

Retirement System

— 18 —

Lieutenant Governor—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$770	\$770	---	30 33
Operating expense -----	195	195	---	30 48
Equipment -----	2,534	2,534	---	30 55
Total increase -----	\$3,499	\$3,499	---	30 57

RECOMMENDATIONS

Amount budgeted -----	\$51,971
Legislative Auditor's recommendation -----	51,971
Reduction -----	None

ANALYSIS

Normal salary adjustments and the replacement of an automobile in the amount of \$2,750 accounts for the increase of \$3,499.

We recommend approval.

STATE EMPLOYEES' RETIREMENT SYSTEM

ITEM 35 of the Budget Bill

Budget page 31

Budget line No. 5

FOR SUPPORT OF STATE EMPLOYEES' RETIREMENT SYSTEM FROM THE GENERAL FUND

Amount requested -----	\$275,354
Estimated to be expended in 1955-56 Fiscal Year -----	296,891
Decrease (7.3 percent) -----	\$21,537

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$32,553	\$32,553	---	35 35
Operating expense -----	4,503	4,503	---	35 36
Equipment -----	-8,217	-8,217	---	35 37
Less: increased reimbursement ..	-50,376	-50,376	---	35 43
Total increase -----	-\$21,537	-\$21,537	---	35 45

RECOMMENDATIONS

Amount budgeted -----	\$275,354
Legislative Auditor's recommendation -----	275,354
Reduction -----	None

ANALYSIS

The State Employees' Retirement System administers both the State Employees' Retirement System and the Legislators' Retirement System. This involves determination of membership computation, collection, and recording of employer contributions and member contributions, service and compensation; the computation and payment of withdrawals of member contributions and death and retirement benefits, including retirement for service, ordinary and industrial disability and industrial death; the investment of funds; the preparation of

State Employees' Retirement System—Continued

periodic and special valuations, the preparation of annual and special reports.

Members of the State Employees' Retirement System consist of state employees (including university nonacademic employees) and employees of approximately 330 local governmental jurisdictions participating on a contractual basis. Members of the Legislators' Retirement System consist of legislators and elective state officials who elect membership.

The Board of Administration on July 1, 1955, became the administrator of the Old Age and Survivors' Insurance program as related to public employees in California under the Federal Social Security Act and in accord with provisions of state and federal law and a federal-state agreement.

As of July 1, 1955, the board's responsibility for administration of the United States Defense Savings Bond program was transferred to the State Controller in accord with 1955 legislation.

The plan for integration of Old Age Survivors' Insurance with the State Employees' Retirement System was defeated by a count of 43,203 "no" votes to 12,860 "yes" votes in the balloting conducted from November 1, 1955 through November 25, 1955.

The budget request for 1956-57 shows a decrease of \$21,537, or 7.3 percent, largely as a result of the reimbursements for services to contracting public agencies and other reimbursable services, and as a result of reductions in equipment requirements.

The current membership of the State Employees' Retirement System is as follows:

	<i>Actual</i> 1954-55	<i>Estimated</i> 1955-56	<i>Estimated</i> 1956-57
<i>Membership</i>			
State members -----	76,575	81,875	85,725
Contracting agency members -----	68,856	72,356	75,506
Subtotal membership -----	145,431	154,231	161,231
Retired members -----	10,273	11,673	13,223
Total members and retired members -----	155,704	165,904	174,454

The increase of \$32,553 in salaries and wages is due to normal salary adjustments and to the addition of seven clerical positions necessitated by increased workload.

Approval of the amount budgeted is recommended.

CALIFORNIA COMMISSION ON INTERSTATE COOPERATION

ITEM 36 of the Budget Bill

Budget page 36
Budget line No. 6

FOR SUPPORT OF CALIFORNIA COMMISSION ON INTERSTATE COOPERATION FROM THE GENERAL FUND

Amount requested -----	\$33,965
Estimated to be expended in 1955-56 Fiscal Year -----	33,305
Increase (2.0 percent) -----	\$660

Commission on Interstate Cooperation—Continued
RECOMMENDATIONS

Amount budgeted	\$33,965
Legislative Auditor's recommendation	33,965
Reduction	None

ANALYSIS

The California Commission on Interstate Cooperation is composed of five members of the Assembly, five members of the Senate and five members appointed by the Governor. The commission was established in 1939 for the purpose of state representation and participation in the regional and national councils of state governments which meet to report upon and discuss problems of joint state interest and state-federal relations.

The commission's budget consists only of operating expense, principally for California's assessment (\$31,250) for the operation of the Council of State Governments. The remaining expenses are chiefly travel expenses for the members to attend conferences in the amount of \$2,100.

The commission has been active in several interstate conferences in the past year. California legislators and administrative officials participated actively in the work of the Western Interstate Committee on Highway Policy Problems. At a meeting in Gearhart, Oregon, in October, 1954, the discussion of the problem of reciprocity and the taxation of heavy interstate vehicles concluded in a statement of principles adopted by the committee. Other conferences attended by members of the California commission are: the Western Interstate Committee on Agriculture, the Western Interstate Committee on Legislative Procedures held in San Francisco, and the Western Interstate Conference on Mental Health.

During 1955, members of the commission held conferences in Washington, D. C. with federal governmental department officials and members of Congress relative to the tuna industry in California. The problems of the domestic tuna industry, of foreign competition and economic conditions in the United States, were presented to the Members of Congress and federal officials. Members of the commission together with representatives of the tuna industry presented possible remedies to the problem and urged the early alleviation of the critical situation facing the industry.

The commission proposes to carry on with similar activities of representing the State and attending conferences in the 1956-57 Fiscal Year.

We recommend approval.

PERSONNEL BOARD

ITEM 37 of the Budget Bill

Budget page 37
Budget line No. 7

FOR SUPPORT OF PERSONNEL BOARD FROM THE GENERAL FUND

Amount requested	\$1,778,175
Estimated to be expended in 1955-56 Fiscal Year	1,687,196
Increase (5.4 percent)	\$90,979

Personnel Board—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages-----	\$77,878	\$65,158	\$12,720	44 27
Operating expense -----	13,163	13,163	--	44 28
Equipment -----	15,715	15,715	--	44 29
Less: increased reimbursement--	—15,777	—15,777	--	44 34
Total increase -----	\$90,979	\$78,259	\$12,720	44 37

RECOMMENDATIONS

Amount budgeted -----	\$1,778,175
Legislative Auditor's recommendation-----	1,765,455
Reduction -----	\$12,720

GENERAL COMMENTS

In a governmental organization the size of California's there are certain programs which develop in importance to a size where decentralization not only becomes desirable but necessary. Many such programs, in varying degrees of maturity, have sprung up in the state service. Some of these have proven excellent vehicles for accomplishing departmental goals but the very rapidity of growth in California's government has caused many of these programs to develop without a proper definition of purpose or responsibility. In this Budget Session it would, we believe, be desirable to examine some of these state-wide programs on the basis of general governmental policies.

Two programs, personnel management and employee training, which are subject to such evaluation, are directly related to responsibilities commonly associated with the State Personnel Board. Each of these are discussed below.

Personnel Management. In the process of examining various departmental budgets, we have noticed that many of our larger agencies have a bureau of personnel established to serve the department. Most of these concern themselves with the immediate problems of personnel management within the various agencies and serve as the working organization to carry out Personnel Board policies. In the Department of Social Welfare the bureau of personnel not only does these things, but administers a recruitment and classification program, based upon examinations contracted with the Personnel Board's Cooperative Personnel Services, for county welfare departments.

We recognize the necessity for many of these personnel bureaus, but believe that a state-wide policy should be set out by the Personnel Board in cooperation with other state agencies which would define the immediate and long-range conception of the responsibilities which should remain with the Personnel Board and those which should belong to departments. Such a plan would provide a basis whereby requests for additional staff for departmental personnel bureaus could be evaluated. If there are long-range plans for decentralizing certain personnel matters, these should be made known so that staffs of other state agencies could be developed to assume their new duties.

Since the personnel management function of State Government is a program which should be planned in its entirety, with responsibilities of the centralized Personnel Board and the operating agencies clearly

Personnel Board—Continued

defined, we believe that until such time as there is a better basis for evaluating the programs of departmental personnel offices, future expansion of such offices should be curtailed.

Employee Training. California has wisely recognized that the quality of its government depends largely on the quality of the people who serve it. The Personnel Board has a Bureau of Training which has provided a valuable service in planning training programs and helping agencies put them into effect. Training bureaus have also been established in several state agencies and some of these have grown substantially. This is another function which we think should have a state-wide policy, and it was so recommended in a joint report of the Personnel Board and the Department of Finance in 1952. The Governor's Advisory Committee on Training is working toward improving the training programs within the State and no doubt has given consideration to what should constitute a state-wide training program, and what part the Personnel Board should play in relationship to departmental training bureaus. There is at this time no clearly established policy as to what function the Personnel Board should serve; that is, whether it should be an advisory body or actually conduct training programs, or whether it would be better for future expansion of the training program to occur in the staff of the Personnel Board or in the agencies.

We recommend that there be a report by the State Personnel Board on the current status of the state training program and how it could best be administered in the future. Such a report should establish a reasonable definition of what the rather abstract term "training" means and how it differs from "education" which is not necessarily a responsibility of the State if the recruitment program works adequately.

It would seem that almost everyone concerned with personnel management and training, as well as the persons who are to be managed and trained, would benefit from having these programs administered in a more coordinated and organized manner than they are at present.

ANALYSIS

The budget request for the State Personnel Board for the 1956-57 Fiscal Year generally reflects a continuation of existing services. The \$1,778,175 requested is \$90,979, or 5.4 percent, more than the \$1,687,196 estimated to be expended during the current year. An \$18,422 emergency grant was made to the board to conduct a state college position survey when the board took over this function from the Department of Finance during the current fiscal year as set out in Section 20373 of the Education Code.

Most of the proposed increase is due to normal salary increments and nine new positions requested on the basis of workload. Equipment expenditures have increased \$15,715, largely because of the request for an electric card file to expedite the handling of part of the board's extensive filing system. The purchase of this equipment will result in the reduction of one position of file clerk in this division after the change in the filing system has been accomplished.

During the past year the Personnel Board has operated under its new generalist form of organization. The board has experimented with staff

Personnel Board—Continued

organization, and some changes in the original plan have been made. The departmental staff indicates that workloads have increased substantially and that the demands for new examinations, classification studies and recruiting difficulties have put such pressure on the existing staff, that some of the functions of the board are suffering in quality.

The most serious difficulty seems to be centered in the examination function. The board apparently feels that written examinations based upon factual content are a desirable measure of ability for all state positions rather than aptitude tests or unassembled examinations. Since the staff of the Personnel Board must prepare these examinations quite rapidly, they are often forced to assemble them hastily from files of questions, many of which may be irrelevant or a poor measure of abilities sought by the examination. The board is anxious to devote more time to the evaluation of examinations and questions used and has requested staff for this purpose. Unfortunately the details of arranging for outside members for Qualifications Appraisal Boards has required the curtailment of work on methods and content of examinations. We feel that one of the assistant personnel analyst positions (requested under "Operations") should be devoted to this function. We also feel that reconsideration should be given to the whole policy of having outside members serve on all rather than selected appraisal boards and have some boards composed entirely of state employees whose judgment of candidates would conceivably be completely adequate. The department should assess the number of professional people involved in arranging appraisal board meetings, answering protested questions, reviewing applications, and evaluating education and experience to see if this function could feasibly be headed by one professional person with a staff of clerical help. We understand that 1.5 to 2 professional positions are now used for this purpose.

We have recommended deletion of two positions from the Personnel Board's request. The divisions from which they have been eliminated and our reasons for so doing follow:

Operations Division. One associate personnel analyst has been requested to spend one-half of his time on investigating candidates for higher level state positions. The other half of this position's time would be spent on general personnel matters in the Operations Division.

We recommend disapproval of this position for three reasons. First, we feel that the present method of a written examination, oral interview, and justification of education and experience is comparatively thorough and should reasonably assure the State that qualified candidates get the job. Second, the work load increase of the Operations Division has been met by approval of all positions originally requested for this purpose. Third, corresponding with and visiting former employers is a new service and should be left for General Session consideration. We recommend that the \$6,360 salary, and whatever traveling and equipment expenditures are budgeted for this position be deleted from the budget.

Division of Training. In our general comments above we stated that we do not recommend expanding any training services in the Personnel Board until there are more clearly established goals and methods of conducting training on a state-wide level. We therefore recommend

Personnel Board—Continued

that the new position of personnel training consultant be deleted from the budget for a savings of \$6,360, plus contingent expenses. This position is also expanded service and as such should be considered in a General Session budget.

We recommend approval of the other positions requested since they appear to be justified on a work-load basis.

SECRETARY OF STATE

ITEM 38 of the Budget Bill

Budget page 45
Budget line No. 6

FOR SUPPORT OF SECRETARY OF STATE FROM THE GENERAL FUND

Amount requested	\$272,353
Estimated to be expended in 1955-56 Fiscal Year	261,738
Increase (4.1 percent)	\$10,615

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$15,942	\$15,942	--	47 49
Operating expense	5,327	5,327	--	47 50
Equipment	-10,654	-10,654	--	47 51
Total increase	\$10,615	\$10,615	--	47 53

RECOMMENDATIONS

Amount budgeted	\$272,353
Legislative Auditor's recommendation	272,353
Reduction	None

ANALYSIS

The Office of the Secretary of State examines and files all articles of incorporation. The Constitution requires the Secretary of State to attest all official acts of the Governor and the State Legislature. He has custody of all official acts of the Governor and Legislature. The Secretary of State exercises general supervision of elections. The Archives and Central Records Depository are under the supervision of the Secretary of State. Also, he files all applications for trademarks, reservations of corporate names, and registration of fraternal names, farms, ranches or villas. The Secretary of State is charged with the administration of the Collection Agency Act.

In the budget request of the Secretary of State there are two proposed new positions, an associate counsel and a senior stenographer-clerk, requested for increased work load pertaining to corporation records. We have examined the activity in these records and believe the two positions are justified. The following table shows the work load:

	Actual			Estimated	
	1952-53	1953-54	1954-55	1955-56	1956-57
Corporation documents filed	17,332	19,527	24,931	30,518	33,569
Corporation documents processed	22,974	25,165	29,996	37,000	40,700
Notary public commissions issued	13,820	14,323	15,469	17,015	17,865

Secretary of State—Continued

It is estimated that the current year expenditures will exceed the amount appropriated by \$15,374 due to the following reasons:

1. Emergency funds to provide clerical help for work-load increases which exceeded estimates----- \$1,104
2. Salary range changes----- 9,270
3. Chapter 1603, Statutes of 1955----- 5,000

Chapter 1603, Statutes of 1955, provides a new function of mortgage filing in the Secretary of State's Office.

Management improvements in the Office of the Secretary of State during 1955-56 Fiscal Year are as follows:

1. Microfilming the active corporation documents will be accomplished which will enable the office to release filing equipment valued at \$8,480. The 1,300 square feet of space occupied by these files will be made available for office space.

2. Inactive corporation files will be moved to the Central Records Depository which will release filing equipment valued at \$18,600. Also 1,352 square feet of space in the basement of the Capitol will be released.

3. Arrangements are being made to move the Central Records Depository from its present location to the old printing plant building at 1020 O Street. Due to limited space in the present quarters the depository has been unable to accept inactive records from many state agencies. Operations in the new quarters should result in considerable savings to many state agencies who will be able to house their inactive records in low-cost storage space, making high-cost office space available.

In the past, official state ballot paper has been housed in Bekins warehouse. With ample space in the new quarters this paper will be stored there in the future, permitting the State to sell ballot paper to the cities and counties at a lower cost.

Approval of the budget request recommended.

Secretary of State

PRINTING ELECTION PAMPHLETS

ITEM 39 of the Budget Bill

Budget page 45
Budget line No. 21

FOR ADDITIONAL SUPPORT OF SECRETARY OF STATE FROM THE GENERAL FUND

Amount requested-----	\$136,000
Estimated to be expended in 1955-56 Fiscal Year-----	---
Increase -----	\$136,000

RECOMMENDATIONS

Amount budgeted-----	\$136,000
Legislative Auditor's recommendation-----	136,000
Reduction -----	None

**Printing Election Pamphlets—Continued
ANALYSIS**

The amount of \$136,000 for printing election pamphlets was arrived at by taking the cost of \$7,514 per measure in the 1952-53 Fiscal Year. It is estimated that 18 measures will be in the pamphlet in the 1956-57 Fiscal Year. An amount of \$748 is included in the \$136,000 for printing additional copies of pamphlets if required.

Approval of this amount is recommended.

**Secretary of State
COLLECTION AGENCY DIVISION**

ITEM 40 of the Budget Bill

Budget page 45
Budget line No. 43

**FOR SUPPORT OF COLLECTION AGENCY DIVISION FROM THE
COLLECTION AGENCY FUND**

Amount requested.....	\$42,074
Estimated to be expended in 1955-56 Fiscal Year.....	41,258
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Increase (2.0 percent).....	\$816

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages.....	\$1,597	\$1,597	--	48 37
Operating expense.....	-1,092	-1,092	--	48 54
Equipment.....	311	311	--	48 61
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Total increase.....	\$816	\$816	--	48 63

RECOMMENDATIONS

Amount budgeted.....	\$42,074
Legislative Auditor's recommendation.....	42,074
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Reduction.....	None

ANALYSIS

Increase is due to normal salary adjustments, an insignificant decrease in operating expense and a slight increase in equipment. One clerical position which was financed from the emergency fund was added in the current fiscal year on a work load basis.

We recommend approval of the amount requested.

DEPARTMENT OF AGRICULTURE

ITEM 41 of the Budget Bill

Budget page 51
Budget line No. 65

**FOR SUPPORT OF DEPARTMENT OF AGRICULTURE FROM THE
GENERAL FUND**

Amount requested.....	\$6,299,626
Estimated to be expended in 1955-56 Fiscal Year.....	6,181,404
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Increase (1.9 percent).....	\$118,222