |
| Reduction .....                            | \$375,000 |

**SUMMARY**

Authority for this program is found in Chapter 5.5 of Division 3 of the Health and Safety Code. This chapter on mosquito control was added by Chapter 704, Statutes of 1947, and amended by Chapter 695,

Statutes of 1949, to include the control of gnats. Section 2425 of the Health and Safety Code provides that the department must make studies and demonstrations as may be necessary to determine the areas of the State which have a high proportion of mosquito-borne diseases, including malaria and encephalitis. Section 2426 provides that the department may enter into cooperative agreements with any local district or public agency engaged in the control of mosquitoes or gnats or both, under conditions to be prescribed by the State Board of Public Health. Such agreements may provide for financial assistance by the State but the state total contribution shall not exceed 50 percent of the entire cost of the proposed activity.

#### ANALYSIS

The amount requested is the same as originally appropriated by the Legislature in 1947 and the same amount has been appropriated by an item in the Budget Act each year since. However, an additional amount of \$250,000 was made available from the Emergency Fund during 1952-53 because of an encephalitis outbreak and this expanded activity was continued through the 1953-54 Fiscal Year by a special appropriation of \$300,000 to augment the Budget Act item (Chapter 1763, Statutes of 1953). Item 381.1 added to the Budget Act of 1954 appropriated an additional \$150,000 for the current year to be used only if the Director of Public Health certifies it is required to meet a public health emergency.

Under the General Analysis of this program on page 1290 of the budget it is noted that \$25,000 (line 26) of the amount requested is scheduled for special studies, the balance to be subvended to local jurisdictions to assist in the support of their abatement activities. Scheduled for assistance during the current year are 26 mosquito abatement districts and three health departments. These 29 contracting agencies have a program area of 14,906 square miles. It should be noted that financial assistance in mosquito control is being given to only a limited area. Furthermore we are advised state assistance is given to only about half of the local jurisdictions engaged in mosquito control activities.

There seems considerable question as to the percent of the present expenditure of state funds that is directly related to disease control which is the basis for state participation. We have consistently supported programs in the support budget for the Department of Public Health aimed at (1) determining the problem in connection with diseases transmitted by mosquitoes, (2) evaluating effectiveness of control measures and (3) research leading to methods of control. We believe these areas to be proper functions of the State but believe operational phases of mosquito abatement should be financed by the local jurisdictions concerned.

*We recommend therefore that this item be reduced in the amount of \$375,000, leaving only the \$25,000 for special studies.* In summary we recommend abolition of this grant-in-aid for the following reasons:

(1) The primary reason for mosquito control is the nuisance factor and control therefore should be a local responsibility.

(2) The control does not place an undue financial burden on local government.



(3) The problem is not state-wide and benefits resulting from control are primarily local.

(4) Basic organization for local operation and financing has been established.

**Department of Public Health  
HOSPITAL CONSTRUCTION**

ITEM 411 of the Budget Bill

Budget page 1291  
Budget line No. 9

*For Assistance to Local Agencies for Hospital Construction From the  
General Fund*

|   |             |
|---|-------------|
| Amount requested .....                                | \$1,660,771 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 1,220,498   |
|   |             |
| Increase (36.1 percent) .....                         | \$440,273   |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted .....                      | \$1,660,771 |
| Legislative Auditor's recommendation ..... | 1,660,771   |
|  |             |
| Reduction .....                            | None        |

**ANALYSIS**

The funds appropriated by this item would provide for continued participation in the federal hospital construction program (Public Law 725) on a matching basis. This item also reappropriates the unexpended balance of Item 382, Budget Act of 1954. Authority for this program is found in Sections 430-435.7 of the Health and Safety Code. The code provides that the amount of state assistance which shall be provided to any public agency for hospital construction shall be a sum equal to the assistance received by the public agency for that hospital under the federal act, but in no event shall the amount of the state assistance exceed one-third of the cost of construction of the hospital.

It is estimated that federal funds in the total amount of \$4,700,285 will be available during the budget year. It is also estimated that General Fund allocations necessary to match available federal funds will amount to \$1,267,787 more than the proposed appropriation, but that contracts requiring this amount in state funds will not be formalized until the 1956-57 Fiscal Year.

The amount requested is based on continuation of the present program in which state assistance is given only in the case of public hospitals or health centers, although the Constitution was amended in 1952 to allow private nonprofit hospitals to receive state as well as federal funds.

We recommend approval as submitted.

Department of Public Works

FLOOD CONTROL

ITEM 412 of the Budget Bill

Budget page 1293  
Budget line No. 22

*For Allocation to the State Water Resources Board for Reallocation to the Los Angeles County Flood Control District for the Los Angeles River Watershed Project From the Flood Control Fund of 1946*

|   |                  |
|---|------------------|
| Amount requested .....                        | \$455,381        |
| Amount allocated in 1954-55 Fiscal Year ..... | 820,000          |
| Decrease .....                                | <u>\$364,619</u> |

RECOMMENDATIONS

|  |           |
|--|-----------|
| Amount budgeted .....                      | \$455,381 |
| Legislative Auditor's recommendation ..... | 455,381   |
| Reduction .....                            | None      |

ANALYSIS

Section 12688 of the Water Code gave specific authorization to this project at an estimated cost to the State of \$1,882,000. This amount was based upon 1944 costs, and indications are that the revised estimate will be nearly double the original estimate.

The request for \$455,381 for the 1955-56 Fiscal Year would provide for a continuation of this work. In prior years the Legislature has appropriated a total of \$2,094,000 to cover the cost of state cooperation on this project. We recommend approval of the amount requested.

ITEM 413 of the Budget Bill

Budget page 1293  
Budget line No. 22

*For Allocation to the State Water Resources Board for Reallocation to the Los Angeles County Flood Control District for the Los Angeles and San Gabriel Rivers and Ballona Creek Project From the Flood Control Fund of 1946*

|   |                    |
|---|--------------------|
| Amount requested .....                        | \$925,000          |
| Amount allocated in 1954-55 Fiscal Year ..... | 7,991,000          |
| Decrease .....                                | <u>\$7,066,000</u> |

RECOMMENDATIONS

|  |           |
|--|-----------|
| Amount budgeted .....                      | \$925,000 |
| Legislative Auditor's recommendation ..... | 925,000   |
| Reduction .....                            | None      |

ANALYSIS

The Los Angeles and San Gabriel Rivers and Ballona Creek Project was authorized by Section 12682 of the Water Code. The original cost estimate was \$22,500,000, but increases in construction and land costs during the past 10 years have rendered this figure meaningless. Present estimates are that the cost of state cooperation on the project will be more than twice the original amount. The cost of construction is borne by the U. S. Corps of Engineers, and state participation is limited to the purchase of lands, easements, and rights of way.

It is estimated that \$7,330,130 of the \$7,991,000 appropriated for this project in the 1954 Budget Act will carry over to the 1955-56 Fiscal Year. It is for this reason that the appropriation requested for

the budget year is \$925,000. In prior years the Legislature has appropriated a total of \$17,863,000 to cover the cost of state cooperation on this project.

We recommend approval of the funds requested to continue this project.

ITEM 414 of the Budget Bill

Budget page 1297  
Budget line No. 8

**For Transfer to the Flood Control Fund of 1946 From the General Fund**

|   |                  |
|---|------------------|
| Amount requested .....                          | \$3,409,009      |
| Amount transferred in 1954-55 Fiscal Year ..... | 3,849,537        |
| Decrease (11.4 percent) .....                   | <u>\$440,528</u> |

**RECOMMENDATIONS**

|  |                  |
|--|------------------|
| Amount budgeted .....                      | \$3,409,009      |
| Legislative Auditor's recommendation ..... | <u>3,409,009</u> |
| Reduction .....                            | None             |

**ANALYSIS**

This item provides for an augmentation of the Flood Control Fund of 1946 in the amount of \$3,409,009. Items 394-95 of the budget bill appropriate a total of \$2,000,000 to the Reclamation Board and items 412-13 appropriate a total of \$1,380,381 to the State Water Resources Board from the Flood Control Fund of 1946. If the Legislature approves these four items, the total allocation from the Flood Control Fund of 1946 for the 1955-56 Fiscal Year will be \$10,902,511. Since the amount available would be only \$7,533,502 (comprised of accumulated surplus, July 1, 1955—\$7,313,502; and interest on investments—\$220,000), it will be necessary to transfer the sum of \$3,409,009 from the General Fund to the Flood Control Fund of 1946 to meet the appropriation requirements of the four items mentioned above.

We recommend approval of the amount requested.

**LOCAL INSPECTION OF HOMES AND AGENCIES, CARE FOR AGED AND CHILDREN**

ITEM 415 of the Budget Bill

Budget page 1303  
Budget line No. 26

**For Reimbursement of Expenses by Counties and Cities in Maintaining Approved Services for the Licensing and Inspection of Agencies for Child Care and Agencies for the Care of the Aged From the General Fund**

|   |                 |
|---|-----------------|
| Amount requested .....                                | \$979,560       |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 918,200         |
| Increase (6.7 percent) .....                          | <u>\$61,360</u> |

**RECOMMENDATIONS**

|  |                |
|--|----------------|
| Amount budgeted .....                      | \$979,560      |
| Legislative Auditor's recommendation ..... | <u>979,560</u> |
| Reduction .....                            | None           |

**ANALYSIS**

Effective July 1, 1954, the maximum payment for licensing functions performed by the counties was increased from \$4 per month to \$5 per month for each institution licensed by the counties and cities.

We recommend approval of the item as submitted.

**REIMBURSEMENT TO COUNTIES FOR ADMINISTRATION AND CARE OF ADOPTIONS**

ITEM 416 of the Budget Bill

Budget page 1303  
Budget line No. 62

*For Reimbursement to Counties for Administration and Care of Adoptions From the General Fund*

|   |             |
|---|-------------|
| Amount requested .....                                | \$1,578,735 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 1,350,928   |
|   | <hr/>       |
| Increase (16.9 percent) .....                         | \$227,807   |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted .....                      | \$1,578,735 |
| Legislative Auditor's recommendation ..... | 1,578,735   |
|  | <hr/>       |
| Reduction .....                            | None        |

**ANALYSIS**

Chapter 1342, Statutes of 1953 increased the maximum reimbursement for cost of care of relinquished children from \$200 to \$300. Four additional counties are added for the acceptance of relinquishments and one additional county for investigation of independent petitions in the 1955-56 Budget request.

We recommend approval of the item as submitted.

**TRANSPORTATION OF NEEDY CHILDREN**

ITEM 417 of the Budget Bill

Budget page 1305  
Budget line No. 9

*For Reimbursement to Counties for the Cost of Transporting Needy Children to Homes Without the State Pursuant to Section 1580 of the Welfare and Institutions Code, From the General Fund*

|   |         |
|---|---------|
| Amount requested .....                                | \$2,500 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 2,500   |
|   | <hr/>   |
| Increase .....  | None    |

**RECOMMENDATIONS**

|  |         |
|--|---------|
| Amount budgeted .....                      | \$2,500 |
| Legislative Auditor's recommendation ..... | 2,500   |
|  | <hr/>   |
| Reduction .....                            | None    |

**ANALYSIS**

We recommend approval of this item as submitted.

**Subventions for Other Purposes**  
**SALARIES OF SUPERIOR COURT JUDGES**

ITEM 418 of the Budget Bill

Budget page 1307  
Budget line No. 15

*For State's Share of Salaries of Judges of Superior Courts From the  
 General Fund*

|   |             |
|---|-------------|
| Amount requested .....                                | \$1,770,000 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 1,770,000   |
| <hr/>   |             |
| Increase .....  | None        |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted .....                      | \$1,770,000 |
| Legislative Auditor's recommendation ..... | 1,770,000   |
| <hr/>                                      |             |
| Reduction .....                            | None        |

**ANALYSIS**

We recommend approval of the item.

Pursuant to the provisions of Section 69640 of the Government Code, the State contributes \$7,500 per year toward the salary of each of the 236 judges of the superior courts.

**DEPARTMENT OF VETERANS AFFAIRS**

ITEM 419 of the Budget Bill

Budget page 1307  
Budget line No. 52

*For Contributions to County Veteran Service Officers From the General Fund*

|   |           |
|---|-----------|
| Amount requested .....                                | \$350,000 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 350,000   |
| <hr/>   |           |
| Increase .....  | None      |

**RECOMMENDATIONS**

|  |           |
|--|-----------|
| Amount budgeted .....                      | \$350,000 |
| Legislative Auditor's recommendation ..... | 289,000   |
| <hr/>                                      |           |
| Reduction .....                            | \$61,000  |

**ANALYSIS**

Sections 970 through 973 of the Military and Veterans' Code permit the establishment of county service officers and specify their duties and responsibilities, which include assistance to any veteran of any war of the United States and the dependents of such veterans, in pursuing the claims against the United States arising out of war service, and in establishing rights to any privilege, preference, care, or compensation provided for by the United States or the State of California.

Section 972 specifically provides that the California Veterans' Board may pay each county having established a service officer a proportion of the costs of the office in amounts to be determined by the board, but specifying that any contributions towards the salary of the county service officer shall not exceed the sum of \$75 per month. The Veterans' Board has apparently expressed the policy that the Department of Veterans Affairs would assist the county service officers to the extent of the maximum allowed for the salary of the officers as mentioned above, plus 80 percent of the salaries of the first assistants, 50 percent

of the salaries of other assistants, and \$600 annually per contract for operating expenses. Actually, however, the total amount of money available for the purpose has not been sufficient to permit the application of this formula. The State's share has fallen from 46.6 percent in the 1946-47 Fiscal Year, to 43.4 percent in the completed Fiscal Year of 1953-54, and is estimated for the current fiscal year at 40.5 percent, and for the budget year at 38.1 percent.

*As in the case of the State General Fund appropriation for the same type of service under the Veterans' Claims and Rights Service, Item 263, we believe that the program should be reduced after a number of years following the end of active military engagements, and we recommend a proportional reduction in this item amounting to \$61,000.*

**COUNTY AGRICULTURAL COMMISSIONERS**

ITEM 420 of the Budget Bill

Budget page 1308  
Budget line No. 14

*For Salaries of County Agricultural Commissioners or Compensation for Service Performed for County Agricultural Departments, Department of Agriculture, From the General Fund*

|   |           |
|---|-----------|
| Amount requested .....                                | \$144,262 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 139,858   |
| <hr/>   |           |
| Increase (3.1 percent) .....                          | \$4,404   |

**RECOMMENDATIONS**

|  |           |
|--|-----------|
| Amount budgeted .....                      | \$144,262 |
| Legislative Auditor's recommendation ..... | 144,262   |
| <hr/>                                      |           |
| Reduction .....                            | None      |

**ANALYSIS**

This item provides for the payment by the State of not more than two-thirds of the agricultural commissioners' salary, or \$3,000, whichever is the lesser, in accordance with Section 63.5 of the Agricultural Code.

The State participates in this program in order to secure uniform enforcement of the Agricultural Code.

We recommend approval of the item as submitted, although we believe that this statute should be reviewed by the 1955 Legislature for possible elimination of the requirement for State participation.

**WORKMEN'S COMPENSATION FOR CIVIL DEFENSE WORKERS**

ITEM 421 of the Budget Bill

Budget page 1309  
Budget line No. 12

*For Furnishing of Workmen's Compensation to Civil Defense Workers, Office of Civil Defense, From the General Fund*

|   |          |
|---|----------|
| Amount requested .....                                | \$30,000 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 25,000   |
| <hr/>   |          |
| Increase (20.0 percent) .....                         | \$5,000  |

**RECOMMENDATIONS**

|  |          |
|--|----------|
| Amount budgeted .....                      | \$30,000 |
| Legislative Auditor's recommendation ..... | 30,000   |
| <hr/>                                      |          |
| Reduction .....                            | None     |

**ANALYSIS**

This item provides hospitalization, medical care, and services of the State Compensation Insurance Fund for the civil defense workers injured during training.

We recommend approval as submitted.

**Youth Authority  
JUVENILE HOMES AND CAMPS**

ITEM 422 of the Budget Bill

Budget page 1310  
Budget line No. 8

*For Reimbursement to Counties for Maintenance of Juvenile Homes and Camps From the General Fund*

|   |             |
|---|-------------|
| Amount requested .....                                | \$1,346,000 |
| Estimated to be expended in 1954-55 Fiscal Year ..... | 936,480     |
| <hr/>   |             |
| Increase (43.7 percent) .....                         | \$409,520   |

**RECOMMENDATIONS**

|  |             |
|--|-------------|
| Amount budgeted .....                      | \$1,346,000 |
| Legislative Auditor's recommendation ..... | 1,346,000   |
| <hr/>                                      |             |
| Reduction .....                            | None        |

**ANALYSIS**

Under Sections 950 through 960 of the Welfare and Institutions Code, counties are reimbursed for one-half of the cost, not exceeding \$95 per month per ward, of operating juvenile homes and camps established by the counties for the care of juvenile offenders.

There are currently 15 camps eligible for this subsidy. Six of these are located in Los Angeles County. The budget request includes funds for 10 proposed new camps.

The total cost of operation for both existing camps and proposed camps is \$2,865,634 for an estimated total population of 1,253 with a per capita cost of \$2,287. The counties are estimated to expend \$1,519,634 of the total and the state subvention is expected to amount to \$1,346,000.

*We recommend approval of the amount requested.*

However, we question the probability of 10 new camps becoming eligible for the subsidy during the budget year. The following table shows the estimates of population for this county camp program upon which budget requests have been previously based compared with the re-estimate the following year and the actual population which developed.

|               | <i>Estimate</i> | <i>Re-estimate</i> | <i>Actual</i> |
|---------------|-----------------|--------------------|---------------|
| 1949-50 ..... | 800             | 821                | 696           |
| 1950-51 ..... | 866             | 875                | 757           |
| 1951-52 ..... | 890             | 760                | 777           |
| 1952-53 ..... | 760             | 797                | 818           |
| 1953-54 ..... | 842             | 845                | 867           |
| 1954-55 ..... | 887             | 909                | ---           |
| 1955-56 ..... | 1,253           | ---                | ---           |

It seems quite clear from the above table that the agency population estimates have been generally inaccurate. Only in 1953-54 has the agency actually achieved the population upon which its 1950-51 request was based. Of the 366 more wards estimated for 1955-56 than were estimated originally for 1954-55, 286 are expected to materialize from nine new camps listed in the agency's budget presentation. (It should be noted that the Governor's Budget states 10 new camps are expected to be activated.) Thus, most of the forecast population increase will be expected to come from new camps. It seems obvious that prior to the opening of a new camp it will be necessary for the governing body of the local jurisdiction to have taken action to provide funds for construction and operation of the camp, or to have otherwise committed themselves to a camp program.

We think that prior to including amounts in the budget for camps which may be activated during the budget year, the Department of Finance should have in its possession some direct assurance from the officials of the local jurisdiction that a definite proposal for a camp has proceeded far enough and been favorably enough received that it appears likely the subvention will be required during the budget year. Pertinent information should preferably include the opinion of the responsible official contacted that a camp will be activated during the budget year. Such assurances should include information on the following: Have appropriations for construction of the camp been made? Are requests for the allocation of such funds included in the budget for the forthcoming fiscal year? If so, what indications are there that an appropriation will be made? Have requests been made in prior years which have been deleted? If so, what indication is there that they will be more favorably received if resubmitted?

We raise this question and make this suggestion because among the list of proposed camps in the agency's budget are several which we believe have previously been promoted at the county level, and which have not received favorable consideration from the local board of supervisors.

As we have previously stated, we believe the subvention program for county camps is one of the most worthwhile activities of the Youth Authority. Treatment of juvenile offenders at the local level should offer better prospects for rehabilitation than after the ward has become a serious enough case to warrant Youth Authority commitment. Additionally, the per capita costs at such county juvenile camps are, on the average, substantially lower than per capita costs in the Youth Authority.

For example, the per capita cost of an estimated 909 wards in county camps is estimated to be \$2,193 for the current year compared with an estimated per capita cost of care in Youth Authority facilities of \$3,261 for the same period.

*We again reiterate our recommendation of last year, that the cost to the county of caring for juvenile delinquent wards be equalized as between the two methods of caring for such wards—committing such wards to the Youth Authority, and caring for them in local institutions.*

As we pointed out last year, the present differential between the \$25 per ward per month which a county must pay to the State for each ward committed to the Youth Authority (and which is recoverable by



the county from persons legally responsible for the care of the ward or from the ward's estate) and one-half of the cost of maintaining a ward in county facilities up to \$190 per month, plus all of the excess cost over that figure, actually mitigates against the expansion of the county juvenile home and camp program.

*We specifically recommend that statutory changes be enacted to raise the cost to the counties of commitments to the Youth Authority to the present \$95 per month subvention figure with provision for adjusting the cost to any subsequent changes in the subvention figure.*

We recognize that this change in the law would have the effect of causing the counties to directly pay a larger share of the cost of care of juvenile delinquents. In the long run, however, net savings should result. The entire cost of juvenile delinquency, regardless of whether expended by the State or the county, must ultimately be borne by the taxpayer, and to the extent that the juvenile home and camp program was expanded because of the incentive of equal cost to the county, more wards would be cared for at the lower per capita cost county level and fewer at the more expensive Youth Authority level.

One other beneficial result should be noted. Equalizing the cost to the county, regardless of how it chose to care for its own delinquent children, would equalize the burden of such care as between those counties which have assumed the higher cost (to them) of county level care, and those who continue to rely solely on the state facilities for those juveniles requiring custodial care.

If the equalization of comparable charges which we recommend had been in effect for the current year, reimbursement to the State would have amounted to 3.8 times the \$677,070 now estimated, or \$2,572,866. This is approximately one-quarter of the estimated cost of the Youth Authority for the same period.

This, of course, is merely a shifting of the burden from one tax shoulder to another. The real savings to the taxpayer can be calculated at the rate of \$1,068 for every ward cared for at the county level who would otherwise be cared for in a Youth Authority facility. This is the difference in per capita costs, and does not include the costs of Youth Authority parole or other current expense costs.

**DEPARTMENT OF EMPLOYMENT**

**DISABILITY AND HOSPITAL BENEFITS PROGRAM**

ITEM 423 of the Budget Bill

Budget page 1371  
Budget line No. 25

**For Support of Disability and Hospital Benefits Program From the Unemployment Compensation Disability Fund**

|   |             |
|---|-------------|
| Amount requested -----                                | \$3,565,900 |
| Estimated to be expended in 1954-55 Fiscal Year ----- | 3,318,187   |
| Increase (7.5 percent) -----                          | \$247,713   |