

CONTROL SECTIONS

SECTION 3, page 102, of the Budget Bill

Recommendation: We recommend that this section be amended whereby the language contained therein recognizes the *type* of revolving fund subject to the provisions of the section.

The purpose of this section is to authorize the State Controller, upon request of the Director of Finance, to transfer to or from revolving funds such sums deemed necessary from the money reappropriated by the provisions of this section. Inasmuch as the revolving funds so concerned are not spelled out in the language of the section, we believe the section should be amended whereby intent of the Legislature may be expressly understood. Otherwise, we recommend approval of the section.

Item 287 of the Budget Act of 1952 appropriated \$500,000 from the General Fund and reads as follows:

"287—For augmentation of any one or more of the following revolving funds, to be transferred by the State Controller in such amounts and for such periods as the Director of Finance may authorize..... \$500,000
 Workshops for the Blind Manufacturing Fund (Sec. 3332, Welfare and Institutions Code)
 Purchasing Revolving Fund (Sec. 13373, Government Code)
 Ballot Paper Revolving Fund (Sec. 3704, Elections Code)"

The unexpended balance of this amount has been successively reappropriated for augmentation of revolving funds under the same conditions by Item 283, Budget Act of 1953, and Section 4 of the Budget Act of 1954. Section 3 of the current Budget Bill merely extends this authority to 1955-56, with the further proviso that any amounts withdrawn may be returned to the credit of the appropriation as the Director of Finance may authorize.

It should be noted that while the original appropriation specified the particular revolving funds involved, no reference has been made to any particular funds in any of the subsequent reappropriation items, including that in the current Budget Bill.

The amount estimated to be available for transfer during 1955-56 is computed as follows:

Original appropriation	\$500,000
Transfers:	
1952-53 Workshops for the Blind Manufacturing Fund.....	—25,000
1953-54 Ballot Paper Revolving Fund.....	—30,000
1953-54 Purchasing Revolving Fund.....	—20,000
1954-55 Workshops for the Blind Manufacturing Fund.....	—100,000
1954-55 Purchasing Revolving Fund.....	—255,120

Balance available for transfer, 1955-56 (Budget page 951, line 18) ... \$69,880

All of the amounts transferred to the Purchasing Revolving Fund, which total \$275,120, were for purchase of additional automobiles for the state pool operated by the Department of Finance, the operations of which are summarized under the state garage activity of the Purchasing Revolving Fund operations, Budget pages 1346 to 1349.

Since the Purchasing Revolving Fund has received the major part of the transfers from this appropriation, and since the administration

of the state garage activity, including the operations of the state passenger car pool, is the major activity of that fund, we believe it is appropriate to comment upon several aspects of state-owned automobile operations at this point.

Separate Revolving Fund for State Garage Operations

We believe it would be preferable to account for the state garage operations activity through a separate revolving fund rather than as a part of the Purchasing Revolving Fund operations and so recommend. The same recommendation applies to the other two activities of the Purchasing Revolving Fund operations; namely, central stores and radio maintenance.

Amounts for Purchase or Replacement of Automobiles

In our Budget Analysis for 1954-55, we recommended, with respect to two agencies, the Board of Equalization and the Division of Water Resources, that all amounts requested for replacement of automobiles or additional automobiles be deleted from the budgets of the individual agencies and in effect transferred in whole or in part to the state pool, operated by the Department of Finance, and that the needs of the agencies for transportation be met by use of cars from the augmented pool on a rental basis.

The Legislature accepted this recommendation in principle by appropriate adjustments to Items 120, 121 and 247 of the Budget Act, and by making it possible through approval of Item 278 and Section 4 for the state pool to obtain funds for the purchase of additional automobiles, as needed.

In our present analysis, we are recommending the deletion of all items for replacement of or additional passenger vehicles appearing in the Budget Bill with the exception of those for the Highway Patrol, the amounts recommended for deletion being as follows:

General Fund	\$303,909
Special Fund	255,886
Total	\$559,795

This amount represents approximately 500 vehicles.

If this recommendation is approved, two additional steps are necessary:

- (1) Increase operating expenses for the individual agencies involved by an amount sufficient to provide for rental from the state pool of vehicles to replace those deleted, the details of which we believe can most satisfactorily be worked out by the Department of Finance in connection with final approval of the Budget, and
- (2) Provide additional funds for the state pool to enable it to purchase or replace as many of the vehicles represented by the amounts deleted, as is necessary.

One source of such funds is the amount available covered by Section 3 of the Budget Bill, which is estimated at \$69,880, for 1955-56.

Our reason for excepting the Highway Patrol from this recommendation, at present, is that its vehicles are enforcement vehicles, and are of a type not suitable for interchange with the vehicles of other state agencies.

Our reason for recommending the deletions from the individual agency budgets is that such action will expedite the achievement of centralized ownership and control of the entire state-owned fleet of passenger vehicles, which we regard as a necessary condition precedent to maximum efficiency and economy in the operation of state-owned motor vehicles, including the extension of pool operations to the extent feasible and economical.

If this recommendation is approved by the Legislature and adhered to in subsequent years, it will only be a matter of time, five to seven years at most under present replacement policies, before the entire state fleet of passenger vehicles will be owned by the state pool, a result which can be accomplished, if necessary, without any changes in existing law.

Following are excerpts from a report dated April 5, 1954, of the Subcommittee on Management Analysis, Fiscal and Personnel of the Senate Interim Committee on Public Works.

"In reviewing motor vehicle activities in the Department of Public Works, it soon became apparent that any such study had to be related to automotive operations for the State as a whole. The State has approximately 14,000 pieces of equipment of various categories [15,351 on September 30, 1954]. Operating expense and capital outlay are provided by the budgets of some 35 separate agencies under varying concepts of needs and operations. These handicaps against establishing and maintaining balanced, consistent, effective and economical policies and procedures should be removed.

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"The most constructive way in which the State can capitalize upon all of the opportunities for more effective automotive operation is to establish a single agency, preferably outside the purview of any other agency, to take over these functions and manage them as is done in private industry. . . .

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"The real need, however, is for the Legislature to come to a firm decision to completely centralize automotive management in an appropriate operating and service organization. This should be done under essentially the same policies as in private industry, where substantial results in the form of economy and improved operations have been achieved. Until such action is taken, the State will be constantly expending its efforts in reviewing the subject, gaining some marginal improvements, but missing the greater achievement which can be made by the one fundamental decision.

"It is not necessary to undertake a thorough study of details of automotive operation in order to arrive at such a decision. Substantial facts already are at hand in state records to substantiate the conclusion. In addition, experiences of private industry are readily available to assist Legislators in arriving at a sound policy. The basic policy should be firmly established, without regard for the many personalities and special interests which play a part in this broad subject. Following establishment of a basic policy, would be proper time to muster the necessary forces of experienced management consultants, automotive engineers, and procedure analysts for a thorough survey of each individual activity. The detailed changes which could be developed and instituted from this approach could save millions of dollars in capital outlay and operating expenses for the State.

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"In summation, the Legislature should take positive action to change the basic policies on the State's automotive activities in accordance with sound business

principles. In this step, great care should be exercised in the formulation of legislation and regulations to permit operation of state vehicles in an economical and effective manner. It should be the responsibility of the various state agencies to adhere to such regulations.

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“General Recommendations—State Operations of Automotive Equipment

“1. Formulate and institute a new basic policy on automotive activities in the State which will create a centralized management for all automotive equipment and auxiliary facilities. Functions of the proposed agency should be substantially as follows:

“(a) Development and administration of broad policies and procedures for:

- “1. Determination and coordination of vehicle requirements for the State as a whole.
- “2. Acquisition and ownership of all automotive equipment.
- “3. Preventative maintenance, replacement, leasing versus ownership, and related operating and management matters.

“(b) Responsibility and accountability for:

- “1. Capital investment in automotive equipment.
- “2. Over-all operating costs, including procurement of fuel, parts, and supplies.
- “3. Custody, maintenance, and operation of all automotive shops, garages, and auxiliary facilities.
- “4. Determination of adequate rental rates to be charged to other agencies for the utilization of vehicles and equipment. (The automotive unit should be expected to recover its costs, including capital and other overhead charges, through the rental rate structure.)
- “5. Budgetary processes, based on analysis and evaluation of automotive operating expense and capital outlay automotive requirements as submitted by the using agencies.

“2. As an initial step, establish a centralized management for all state passenger vehicles. The centralized management should be strictly functional and provided with experienced personnel, and adequate facilities for maintenance or contractual services to cover all phases of motor vehicle management, maintenance, and operation.

“(a) Provide arrangements whereby such vehicles can be operated on a mileage and/or time rental basis to all agencies of the State, which should make the operation self-supporting.

“(b) Establish the policy for passenger car pool operations under a centralized management. This should include maintenance, replacement, size of pools, their location and rules for operation.

“(c) Establish accounting procedures on a vehicle group basis to accurately determine cost of operation, repairs, cost per mile and provide a basis for an economical replacement program.”

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We are in substantial agreement with all of the foregoing recommendations, and it is to further this type of program that we are again this year recommending deletion of amounts for automobile additions and replacements from budgets of individual agencies for 1955-56.

Following is an inventory of state-owned passenger vehicles by major agencies at September 30, 1954, and a comparison with the corresponding inventory one year ago.

State-owned Passenger Vehicles

Agency	9/30/54	9/30/53	Increase	
			Number	Percent
Highways	1,571	1,380	191	13.8
Highway Patrol	882	898	-16	-1.8
Totals	2,453	2,278	175	7.7
Agriculture	559	540	19	3.5
Industrial Relations	431	378	53	14.0
Equalization	381	383	-2	---
Fish and Game	362	364	-2	---
Corrections	309	287	22	7.7
Finance Pool	255	111	144	130.0
Natural Resources	239	206	33	16.0
Education	191	167	24	14.4
Mental Hygiene	142	127	15	11.8
Public Health	139	141	-2	---
Motor Vehicles	134	122	12	9.8
Public Works, ex Highways	123	195	-72	-36.9
Professional and Vocational Standards	123	117	6	5.1
All other (less than 100 cars each)	696	704	-8	-1.1
Totals	4,084	3,842	242	6.3
Grand Total	6,537	6,120	417	6.8

The increase of 417 vehicles between September 30, 1953, and September 30, 1954, represents an investment of \$458,700 at \$1,100 per car.

The increase in cars in the Finance pool during 1954 is as follows by location:

	Growth of Finance Pool			
	3/1/54	8/1/54	12/13/54	1/1/55
Sacramento	68	170	243	270
Los Angeles	35	47	84	104
San Francisco	15	22	30	44
Total	118	239	357	418

This increase is due in part to action taken by the Legislature at the last session in connection with budgets of two agencies, Board of Equalization and Division of Water Resources, and in part to action taken by the Department of Finance in inducing agencies to turn vehicles over to the pool on a voluntary basis.

In addition to the garage in Sacramento with storage for 740 vehicles, the Department of Finance has storage for 330 cars in Los Angeles and 130 in San Francisco, at which pools are operated, as well as storage for about 40 adjacent to the state-occupied building at 2229 Grove Street, Oakland, at which no pool is operated.

We believe that the pool operation in Sacramento should be extended immediately to include all passenger vehicles based in the area, except those of the Division of Highways and the Highway Patrol and that central pool operations should be expanded as rapidly as facilities will permit at other points within the State.

We believe that substantial benefits will result from centralized ownership even where pool operations are impossible.

Under such an arrangement, cars would be assigned on a month-to-month basis in localities where there are no facilities for state-operated pools, the assignment being made either to an individual or to an agency head or supervisor for use in an agency-operated pool. There are 26 state pool cars so assigned to the Board of Equalization at present, 10 in Los Angeles, and 16 from the Sacramento pool. It is not necessary that the cars be returned to a central point each month for reassignment, since they can be stationed at a remote point indefinitely. The only requirement is that the agency rejustify its need for the car each month.

This ownership gives the central agency control over the vehicle and could eliminate such conditions as existed with respect to car E 39854 and E 1460, to use but two examples out of many available as illustrations. The former, a Board of Equalization car, was in storage in Los Angeles between July 1, 1951, and May 11, 1954, a period of almost three years, during which time it was driven a total of only 639 miles. The latter, a car belonging to the Board of Pharmacy in San Francisco, was completely idle during three out of the 12 months ended October 31, 1954.

Records of the Automotive Management Section of the Department of Finance indicate that for the Fiscal Year 1953-54 there was an average of 5,288 state-owned passenger vehicles operated each month. The average mileage per car per month was 1,222 miles, while the average percentage of idle time per car per month, excluding Saturdays, Sundays, and holidays, was 18.9 percent, which appears to us to be too high.

It is interesting to note that Public Law 766, approved by the President of the United States on September 1, 1954, authorizes creation of a federal government program of automotive management and control which embodies all of the essential features contained in the recommendations of the Subcommittee of the Senate Interim Committee on Public Works previously quoted at some length in the foregoing paragraphs of this section of our analysis.

SECTION 4, page 102, of the Budget Bill

Recommendation: We recommend approval of this section with the following changes:

After the phrase "Capital Outlay and Savings," add "Fair and Expositions, Motor Vehicles, State Beach, and State Park Funds." The purpose of this section is to assure that major construction projects will be under the control of the State Public Works Board in accordance with Section 3 of Chapter 145 of the Statutes of 1946. As Section 4 of the Budget Bill is now written, only major projects payable from the Capital Outlay and Savings Fund would be under the control of the board. We believe that all major projects, exclusive of highway construction and flood control expenditures should be under the control of the State Public Works Board.

SECTION 5, page 102, of the Budget Bill

Recommendation: We recommend approval of this section.

This section represents a continuation of the control process which was first started by Section 7.5 of the Budget Act of 1952 and continued and expanded by Sections 6 of the Budget Act of 1953 and 16 of the Budget Act of 1954. This control process helps to ensure more economical planning and designing.

SECTION 6, page 103, of the Budget Bill

Recommendation: We recommend approval of this section.

To some extent, this section is a redundancy, since Section 16407.1 of the Government Code already specifies that all appropriations made from the Capital Outlay and Savings Fund shall be available for a period of three years from the date of first availability. However, the balance of Section 6 is intended to provide the same three-year availability for certain appropriation items which are payable from special funds other than the Capital Outlay and Savings Fund.

SECTION 6.1, page 103, of the Budget Bill

Recommendation: We recommend approval of this section.

This section extends for one year the life of certain appropriations made to Fresno State College in prior years from the State College Fund. The projects involved have not yet all been entirely completed and this additional time is required.

SECTION 7, page 103, of the Budget Bill

Recommendation: *We do not recommend approval of the section as contained in the Budget Bill.* This section is the same as was contained in the Budget Act for 1954-55. It has been completely ineffectual for the purpose of increasing the revenues of fairs from admissions and of eliminating the favoritism and discrimination among the patrons of fairs which inevitably exist where discretion for the issuance of passes exists.

We recommend the substitution of the following section for that now contained in the Budget Bill.

No money appropriated herein for support of the California State Fair or for any district or county fair eligible for funds under this act or the Business and Professions Code or the Agriculture Code, may be expended to print or otherwise manufacture any pass or other device for the purpose of permitting any person to be admitted free to any fair or any event held in connection with such fair.

It is the intent of this section that all fairs subject to the provisions of this section shall be all-pay gate fairs, excepting only bona fide employees on the payroll of such fair.

SECTION 8, page 104, of the Budget Bill

Recommendation: We recommend approval of this section.

This section provides that no money appropriated by this act shall be used to pay the salary of any authorized state position which was vacant or continuously unfilled between October 1, 1954, and July 1, 1955, except with the specific approval of the Director of Finance subsequent to July 1, 1954.

This section also provides that the Director of Finance shall make a report of all positions vacant for the period specified to the Joint Legislative Budget Committee not later than 30 days prior to the convening of the 1956 Regular Budget Session of the Legislature. A report of positions authorized to be filled and positions abolished pursuant to this section is also required.

SECTION 9, page 104, of the Budget Bill

Recommendation: We recommend approval.

This section provides that the Department of Finance must investigate and establish the necessity for the acquisition or replacement of motor vehicles. It provides that all passenger automobiles shall be of the light class, except for constitutional officers or unless the Director of Finance determines that unusual requirements would justify a heavier class automobile, or for appointees of the Governor.

SECTION 10, page 104, of the Budget Bill

Recommendation: We recommend approval.

This section establishes the same restriction of light automobiles for the Department of Public Works as are provided by Section 9.

SECTION 11, page 104, of the Budget Bill

Recommendation: We recommend approval.

This section prohibits the purchase of furnishings for any house or apartment of three or more rooms other than a dormitory, except for a superintendent of an institution, warden, or physician.

SECTION 12, page 105, of the Budget Bill

Recommendation: We recommend approval.

This section prohibits expenditure of funds appropriated by this act for employee cafeterias in state office buildings unless expressly authorized by a schedule in this act.

SECTION 13, page 105, of the Budget Bill

Recommendation: We recommend approval.

This section restricts expenditures for rugs or carpets for state offices.

SECTION 14, page 105, of the Budget Bill

Recommendation: We recommend approval.

This section interprets the meaning of the words, terms and phrases contained in the categorical schedules of the Budget Act items. The section also restricts expenditures from appropriations made in the Budget Act to categories or projects set forth in the Budget Act schedule, except as otherwise provided in other sections of the Budget Act.

SECTION 15, page 106, of the Budget Bill

Recommendation: We recommend approval of this section.

This section authorizes the Director of Finance, upon the request of an agency to which an appropriation is made, to transfer amounts between categories or between projects designated in any schedule of an item of appropriation. The section provides further that the Director of Finance shall present to the Joint Legislative Budget Committee assembled in meeting a report on all authorizations given pursuant to this section during the preceding quarter.

SECTION 16, page 106, of the Budget Bill

Recommendation: We recommend approval of this section.

This section permits the Director of Finance to augment appropriations in the Budget Act where additional amounts are received from state, local, or federal government agencies or other sources, which are in excess of the amount considered in determining such an appropriation. Conversely, it permits the Director of Finance to reduce appropriations in the same manner.

SECTION 17, page 106, of the Budget Bill

Recommendation: We recommend approval of this section.

This section permits the payment of premiums for official bonds covering a period in excess of one fiscal year.

SECTION 18, page 106, of the Budget Bill

Recommendation: We recommend approval.

This section provides that an expenditure authorized from the Emergency Fund, Salary Increase Funds, Price Increase Funds, or from a special fund pursuant to Section 11006 of the Government Code, in addition to an appropriation made by the Budget Act, is deemed an augmentation and increase of the appropriation made by the Budget Act.

SECTION 19, page 107, of the Budget Bill

Recommendation: We recommend approval.

This section permits the State Board of Control, upon the recommendation of the Director of Finance, to transfer unneeded funds from an appropriation for support for an institution, or for family care, school or college within the same agency. This is limited to the Department of Corrections, California Youth Authority, Department of Education, and the Department of Mental Hygiene.

SECTION 20, page 107, of the Budget Bill

Recommendation: We recommend approval.

This section permits the Department of Finance to transfer funds from one agency to another when the functions performed by the respective agencies are transferred.

SECTION 21, page 107, of the Budget Bill

Recommendation: We recommend approval.

This section provides that when functions of any agency for which appropriation has been made in this act are discontinued the unexpended portion of the appropriation for such agency shall revert to the unexpended balance of the fund from which such appropriation was made.

SECTION 22, page 107, of the Budget Bill

Recommendation: We recommend approval.

This section provides that the State Board of Control shall make adjustments in appropriations as a result of changes of laws affecting an agency.

SECTION 23, page 108, of the Budget Bill

Recommendation: We recommend approval.

This section provides that appropriations under this act shall be expended in accordance with the allotments and other provisions of fiscal year budgets approved by the Department of Finance. Provision is made for Salary Savings Reserve.

SECTION 24, page 108, of the Budget Bill

Recommendation: We recommend approval.

This section prohibits officers of state agencies who receive appropriations in the Budget Act from making expenditures in excess of such appropriations without the consent of the Department of Finance.

SECTION 25, page 109, of the Budget Bill

Recommendation: We recommend approval.

This section provides for the effect upon appropriations if any item in this act is eliminated or vetoed by the Governor.

SECTION 26, page 109, of the Budget Bill

Recommendation: We recommend approval.

This is a savings clause to protect the Budget Act should a portion of it be declared unconstitutional.

SECTION 27, page 109, of the Budget Bill

Recommendation: We recommend approval.

This section provides that the Budget Act shall take effect immediately as prescribed under the provisions of Section 1 of Article IV of the State Constitution.

SECTION 28, page 109, of the Budget Bill

Recommendation: We recommend approval.

This section provides that the Budget Act of 1954 is an urgency measure and as such would go into effect immediately.