

**Alcoholic Beverage Control — 512 —**

**Water Project Authority—Continued**

river or in a basin in relation to total uses and availability rather than considering isolated rights. It appears to have sufficient value that its potential should be fully explored, particularly in relationship to rivers on which new water storage projects are located or about to be built.

Whether a trial distribution is undertaken now on the lower American River and on the Feather River, the ultimate need for adequate data on which to base an adjudication will still exist. Therefore, the collection of data proposed by the authority will eventually be required. In fact, a final adjudication is necessary before a legal determination can be made of the amounts of water available for upstream or county-of-origin projects. The trial distribution on the Feather River properly should be undertaken before final planning of the Feather River Project features.

We recommend approval of this item.

**DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL**

ITEM 229 of the Budget Bill

Budget page 834

Budget line No. 8

**FOR SUPPORT OF DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL FROM THE GENERAL FUND**

Amount requested .....	\$2,817,911
Estimated to be expended in 1955-56 Fiscal Year .....	2,825,516
Decrease (0.3 percent) .....	\$7,605

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$57,807	\$57,807	---	836 65
Operating expense .....	-73,633	-73,633	---	836 66
Equipment .....	1,221	1,221	---	836 67
Totals .....	-\$14,605	-\$14,605	---	-- --
Add: Decreased reimbursements for hearing transcripts .....	7,000	7,000	---	836 72
Total increase .....	-\$7,605	-\$7,605	---	836 74

**RECOMMENDATIONS**

Amount budgeted .....	\$2,817,911
Legislative Auditor's recommendation .....	2,817,911
Reduction .....	None

**ANALYSIS**

The Department of Alcoholic Beverage Control was established January 1, 1955, as the result of the adoption by the voters of a Constitutional Amendment on November 2, 1954, and took over the administration of the alcoholic beverage control function from the Board of Equalization on that date.

The budget for 1955-56, the first full year's operation of the new department, was of necessity based on incomplete information, since the

Department of Alcoholic Beverage Control—Continued

only data available as a basis for estimating its requirements was the experience under the Board of Equalization and the creation of the new department presupposed a radically different administrative structure, particularly with reference to field office operations.

Under the Board of Equalization field operations were conducted by 14 semi-autonomous districts with 62 field office locations. At the time the 1955-56 Budget was acted upon, it was apparent that the new administrative pattern would be conducted on the basis of a division of the State into three areas, but further than this, no details had been worked out.

On June 24, 1955, the Management Analysis Section of the Department of Finance submitted a report (AN 723.1) to the Director of the Department of Alcoholic Beverage Control, containing recommendations for the field structure of the new department, based on a study made at the request of the Department of Alcoholic Beverage Control.

The report recommended that the three administrative areas into which the State should be divided would be as follows:

Area A. The 17 coastal counties from, and including, San Luis Obispo County to the Oregon line, with headquarters at San Francisco.

Area B. The 33 counties in and adjacent to the central valleys, headquarters, Sacramento.

Area C. The eight counties in Southern California, including Los Angeles, Ventura, and Santa Barbara, headquarters, Los Angeles.

In addition to the area headquarters the following branch offices were proposed:

Area A (San Francisco)

Eureka  
Santa Rosa  
Oakland  
San Jose  
San Luis Obispo

Area C (Los Angeles)

Los Angeles County—the area of-  
fice and three sub-offices  
Ventura  
San Bernardino  
San Diego

Area B (Sacramento)

Redding  
Chico  
Stockton  
Fresno  
Bakersfield

The field organization finally adopted by the agency was essentially that recommended in this report, with the addition of four offices and the change in location of two.

The changes were to substitute Marysville for Chico and Santa Barbara for Ventura.

The additional offices added were:

Vallejo, as a branch of the Oakland office  
Salinas, as a branch of the San Jose office  
El Centro, to serve Imperial County and the eastern portion of Riverside County  
Inglewood, an additional sub-office in Los Angeles County

## Alcoholic Beverage Control — 514 —

### Department of Alcoholic Beverage Control—Continued

At the same time, at the request of the agency, the State Personnel Board took action to substitute a new series of classes for the enforcement classes used by the Board of Equalization, the classes to be vacated and abolished and the new classes established being shown in Table 1, which follows:

**Table 1. Alcoholic Beverage Control Department Field Enforcement Personnel Before and After Establishment of New Series of Classes in 1955**

<i>Classes to be vacated and abolished</i>	<i>Salary range</i>	<i>New classes</i>
District liquor control administrator IV	\$644- \$782	Assistant area administrator
District liquor control administrator III	584- 710	
District liquor control administrator II	556- 676	Supervising agent II
District liquor control administrator I	530- 644	
Deputy district liquor control administrator	458- 556	
Supervising liquor control officer	436- 530	Supervising agent I
Special liquor investigator	415- 505	
	376- 458	Agent
Liquor control officer	358- 436	

As a result of these various developments the budget of the Department of Alcoholic Beverage Control for 1955-56, as it appears in the 1956-57 printed budget, bears little resemblance to that approved by the 1955 Legislature, except that there has been no increase in the total funds provided. A summary of the changes, by categories, is as follows:

	1955-56		
	<i>Per 1955-56 Budget</i>	<i>Per 1956-57 Budget</i>	<i>Increase or decrease</i>
Gross salaries, including allocation from Salary Increase Fund	\$2,298,725	\$2,357,725	\$59,000
Salary savings	—50,000	—102,000	—52,000
Net salaries	\$2,248,725	\$2,255,725	\$7,000
Operating expenses	542,783	515,529	—27,254
Equipment	34,008	61,262	27,254
Total	\$2,825,516	\$2,832,516	\$7,000
Reimbursements—sales of hearing transcripts	--	—7,000	—7,000
Net total	\$2,825,516	\$2,825,516	--

A total of 444 positions were authorized for the agency for 1955-56 by the Budget Act of 1955, whereas the 1956-57 Budget shows 449 positions authorized for the 1955-56 Fiscal Year. The total authorized staff by classes, is shown in Table 2 before and after the changes.

Department of Alcoholic Beverage Control—Continued

Table 2. Authorized Staff, 1955-56, per 1955-56 Budget and As Adjusted by Department of Finance

Class (1)	Salary range (2)	As	As	Increase or (—) decrease Individual positions (5)	Cumulative (6)
		author- ized by 1955-56 Budget (3)	adjusted by Depart- ment of Finance (4)		
Director .....	\$1,167	1	1	--	--
Deputy director .....	1,050-1,150	1	1	--	--
Area administrator .....	1,000-1,100	3	3	--	--
Principal counsel .....	950-1,050	--	1	1	1
Chief hearing officer .....	821-1,000	1	--	-1	--
Chief enforcement officer .....	821-1,000	1	--	-1	-1
Special assistant to director .....	710- 862	--	1	1	--
Administrative officer .....	676- 821	1	1	--	--
Assistant area adminis- trator .....	644- 782	--	3	3	3
District liquor control administrator IV .....	644- 782	1	--	-1	2
Associate counsel .....	644- 782	--	3	3	5
Hearing officer .....	644- 782	4	7	3	8
Chief special agent .....	613- 745	--	1	1	9
Supervising auditor I .....	584- 710	1	--	-1	8
District liquor control administrator III .....	584- 710	2	--	-2	6
District liquor control administrator II .....	556- 676	5	--	-5	1
Supervising agent II .....	556- 676	--	12	12	13
District liquor control administrator I .....	530- 644	6	--	-6	7
Alcoholic beverage tax auditor III .....	530- 644	2	2	--	7
Special agent .....	481- 584	--	2	2	9
Deputy district liquor control administrator .....	458- 556	1	--	-1	8
Assistant counsel .....	458- 556	1	1	--	8
Officer supervisor I .....	458- 556	1	1	--	8
Supervising liquor control officer .....	436- 530	39	--	-39	-31
Supervising agent I .....	436- 530	--	42	42	11
Alcoholic beverage tax auditor II .....	436- 530	9	2	-7	4
Hearing reporter .....	436- 530	5	7	2	6
Accounting officer II .....	436- 530	--	1	1	7
Special liquor investigator .....	415- 505	7	3	-4	3
Agent .....	376- 458	--	221	221	224
Liquor control officer .....	358- 436	228	--	-228	-4
Field representative .....	358- 436	1	1	--	-4
Accountant-auditor I .....	358- 436	5	2	-3	-7
Supervising account clerk I .....	358- 436	1	1	--	-7
Secretary-stenographer .....	341- 415	1	1	--	-7
Supervising file clerk I .....	341- 415	1	1	--	-7
Clerical, all grades .....	210- 376	115	127	12	5
<b>Total .....</b>		<b>444</b>	<b>449</b>	<b>5</b>	

## Alcoholic Beverage Control — 516 —

### Department of Alcoholic Beverage Control—Continued

Column 3 in Table 2 shows the number of positions for each class appearing in the 1955-56 printed budget, while column 4 shows the same information for the authorized positions for 1955-56 which appear in the 1956-57 budget, after giving effect to classification changes made by the Personnel Board and additions and changes approved by the Department of Finance. Column 5 shows the increases and decreases for the individual positions while column 6 shows the increases and decreases on a cumulative basis reading from top to bottom. Thus it appears from the data in column 6 that there has been a net increase of 13 in the positions having a salary range of \$556-676 or higher, a net increase of seven in positions having a salary range of \$436-530 or higher, a net decrease of seven positions without the addition of the 12 clerical positions at the lowest salary levels, and so on.

The changes shown in Table 2 may be summarized as follows:

Increases:	
Clerical positions, maximum salary \$376 or less.....	12
Hearing officers .....	3
Hearing reporters .....	2
Associate counsel positions .....	3
Special agents .....	3
Accounting officer II .....	1
<b>Total increases .....</b>	<b>24</b>
Decreases:	
Auditors .....	-11
Enforcement classes shown in Table 1.....	-8
<b>Total decreases .....</b>	<b>-19</b>
<b>Net increase .....</b>	<b>5</b>

The long range effect of these various reclassifications and additions will be to increase total salaries for the agency by \$101,304 per year when all employees involved are at the maximum of their salary ranges. Of this increase \$58,000 is due to the increase in pay range for the agents, over that of the former liquor control offices, \$21,000 to the addition of 5 positions and the remainder to upgradings.

The decrease in the audit staff is due to a greatly decreased work load resulting from legislation enacted in 1955 which changed the basis of the off-sale general license fee from a sliding scale based on sales volume with a minimum of \$110 and a maximum of \$750 per year, with quarterly reporting, to a minimum of \$200 per year for those with gross annual sales under \$20,000 and a maximum of \$400 per year for all others, with annual reporting.

### Budget for 1956-57

The amount requested for 1956-57 is \$7,605 less than that estimated to be expended for 1955-56.

The increase in salaries can be attributed entirely to merit increases, since the new position for one junior clerk shown on budget page 835, line 15, is in effect the continuation of the existing position shown on budget page 834, line 71, with a termination date of June 30, 1956.

Department of Alcoholic Beverage Control—Continued

The decrease in operating expenses is attributable almost entirely to the following:

Decrease in charges for services rendered by the Board of Equalization -----	\$89,500
Increased rent in area offices -----	17,002
Net decrease -----	\$72,498

The first is due to the fact that services performed by the Board of Equalization during a part of 1955-56 will no longer be provided during 1956-57 since the Department of Alcoholic Beverage Control will be able to perform the services with its own staff.

We recommend that the one junior clerk position shown on budget page 835, line 15, be authorized till June 30, 1957, only, in order to permit the agency to become current with work load unforeseen at the time the staffing was originally set up.

We recommend approval of the budget as submitted.

**Distribution of Field Staff**

One of the conditions disclosed by the Department of Finance Study of June 24, 1955 (A.N. 723.1) was that under the Board of Equalization the field enforcement staff did not appear to be distributed geographically on the basis of any work-load measure, and the report suggested the use of total licensed premises as a starting point for assignment of field personnel on a work-load basis, and suggested that liquor control officers, the journeyman enforcement class at that time, be assigned on the basis of one officer for each 199 licensed premises, the state-wide average at that time. Table 3 shows the actual and recommended distribution of the staff of liquor control officers as it existed at that time among the three proposed areas:

**Table 3. Actual and Recommended Distribution of Field Enforcement Staff, by Area, December, 1954**

Area	Licensed premises	Actual distribution of staff		Recommended distribution	
		No.	Licenses per officer	No.	Change
Area A (San Francisco) ----	15,194	86	177	76	—10
Area B (Sacramento) -----	9,753	57	171	49	—8
Area C (Los Angeles) -----	19,681	81	243	99	+18
Total -----	44,628	224	199	224	—

The number of licensed premises shown were those at April 1, 1954, while the number of liquor control officers were the number authorized in December, 1954.

The foregoing tabulation indicates that Areas A and B were over-staffed and Area C understaffed.

According to the latest information available there is a total field enforcement staff of 223 at present, exclusive of supervisors, which includes 220 agents and three special liquor investigators.

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**Department of Alcoholic Beverage Control—Continued**

Table 4 shows the actual distribution of this staff by area at present, and the recommended distribution based on use of the work-load measure suggested by the Department of Finance Report A.N. 723.1, using total licensed premises at April 1, 1955, the latest such figure available, as the yardstick.

**Table 4. Actual and Recommended Distribution of Field Enforcement Staff, by Area, January, 1956**

Area	Licensed premises	Actual distribution of staff		Recommended distribution	
		No.	Licenses per agent	No.	Change
Area A (San Francisco) ---	14,984	86	174	75	-11
Area B (Sacramento) -----	9,708	51	190	49	-2
Area C (Los Angeles) -----	19,780	86	230	99	+13
Total -----	44,472	223	199	233	--

It appears to us that these tables indicate that while there has been some improvement in redeployment of the staff since December 1954, there is still a strong indication that Area A is overstaffed in comparison with Area C, and we recommend that the agency give further study to this problem.

**Work Measurement Data**

Under the Board of Equalization no records were kept from which work measurement data could be compiled and as a consequence it is necessary for the new department to start from scratch in this respect.

Starting with the month of October, 1955, a system of functional time reporting and other record keeping for all field staff was instituted in Area B, from which such important work measurement data can be derived as number of hours spent on enforcement work, number of enforcement visits, average hours per enforcement visit, number of hours spent on application processing, applications processed, average hours per application processed, percentage of total time spent on night enforcement and other important information.

It appears to us that such a system of reporting is soundly conceived and comparable to that which has been used successfully for similar purposes in other governmental agencies and we recommend its immediate adoption in the other two areas, in order that comparable data may be accumulated on a state-wide basis. We believe such data is not only essential to good management but also is essential for budgetary purposes in order to permit proper evaluation of the agencies' activities in terms of manpower utilization.

**Suboffices in Los Angeles County**

In Los Angeles County the staff is distributed between the main office in downtown Los Angeles and four suboffices as shown in Table 5.

Department of Alcoholic Beverage Control—Continued

Table 5. Distribution of Staff, by Location and Class, Los Angeles County

Class	Total	Los Angeles	Long Beach	Inglewood	Van Nuys	Pasadena
Area administrator	1	1	—	—	—	—
Assistant area administrator	1	1	—	—	—	—
Supervising agent II	1	1	—	—	—	—
Supervising agent I	13	9	1	1	1	1
Agent	66	47	6	5	4	4
Attorneys	2	2	—	—	—	—
Auditors	3	3	—	—	—	—
Hearing officers	4	4	—	—	—	—
Hearing reporters	4	4	—	—	—	—
Clerical	30	23	2	2	2	1
<b>Total</b>	<b>125</b>	<b>95</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>6</b>

We are not convinced that this is the best possible arrangement since if decentralized administration is the objective, why should 76 percent of the staff be concentrated in the main Los Angeles office, and if a highly centralized administration is desirable, why not close the sub-offices? We believe this problem should be given further study.

**ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD**

ITEM 230 of the Budget Bill

Budget page 838  
Budget line No. 7

**FOR SUPPORT OF ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD FROM THE GENERAL FUND**

Amount requested	\$89,186
Estimated to be expended in 1955-56 Fiscal Year	79,788
<b>Increase (11.8 percent)</b>	<b>\$9,398</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$782	\$782	—	838 43
Operating expense	6,575	6,575	—	838 55
Equipment	2,041	536	\$1,505	838 58
<b>Total increase</b>	<b>\$9,398</b>	<b>\$7,893</b>	<b>\$1,505</b>	<b>838 60</b>

**RECOMMENDATIONS**

Amount budgeted	\$89,186
Legislative Auditor's recommendation	87,681
<b>Reduction</b>	<b>\$1,505</b>

**ANALYSIS**

The Alcoholic Beverage Control Appeals Board, consisting of three members, was created effective January 1, 1955, by a constitutional amendment adopted by the voters on November 2, 1954, and its function is to hear appeals from decisions of the Department of Alcoholic Beverage Control ordering penalty assessments, issuing, denying, transferring, suspending, or revoking licenses. The board is limited in its jurisdiction to the consideration of the records of the department and the briefs filed by the parties and can consider no additional evidence.



Alcoholic Beverage Control Appeals Board—Continued

The members are appointed by the Governor subject to confirmation by the Senate and may be removed from office by the Governor and also under certain conditions by the Legislature. Since the Constitution does not specify a term of office for members of the appeals board, it appears to us that in effect they serve at the pleasure of the Governor.

The budget as approved by the Legislature for 1955-56 contained nine positions instead of the eight indicated on Budget page 8, line 43. An authorized position for a hearing reporter, which had never been filled, was dropped and provision made for using the services of a reporter from another agency on a contract basis. The reporter's salary as originally budgeted was \$5,232 for 1955-56, and the cost of securing the services on a contract basis is estimated at \$940 for the same year, with a resulting saving of \$4,292.

The budget for 1956-57 provides for no new services, the increase of \$9,398 consisting of rent, \$6,575, and additional equipment of \$2,041 of which \$1,505 is for rugs and drapes for the new quarters occupied by the board members in the new Department of Agriculture Building at 1215 O Street, Sacramento.

No detailed justification is submitted indicating the amount proposed to be expended for rugs and for drapes. In view of the language of Section 13 of the Budget Act of 1955, which it is presumed will be contained in the Budget Act of 1956, and which limits expenditures for rugs and carpets to offices of elected officials and department heads, *We recommend deletion of the amount of \$1,505 until determinations have been made by the Director of Finance as to the amount of the expenditure proposed for rugs, the justification for the expenditure and whether the members of the appeals board, and each of them, are department heads within the meaning of the budget section cited.*

The increase in rent is due to the fact that rent for 1955-56 for this agency was included in the budget of the Department of Alcoholic Beverage Control and is offset by a reduction in the rent item for that agency for 1956-57.

We recommend approval of the budget as submitted, subject to the deletion of \$1,505 previously mentioned.

Headquarters of Board Members

A somewhat anomalous situation appears to exist with respect to the headquarters of the board members.

The Constitution provides that "each member, at the time of his initial appointment, shall be a resident of a different county from the one in which either of the other members resides." The three present members were residents of San Francisco, Alameda, and Sacramento Counties at the time of their appointments, and are still residents of these counties with headquarters established therein for purposes of claiming travel expenses.

There is nothing in the Constitution or the law relating to the Alcoholic Beverage Control Appeals Board which specifically states that the board members positions are full-time jobs, but it appears to us from the salary of \$12,000 per year set for the positions by the enabling act (Chapter 20, Statutes of 1954, First Extraordinary Session) that it was probably the intent of the Legislature that the appeals board members

**Alcoholic Beverage Control Appeals Board—Continued**

should devote their full time to their duties. This being true it appears to us that headquarters of the board members should be in Sacramento where its offices are maintained, and we do not believe that funds should be provided for travel in excess of those required if all board members should reside in Sacramento. Funds for travel in the budget as submitted are computed on that basis.

We believe that headquarters for individual board members at places other than Sacramento are justified only in the case of part-time boards, and if it should develop that the work load is not sufficient to constitute membership on the Alcoholic Beverage Control Appeals Board a full-time job, it appears to us that a salary of \$12,000 per year is inappropriate.

**DISTRICTS SECURITIES COMMISSION**

ITEM 231 of the Budget Bill

Budget page 839  
Budget line No. 7

**FOR SUPPORT OF DISTRICTS SECURITIES COMMISSION FROM THE GENERAL FUND**

Amount requested .....	\$49,853
Estimated to be expended in 1955-56 Fiscal Year.....	47,887
<hr/>	
Increase (4.1 percent) .....	\$1,966

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages.....	\$1,189	\$1,189	--	839 45
Operating expense.....	995	995	--	839 60
Equipment .....	—218	—218	--	839 66
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Total increase .....	\$1,966	\$1,966	--	839 68

**RECOMMENDATIONS**

Amount budgeted .....	\$49,853
Legislative Auditor's recommendation.....	49,853
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Reduction .....	None

**ANALYSIS**

The Districts Securities Commission directs and supervises certain of the fiscal and physical affairs of irrigation and other districts and municipalities of the State.

The request for support of the commission shows an increase of \$1,966, or 4 percent, over estimated expenditures of \$47,887 for the current year. The request is based on the existing level of service and continued increase in work load. One clerical position which has been on a temporary basis since 1954 is now budgeted as a proposed permanent position. It appears that the services required now constitute a full-time job, and money for temporary help has been reduced to partially compensate for the cost of the position on a permanent basis and allow some money for vacation or emergency replacement of personnel.

We recommend approval of the amount requested.

**HORSE RACING BOARD**

ITEM 232 of the Budget Bill

Budget page 840  
Budget line No. 7

**FOR SUPPORT OF HORSE RACING BOARD FROM THE FAIR AND EXPOSITION FUND**

Amount requested .....	\$152,727
Estimated to be expended in 1955-56 Fiscal Year .....	144,902
Increase (5.4 percent) .....	\$7,825

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$6,171	\$939	\$5,232	840 35
Operating expense .....	1,571	571	1,000	840 57
Equipment .....	83	83	--	841 1
Total increase .....	\$7,825	\$1,593	\$6,232	841 7

**RECOMMENDATIONS**

Amount budgeted .....	\$152,727
Legislative Auditor's recommendation .....	147,495
Reduction .....	\$5,232

The Horse Racing Board is vested with all powers necessary and proper to enable it to carry out fully and effectually the purpose of the Racing Act, and is given full power to prescribe rules, regulations and conditions under which race meetings shall be conducted.

The board licenses, regulates and supervises all horse racing where there is pari-mutuel betting. The board also licenses trainers, jockeys, track officials, and other persons employed by the racing associations.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$152,727, an increase of \$7,825, or 5.4 percent over the estimated expenditures of \$144,902 for 1955-56.

There are four race track investigator positions presently authorized. The agency is requesting an increase of one position of race track investigator to increase the number of positions in that category to five.

*1 Race Track Investigator (Budget page 840, line 40) .....* \$5,232

The request by the agency for the addition of one race track investigator is based primarily on an anticipated increase in racing days.

*We recommend deletion of the above position.*

The number of racing days estimated for 1956-57 is 510 which is the same number of days estimated for 1955-56. Even compared with 1954-55 when there were 468 racing days, the increase in racing days amounts to only 9 percent; whereas, the requested increase in positions is 25 percent. The agency made no request last year for any additional investigators.

Data have not been furnished by the agency to show an increase in the number of investigations or disciplinary actions or complaints of violations.

Justification for the position is submitted in the form of a proposed staffing pattern for 1956-57 which is based on a staff of five investigators. This staffing pattern appears to be inconsistent from the point of

## Horse Racing Board—Continued

view of probable investigative work load generated by race meets of different size and composition.

The disparity in assignments for 1956-57 as between tracks of various size is reflected below:

Track	Track date †	* No. of invest.	Average attendance		Average handle	
			Daily †	Per invest.	Daily †	Per invest.
Hollywood						
Park -----	July 10-14	2	28,734	14,367	\$2,070,031	\$1,035,015
Solano Co. Fair	July 10-14	3	4,479	1,493	287,144	95,715
Del Mar -----	July 26-28	2	10,190	5,455	835,676	417,838
Sonoma Co. Fair	July 26-28	3	7,763	2,588	268,204	89,401
Santa Anita ---	Jan. 1-31	4	25,289	6,322	1,889,475	472,369
Alameda Co. Fair	June 24-29	3	6,558	2,186	339,475	113,158

\* Proposed 1956-57 staffing pattern, California Horse Racing Board.

† 1955 data from California Horse Racing Board.

‡ Sample dates, inclusive, for 1956-57.

Another example of inconsistency is the fact that the proposed staffing pattern would assign only one investigator to the three preracing days at the San Joaquin County Fair but would provide three investigators for the three preracing days at the San Mateo County Fair.

Data from the latest audit reports of the Department of Finance indicates that the average daily handle at San Mateo has been approximately only twice that of San Joaquin. Further, the average daily attendance at San Mateo is indicated to have been only about one and one-half times that of San Joaquin.

Since both attendance and daily handle bear upon the total problem in terms of the scope of the race meet, these elements do not seem to have been followed in determining assignment of investigative personnel.

It should be noted that this position request was originally justified by the agency on the grounds that it was needed to make fire protection inspections of racing premises, which is required by Section 1992 of the Administrative Code.

It was subsequently pointed out to the agency that the fire inspection required by that section was the responsibility of the licensee and was to be accomplished for the licensee by the Fire Marshal or other fire inspection authorities and not by the board's investigators. To the extent that the board now ceases to make fire inspections which are not required of it and which are duplicative of the work of fire authorities, it will have additional investigative staff time available without increasing staff.

It should also be noted that the position justification submitted with the board's request for a new investigative position shows that the position is estimated to spend 40 percent of the time in the duty of " \* \* \* ejects or secures the arrests from the track of touts, undesirables, and those persons engaged in inimical practices." We raise the question as to whether the policing of the race track audience is primarily a responsibility of the Horse Racing Board. It seems to us the responsibility for law and order at the track is primarily the responsibility of the local law enforcement authorities, and secondarily the responsibility of the licensee, and only then a responsibility of the

## Horse Racing Board—Continued

Horse Racing Board. Generally, local police authorities assign their own personnel to the tracks for this very purpose, and generally, the licensee also makes provision for policing by hiring private policemen. If the reason for the disparity of assignments as shown in the table above is the extent to which the licensee provides police service, we would suggest that the board has no more responsibility at a small track than at a large one.

We would agree that the Horse Racing Board has a legitimate interest in the kind and extent of police protection which is available at any race meet. We question whether that interest is properly served by assigning board investigators to do the work of policemen. We believe that there are two ways in which the board can discharge its responsibility for law enforcement; one of these is to take the full responsibility for law enforcement at a track by being able to supply all of the required personnel if the licensee and the local authorities fail in their responsibility. The other way is to use the board's power of granting or refusing to grant a license for a race meet unless assured that adequate police protection is available at the meet. Inasmuch as this is the method provided to insure fire protection we believe it will work equally well to insure police protection. If the use of investigative personnel to duplicate the fire protection authorities' work is an improper investigative function, then the use of such investigative personnel to provide ordinary police protection is equally unnecessary. If the board will cease assigning investigative staff to this police work, it will have available to it 40 percent more investigative staff time without increasing the number of positions. It will also be able to assign investigative staff on a case basis instead of on a track basis, which should enable the board to do a more effective job of regulating horse racing.

The agency has also submitted a record of excess hours, overtime and vacation credit for the four existing positions of race track investigator and the one position of chief investigator currently authorized in support of its request for the added position.

An examination of this schedule indicates that out of the 201 days of excess hours, overtime or holidays, and vacation credit, a total of 110 days, or 55 percent, is for vacation credits.

To this extent, the proposal appears to involve the policy of hiring investigators on the basis of providing for vacation relief.

As a practical matter, from the amount of vacation time credited to one of the positions, 36½ days, it is indicated that the report covers a cumulative period of over two years. If this be so, then the total remaining excess time recorded for "excess hours" and "overtime work on holidays" averages only nine days per position per year.

It is also noteworthy that the schedule is dated as of September 30, 1955, which approximates the end of the racing season, when investigators can begin to arrange their time worked to the 40 hours per week allowable in accordance with personnel board rules governing employees in work week classification 4C.

Horse Racing Board—Continued

Good administrative practices dictate that vacations be taken on an annual basis in order that excess accruals of time allocated to the employee for this purpose will not be lost to the employee.

We suggest that the board follow this practice in the interest of good procedure and economy, prior to requesting additional positions.

Revenue as of June 30, 1957, is estimated at \$26,064,000, an increase of \$474,550 or 1.8 percent over the period ending June 30, 1956.

Revenues are allocated as follows:

Fair and Exposition Fund.....	\$18,340,000
General Fund .....	5,390,000
Wild Life Restoration Fund.....	813,000
State College Fund.....	1,521,000
<b>Total .....</b>	<b>\$26,064,000</b>

**Department of Investment  
BANKING DEPARTMENT**

ITEM 233 of the Budget Bill

Budget page 842  
Budget line No. 6

**FOR SUPPORT OF THE BANKING DEPARTMENT FROM THE STATE  
BANKING FUND**

Amount requested .....	\$429,046
Estimated to be expended in 1955-56 Fiscal Year.....	380,616
<b>Increase (12.7 percent) .....</b>	<b>\$48,430</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages.....	\$44,958	\$44,958	--	842 70
Operating expense .....	3,877	3,877	--	843 17
Equipment .....	-405	-405	--	843 24
<b>Total increase .....</b>	<b>\$48,430</b>	<b>\$48,430</b>	<b>--</b>	<b>843 26</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$429,046
Legislative Auditor's recommendation.....	429,046
<b>Reduction .....</b>	<b>None</b>

**ANALYSIS**

The request for support of the State Banking Department represents an increase of \$48,430 or 12.7 percent over estimated expenditures of \$380,616 in the current year.

The banking business of the State continues to grow steadily as is indicated in statistics on state-supervised banks which reflect an increase in the number of banks and branches combined from 329 offices in 1951 to 369 in 1954, and an estimated 393 for 1955. Dollar volume of assets for these banks shows an increase from approximately \$3,936,600,000 in 1951 to an estimated \$5,500,000,000 in 1955, an increase of 40 percent, while dollar volume of bank loans is expected to rise from \$1,576,000,000 in 1951 to \$2,455,241,000 in 1955, or an increase of 55.8 percent in the four-year period.

**Banking Department—Continued**

The department has encountered difficulty in the recruitment of examiner personnel and, as a result, a backlog has built up. However, with the filling of vacancies in the current year and two additional examiners requested for 1956-57, it is estimated that the backlog can be eliminated and additional work load met. We recommend that the two additional examiner positions be approved and that every effort be made to fill these positions as soon as possible. We also recommend that the two clerical positions be approved. This will provide a reasonable ratio of typists to examiners and expedite the work of the examiners.

The State Banking Department is supported from the Banking Fund to which accrues assessments and other fees levied on the banking business under state regulations. The fund surplus is estimated at \$808,887 at the end of 1956-57, or approximately the equivalent of the cost of operations for two years.

**Department of Investment  
DIVISION OF CORPORATIONS**

ITEM 234 of the Budget Bill

Budget page 844  
Budget line No. 7

**FOR SUPPORT OF DIVISION OF CORPORATIONS FROM THE  
GENERAL FUND**

Amount requested -----	\$839,260
Estimated to be expended in 1955-56 Fiscal Year -----	745,888
<b>Increase (12.5 percent) -----</b>	<b>\$93,372</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$123,734	\$100,214	\$23,520	845 18
Operating expense -----	10,512	8,212	2,300	845 37
Equipment -----	8,976	5,882	3,094	845 44
Less: increased reimbursements --	-49,850	-20,936	-28,914	845 51
<b>Total increase -----</b>	<b>\$93,372</b>	<b>\$93,372</b>	--	<b>845 53</b>

**RECOMMENDATIONS**

Amount budgeted -----	\$839,260
Legislative Auditor's recommendation -----	839,260
<b>Reduction -----</b>	<b>None</b>

**ANALYSIS**

The request for support of the Division of Corporations represents an increase of \$93,372 or 12.5 percent over estimated expenditures for support in the current year. Revisions in the current year's budget consist of salary and wage adjustments, and while some additional expense was incurred due to unanticipated work load and price increases, it was more than offset by increased reimbursements. The division realized a saving in the budgeted amount for equipment. This was accomplished by purging its files and through the acquisition of needed equipment which was released by another state agency during the year.

The proposed increase in the division's budget is based on anticipated increase in work load, backlog of work, and greater regulation

**Division of Corporations—Continued**

of escrow agents licensed by the division. To compensate for additional work to be done at the existing level of service the agency has requested additions of 14 technical and 8 clerical positions. The work load estimates appear to be supportable and, in view of present trends in business generally, the request appears to be reasonable.

In addition to the cost of doing business at the existing level of service, the division has requested approval of an additional sum of \$28,914, which would be offset through reimbursements. The request is made to enable the division to accomplish greater coverage in the regulation of the business of escrow agents licensed by the division. Although the law does not make annual examinations of this business mandatory, as is the case in the regulation of other financial activities under the supervision of the division, the division feels that greater coverage of this business should be accomplished, and to do so additional manpower will be needed. Six additional positions are requested for this program.

As a result of 1955 legislation (Chapter 250) the division is now enabled to recover the cost of examinations from the escrow business. Annual examinations of each such licensee was not made mandatory, however, and the degree of coverage is within the discretion of the division. While this is a policy matter to be considered in the hearing of the division's request, we wish to point out that we are advised that serious defalcations have occurred within the operations of certain escrow agents, and we feel that the agency should attempt greater coverage of such examinations.

An indication of the growth of business under the regulation of the division may be shown in the following table and text:

**Comparative Data on Revenues, Expenditures and Securities Activities**

<i>Fiscal year</i>	<i>Revenue</i>	<i>Expenditures</i>	<i>Securities activities applications</i>
1951-52 -----	\$932,500	\$664,100	20,400
1952-53 -----	1,000,236	778,700	22,000
1953-54 -----	1,120,200	780,900	24,500
1954-55 -----	1,475,279†	821,000	30,800
1955-56* -----	1,698,875†	932,300	34,700
1956-57* -----	1,976,850†	1,075,500	39,500

\* Estimated.

† Sums of \$153,085, \$186,400, and \$236,250 shown as reimbursements in the budget for the respective years are treated as revenue in the table for purposes of comparison with prior years.

As indicated in the above table, the total of securities applications are estimated at 39,500 for the budget year. This represents an increase of approximately 14 percent over the current year and a 94 percent increase in the five-year period. A comparison between income and outgo shows that revenues exceeded expenditures by \$286,400 in 1951-52, while the estimates for 1956-57 show a revenue excess of \$901,350. This is the only agency within the Department of Investment that operates from the General Fund.

Other fields of financial activities under the supervision of the division include personal property and small loan brokers, credit unions, and industrial loan companies, each of whose books must be examined annually as required by law. In addition, the division examines the business of certain escrow agents and that of the check sellers and cashers licensed by the State. These activities have shown considerable growth in the last five years. The number of licensed personal property



## Division of Corporations—Continued

brokers estimated for 1956-57 indicates an increase of 46 percent, the number of industrial loan companies up 97 percent, the number of escrow agents up 30 percent, while the number of credit unions have more than doubled, going from 269 in 1951-52 to an estimated 605 in 1956-57.

**Department of Investment**  
**DEPARTMENT OF INSURANCE**

ITEM 235 of the Budget Bill

Budget page 846  
Budget line No. 7

**FOR SUPPORT OF DEPARTMENT OF INSURANCE FROM THE  
INSURANCE FUND**

Amount requested .....	\$1,466,863
Estimated to be expended in 1955-56 Fiscal Year .....	1,455,446
Increase (0.8 percent) .....	\$11,417

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	—\$26,645	—\$26,645	—	852 22
Operating expense .....	28,168	28,168	—	852 23
Equipment .....	—7,780	—7,780	—	852 24
Less: Decreased reimbursements .....	17,674	17,674	—	852 33
Total increase .....	\$11,417	\$11,417	—	852 35

**RECOMMENDATIONS**

Amount budgeted .....	\$1,466,863
Legislative Auditor's recommendation .....	1,466,863

Reduction .....	None
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**ANALYSIS**

The request for support of the Department of Insurance for the 1956-57 Fiscal Year represents an increase of \$11,417, or eight-tenths of one percent over \$1,455,466 estimated to be expended in 1955-56. The budget for the current year has been augmented with an emergency authorization of \$12,641 to defray added cost occasioned by 1955 legislation.

The budget for the department does not contemplate increasing the present staff. The retention of one investigator position, which has been extended for the last two years on a temporary basis, is requested to expedite the work of the licensing section. Additional work has devolved upon this section due to 1955 legislation (Chapter 1965) which requires prior approval by the Insurance Commissioner of fire and casualty training courses. We recommend that the request be approved.

The department proposes to consolidate the work of conservatorship and liquidation with that of the Examination and Financial Analysis Division, rather than maintain a separate unit for this type of activity. Although it is difficult to predict what, if any, additional work may arise in the future, it appears that the work load of conservation and liquidation is expected to decrease to some extent in the budget year; consequently, three existing positions are to be dropped, while two

**Department of Insurance—Continued**

remaining positions will be transferred along with the existing work load.

The major increase in the budget for the department is in the cost of rental of office space. This is due to retention of space in the San Francisco office at a higher rental rate under a new lease. Some increase in travel is budgeted; however, it is more than offset by elimination of the position of assistant commissioner. The position is now vacant due to retirement of the person who was in the job, and the commissioner will endeavor to absorb the activities of the position within the existing staff.

An indication of continued growth of the insurance business of the State is reflected in the following statistics.

	<i>California premiums</i>	<i>Premium tax to General Fund</i>	<i>Licenses issued and renewed (fiscal year)</i>
1952-----	\$1,644,512,000	\$34,326,344	---
1953-----	1,852,628,000	38,492,107	\$102,291
1954-----	1,911,135,000	39,090,883	118,320
1955*-----	1,950,000,000	39,500,000	123,527
1956*-----	2,000,000,000	40,000,000	127,500

\* Estimated.

As shown above, dollar volume of premiums is estimated to reach 2 billion dollars in 1956 as compared to approximately 1.6 billion dollars in 1952, while premium tax to the General Fund is estimated to reach 40 million dollars, or 16.5 percent more than that of 1952. The number of licenses issued and renewed are shown to have increased by approximately 25 percent since 1952-53, and are estimated to reach 131,400 in the 1956-57 Fiscal Year.

The Department of Insurance is supported from assessments the revenues from which accrue to the Insurance Fund. The fund statement shows an estimated surplus of \$2,000,000 as of June 30, 1957.

**Department of Investment  
DIVISION OF REAL ESTATE**

ITEM 236 of the Budget Bill

Budget page 853  
Budget line No. 7

**FOR SUPPORT OF DIVISION OF REAL ESTATE FROM THE  
REAL ESTATE FUND**

Amount requested -----	\$1,154,807
Estimated to be expended in 1955-56 Fiscal Year -----	1,018,865
<b>Increase (13.3 percent) -----</b>	<b>\$135,942</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages-----	\$112,952	\$48,632	\$64,320	854 27
Operating expense -----	8,038	—4,604	12,642	854 54
Equipment. -----	14,952	9,044	5,908	854 62
<b>Total increase -----</b>	<b>\$135,942</b>	<b>\$53,072</b>	<b>\$82,870</b>	<b>854 64</b>

## Division of Real Estate—Continued

## RECOMMENDATIONS

Amount budgeted .....	\$1,154,807
Legislative Auditor's recommendation .....	1,121,937
Reduction .....	\$32,870

## ANALYSIS

The request for \$1,154,807 support of the division represents an increase of \$135,942, or 13.3 percent over the estimated cost for 1955-56.

The budget for the current year indicates that augmentations in the amount of \$29,522 have been authorized. The augmentations are explained as being due to unanticipated price increases, greater work load than anticipated, rental increases and moving estimated at approximately \$7,000, an increase of \$12,000 in services of the Office of Attorney General due chiefly to new legislation, additional office expense and supplies including reconversion of files—\$4,500—and other miscellaneous items.

The proposed budget for 1956-57 contains requests for 26 new positions and related expenses. Of the 26 positions, 14 are deputy and 12 are clerical. The request is explained as follows:

## Increase Work Load

Twelve of the proposed new positions: four deputy and eight clerical are requested on the basis of increases in work load due to expansion of the real estate business generally. Some indication of the work load and anticipated expansion is shown on page 853 of the budget. While we recognize that the over-all work load will continue to increase in the ensuing year, we note that increases percentage-wise for 1956-57 over 1955-56 are either greater or equal to the estimated increases for 1955-56 over 1954-55. In view of this, we recommend that a careful review of the trends of work load be made prior to the placement of additional personnel.

## Expansion of Service

The budget proposes an expansion of staff by an addition of 10 deputy and four clerical positions. The proposal is based on expansion of the division's examination procedures for licensing due to 1955 legislation (Chapter 1837). The new legislation, in effect, directs the commissioner to provide an additional or a follow-up examination of all applicants who qualify for an original license. In other words, if an applicant passes a qualifying examination for an original license, which under the new provisions of law is now temporary, he must, sometime between the ninth month and the twelfth month from the date of passing the first examination, take and pass a second examination before becoming eligible for a renewal license.

The proposed procedure goes beyond a second written examination in providing for oral examinations also. The orals are to be heard by two boards composed of three deputies each. This appears to be a costly program, as is indicated by the number of additional personnel requested with an over-all estimated cost of \$82,870, and particularly so when considering that the Real Estate Fund is fast becoming depleted. This is discussed in the following paragraph. It is noted that other legislation considered at the 1955 Session which would have provided

**Division of Real Estate—Continued**

for the levying of a \$5 fee for any examination other than the original examination did not become law. In view of this, and, inasmuch as the amended law now in effect does provide for a second qualifying examination, we recommend that the new examination procedure be considered on the basis of the minimum of expense to meet the requirements of the law, and that there be approved an amount not to exceed \$50,000 for this purpose. We further recommend that the Department of Finance undertake a study of the examination procedure to determine whether there could be a more expeditious and economical procedure developed. This will reduce the budget request for this activity by approximately \$32,870 and at the same time preclude drawing on the surplus in the Real Estate Fund to this extent.

The fund surplus has been diminishing quite rapidly in the past three years as is shown by the estimates on page 855 of the budget. Whereas the surplus as of June 30, 1955, was \$1,328,931, it will be reduced to an estimated \$1,106,601 in 1955-56, and reduced further to an estimated \$839,705 as of June 30, 1957. Thus, on the basis of estimates contained in this budget, the fund surplus would have been reduced by \$489,226 or 36.8 percent since June 30, 1955. However, all of the outgo from the fund has not been for support of the division as is indicated in the fund statement, which shows that an estimated \$276,191 will have gone to the University of California in support of the California Institute of Real Estate, in the three-year period.

In connection with the licensing activities of the division, it is noted that in the provisions of the legislation which did not become law, as previously mentioned, it was proposed that licenses be issued on a four-year staggered basis. It has been stated that such a procedure would lend itself to a mechanized punch card operation which would expedite the work and substantially reduce the cost of licensing. We believe that further exploration and consideration of such prospects for economy should be pursued and, if deemed feasible and economical, the necessary implementation through legislation should be considered at the 1957 General Session of the Legislature.

One of the accomplishments of the Division of Real Estate in the past year which we believe deserves comment is the development of an operating manual for the orientation, guidance, and education of the staff. We believe that this is a step forward and should promote efficiency through better understanding of the agency's operational pattern and greater knowledge of what is expected of each employee.

**Department of Investment  
DIVISION OF SAVINGS AND LOAN**

ITEM 237 of the Budget Bill

Budget page 856  
Budget line No. 7

**FOR SUPPORT OF DIVISION OF SAVINGS & LOAN FROM THE  
SAVINGS AND LOAN INSPECTION FUND**

Amount requested .....	\$315,614
Estimated to be expended in 1955-56 Fiscal Year .....	288,255
Increase (9.5 percent) .....	\$27,359

## Division of Savings and Loan—Continued

## Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$22,051	\$22,051	--	856 58
Operating expense -----	8,431	8,431	--	857 19
Equipment -----	—3,123	—3,123	--	857 27
Total increase -----	\$27,359	\$27,359	--	857 34

## RECOMMENDATIONS

Amount budgeted -----	\$315,614
Legislative Auditor's recommendation -----	315,614
Reduction -----	None

## ANALYSIS

The budget for the Division of Savings and Loan calls for an increase of \$27,359, or 9.5 percent, over estimated expenditures of \$288,255 for the current year. The budget has been augmented in the current year by \$11,814 in salary increase authorizations and an emergency authorization of \$3,075 to take care of deficiencies in travel expenses and printing, and to meet unanticipated higher rental cost for the San Francisco office.

The request for support for the 1956-57 Fiscal Year is based on anticipated increases in work load due to expansion in existing associations and the licensing and regulation of new associations.

An indication of continued growth of the savings and loan business under state regulation is reflected in statistics which show the number of associations to increase from 129 associations and 68 branch offices in 1954 to an estimated 170 associations with 81 branches for 1956. This represents an increase of 32 percent in the number of associations and 19 percent in the number of branch offices for the period. Dollar volume of assets are shown to increase from approximately \$1,663,700,000 on December 31, 1954, to an estimated \$2,340,000,000 at June 30, 1956, or a rise of \$676,300,000, or 40.6 percent, in the 18 months period. The number of loans in force are shown to increase from 238,400 as of December 31, 1954, to 314,700 at June 30, 1956, or an increase of 76,300, or 32 percent.

To compensate for the additional work load anticipated for the 1956-57 Fiscal Year, the division has requested approval of two additional examiner Grade II positions and an additional clerical position. We believe that the estimates of work load are supportable, and in view of present trends in business, we recommend approval of the request for support of the division for the 1956-57 Fiscal Year.

The division states that during the past year it has developed and pursued a program of greater efficiency, with emphasis on more efficient utilization of personnel and facilities through better job scheduling, better job training with greater work diversification, and standardization of examination procedures.

The Division of Savings and Loan is supported by appropriations from the State Savings and Loan Inspection Fund, to which accrues collections of fees and assessments levied on the savings and loan associations. The fund shows an accumulated surplus estimated at \$319,654

**Division of Savings and Loan—Continued**

as of June 30, 1957, or approximately equal to the cost of one year's operation of the division.

**BOARD OF OSTEOPATHIC EXAMINERS**

ITEM 238 of the Budget Bill

Budget page 858  
Budget line No. 8

**FOR SUPPORT OF BOARD OF OSTEOPATHIC EXAMINERS FROM THE CONTINGENT FUND OF THE BOARD OF OSTEOPATHIC EXAMINERS**

Amount requested .....	\$53,350
Estimated to be expended in 1955-56 Fiscal Year.....	51,460
<b>Increase (3.7 percent).....</b>	<b>\$1,890</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages.....	\$600	\$600	--	858 51
Operating expense .....	268	268	--	858 72
Equipment .....	1,022	1,022	--	858 78
<b>Total increase .....</b>	<b>\$1,890</b>	<b>\$1,890</b>	<b>--</b>	<b>858 80</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$53,350
Legislative Auditor's recommendation.....	53,350
<b>Reduction .....</b>	<b>None</b>

The Board of Osteopathic Examiners examines, licenses and regulates physicians who are graduates of osteopathic colleges.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$53,350, an increase of \$1,890, or 3.7 percent over the estimated expenditures of \$51,460 for the current year.

Revenues for the 1956-57 Fiscal Year are estimated at \$49,850, an increase of \$125 or 0.3 percent over the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1957, is estimated at \$50,589, a decrease of \$5,588 or 9.9 percent below the estimated surplus for the current year.

The budget for the current year has been augmented by an emergency authorization in the amount of \$2,200. This was for the following:

Salaries and wages—\$2,200

The emergency authorization was due to a salary adjustment for the position of attorney (part time). Salary was increased from \$2,400 per year to \$3,600 and service charges for appearing in court were increased from \$500 to \$1,500 per year.

We recommend approval of the budget as submitted.

**BOARD OF PILOT COMMISSIONERS FOR THE HARBOR OF SAN DIEGO**

ITEM 239 of the Budget Bill

Budget page 860  
Budget line No. 10

**FOR SUPPORT OF BOARD OF PILOT COMMISSIONERS FOR THE HARBOR OF SAN DIEGO FROM THE GENERAL FUND**

Amount requested .....	\$1,000
Estimated to be expended in 1955-56 Fiscal Year .....	895
<b>Increase (11.7 percent) .....</b>	<b>\$105</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$150	\$150	---	860 27
Operating expense .....	5	5	---	860 34
Equipment .....	—50	—50	---	860 37
<b>Total increase .....</b>	<b>\$105</b>	<b>\$105</b>	<b>---</b>	<b>860 39</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$1,000
Legislative Auditor's recommendation .....	1,000
<b>Reduction .....</b>	<b>None</b>

**ANALYSIS**

We recommend approval of \$1,000 for support of the board in the 1956-57 Fiscal Year.

It is noted that the appropriation for support of the board appears for the first time in the Budget Act of 1955, and a brief explanation for this follows:

The Board of Pilot Commissioners for the Harbor of San Diego is provided for in Sections 1350 to 1399 of the Harbors and Navigation Code. The functions of the board are to license and regulate activities concerned with pilotage in San Diego Harbor.

Prior to 1955, the revenues collected by the board constituted compensation for its members and, while the board was a state agency, it was not directed by law to deposit such revenue as it collected in the State Treasury; thus accounting of its financial transactions to the State was not required. This situation was called to the attention of the Legislature at its 1955 Session and the code was amended whereby the board was placed under budgetary control and all future revenue collected by the board will be deposited in the State's General Fund.

Revenues collected by the board are estimated to run approximately \$3,000 annually, or \$2,000 over expenditures.

**BOARD OF PILOT COMMISSIONERS**

ITEM 240 of the Budget Bill

Budget page 861  
Budget line No. 7

**FOR SUPPORT OF BOARD OF PILOT COMMISSIONERS FROM THE PILOT COMMISSIONERS' SPECIAL FUND**

Amount requested .....	\$13,061
Estimated to be expended in 1955-56 Fiscal Year .....	13,091
<b>Decrease (0.2 percent) .....</b>	<b>\$30</b>

Board of Pilot Commissioners—Continued

**RECOMMENDATIONS**

Amount budgeted .....	\$13,061
Legislative Auditor's recommendation .....	13,061
Reduction .....	None

The Board of Pilot Commissioners is composed of three members who are charged with the responsibility of qualifying applicants as pilots to operate vessels on San Francisco, Suisun and San Pablo Bays.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$13,061, a decrease of \$30 or 0.2 percent below the estimated expenditures of \$13,091 for the current year.

Revenues for the 1956-57 Fiscal Year are estimated at \$38,000 which compares with the same figure for 1955-56.

Pursuant to Section 1159 of the Harbor and Navigation Code, all surplus in excess of \$6500 in the Pilot Commissioners Special Fund as of June 30 of each year is transferred to the General Fund. It is estimated that this surplus will amount to \$24,574 as of June 30, 1957.

We recommend that the budget be approved as submitted.

**Department of Professional and Vocational Standards**

**DEPARTMENTAL ADMINISTRATION**

Budget page 864  
Budget line No. 7

**FOR SUPPORT OF THE DEPARTMENTAL ADMINISTRATION FROM THE PROFESSIONAL AND VOCATIONAL STANDARDS FUND**

Amount requested .....	\$442,741
Estimated to be expended in 1955-56 Fiscal Year .....	487,607
Decrease (9.2 percent) .....	\$44,866

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	—\$17,874	—\$17,874	—	866 37
Operating expense .....	—30,882	—30,882	—	866 38
Equipment .....	3,890	3,190	700	866 39
Total increase .....	—\$44,866	—\$45,566	\$700	866 41

**RECOMMENDATIONS**

Amount budgeted .....	\$442,741
Legislative Auditor's recommendation .....	442,041
Reduction .....	\$700

The Department of Professional and Vocational Standards was created for the purpose of administering laws, regulating and protecting private business, and licensed professions and callings and penalizing violations thereof as set forth in the Business and Professions Code.

The department performs all accounting, personnel, and fiscal work for the 29 boards and commissions under the Department of Profes-



Departmental Administration—Continued

sional and Vocational Standards. It acts as a liaison with all governmental agencies, prepares the budget, and exercises budgetary control over all units within the department, and manages the Business and Professions Building and Annex.

ANALYSIS

Proposed expenditures for the 1956-57 Fiscal Year are \$442,741, a decrease of \$44,866 or 9.2 percent below the estimated expenditures of \$487,607 for the current year.

We note that \$700 has been requested for the purchase of a rug for the office of the director. Inasmuch as justification has not been furnished by the department on the necessity of replacing this item, and in view of the fact that Section 13 of the Budget Act of 1955 requires the detailed reporting of all rugs and carpets purchased for elective officers and other department heads, we believe that full information on the need for this item should be furnished to the Legislature.

*For the above reasons we recommend that this item be deleted from the budget.*

Generally speaking, equipment justifications are wholly lacking in the various agencies in Professional and Vocational Standards.

We recommend that the Department of Finance implement budget practices in connection with all the agencies of Professional and Vocational Standards by requiring that these agencies submit equipment check sheets for all items of equipment similar to the check sheet utilized by some of the larger agencies like Youth Authority and Corrections. We can see no validity in requiring different standards of justification between agencies.

The previous recommendations of this office for the establishment of an investigative pool, as well as a stenographic and clerical pool have not been acted upon. We believe that the formation of such a plan would result not only in substantial savings but would achieve more efficient use of personnel as well. Separate pools could be established to take care of the north and south areas with a resultant decrease in travel expense and automotive equipment. By maintaining current up-to-date data on work-load assignments, the central pool could provide prompt and adequate investigative and clerical services whenever and wherever temporary demands for such services exceeded the normal or usual work load.

The success of such plans, especially so in the case of clerical help, both from operating economy and more efficient use of personnel, is well recognized in private industry.

*We recommend that the department take steps to institute the necessary procedures or alternatively furnish evidence that increased efficiency and economy will not be realized.*

The following exemplifies the total number of investigative positions throughout the department, both authorized and proposed for the Fiscal Year 1956-57.

Supervising inspector -----	5
Inspector -----	63
Supervising investigator -----	4
Investigator -----	86

Departmental Administration—Continued

The clerical positions, both authorized and proposed, total 133.6 for the Fiscal Year 1956-57 and the temporary help for the same period totals the equivalent of 24.5 positions.

Unbudgeted Surpluses

The following table shows the estimated unbudgeted surpluses in the special funds of the respective boards in the Department of Professional and Vocational Standards as of June 30, 1957. These total \$3,013,634. Of this amount \$1,892,305 is estimated will be on deposit with the State Treasurer.

The balance of \$1,131,339 represents investments in the Business and Professions Building by some of the boards. If the estimated rate of repayment is maintained, the obligation to the investing agencies can be liquidated in approximately six years.

We reiterate our recommendation that the Legislature explore the possibility of placing a statutory ceiling related to the approximate annual support expenditures, on the amounts which can be on deposit unbudgeted at the end of each fiscal year. Similar action was taken with respect to the Pilot Commissioners Special Fund in 1947, placing a ceiling of \$6,500 on the unbudgeted accumulated surplus and transferring any excess to the General Fund of the State.

Unbudgeted Surpluses

	<i>Investment in Business and Professions Building</i>	<i>Investment in Business and Professions Building Annex</i>	<i>Current surplus exclusive of building investments</i>	<i>Total estimated unbudgeted surplus as of June 30, 1957</i>
Accountancy -----	\$1,188	\$88,673	\$245,817	\$335,678
Architectural				
Examiners -----	---	---	55,104	55,104
Athletic Commission---	---	---	(30,868)*	(30,868)*
Barber Examiners---	530	---	37,936	38,466
Cemetery -----	---	---	22,550	22,550
Chiropractic				
Examiners -----	---	---	94,681	94,681
Civil and Profes-				
sional Engineers---	7,763	93,324	291,313	397,900
Contractors -----	5,197	86,274	128,322	219,803
Cosmetology -----	---	69,028	76,991	146,019
Dental Examiners ---	305	21,570	26,484	48,359
Dry Cleaners -----	---	---	97,013	97,013
Funeral Directors and				
Embalmers -----	453	8,627	29,662	38,742
Furniture and				
Bedding Inspector --	2,310	145,195	10,758	158,263
Guide Dogs for the				
Blind -----	‡	---	---	---
Landscape Architects				
-----	---	---	29,646	29,646
Medical Examiners ---	633	293,500	293,316	587,499
Physical Therapy				
Fund -----	---	---	13,384	13,384
Nurse Examiners-----	932	194,138	103,805	298,925
Optometry -----	---	---	9,347	9,347
Pharmacy -----	---	---	58,361	58,361
Pilot Commissioners †				
-----	---	---	6,500	6,500
Private Investigators				
and Adjusters-----	1,167	94,912	78,323	174,402

Departmental Administration—Continued

Unbudgeted Surpluses—Continued

	<i>Investment in Business and Professions Building</i>	<i>Investment in Business and Professions Building Annex</i>	<i>Current surplus exclusive of building investments</i>	<i>Total estimated unbudgeted surplus as of June 30, 1957</i>
Shorthand Reporters	----	----	31,091	31,091
Social Work				
Examiners	----	----	46,471	46,471
Structural Pest				
Control	----	----	28,016	28,016
Veterinary Medicine	----	----	19,687	19,687
Vocational Nurse				
Examiners	----	----	28,128	28,128
Yacht and Ship				
Brokers	----	----	29,599	29,599
	\$20,578	\$1,100,751	\$1,892,305	\$3,013,634

\* Subject to transfer for the maintenance of Veterans Home in accordance with Section 18634 of the Business and Professions Code. Surplus shown is not included in totals.

† Accumulated surplus which is in excess of \$6,500 as of June 30, 1957, reverts to the General Fund in accordance with Section 1159 of the Harbors and Navigation Code.

‡ Funds for this board are appropriated from the General Fund.

Centralized Services

We again recommend that all mail, cashiering and licensing operations be centralized. The Department of Finance management analysis section supports this recommendation. This service could be provided initially to the agencies located in the Sacramento area as a preliminary to furnishing the services to agencies located in other cities.

*We recommend that the department take immediate steps to institute the necessary procedures, or alternatively, furnish satisfactory evidence that the savings forecast by the management analysis section will not be realized.*

Department of Professional and Vocational Standards

DIVISION OF ADMINISTRATIVE PROCEDURE

ITEM 241 of the Budget Bill

Budget page 868

Budget line No. 7

FOR SUPPORT OF DIVISION OF ADMINISTRATIVE PROCEDURE FROM THE GENERAL FUND

Amount requested	-----	\$150,482
Estimated to be expended in 1955-56 Fiscal Year	-----	125,845
Increase (19.5 percent)	-----	\$24,587

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$22,655	\$9,695	\$12,960	870 9
Operating expense	13,258	13,258	--	870 10
Equipment	1,724	1,724	--	870 11
Increased reimbursements	—13,050	—13,050	--	870 16
Total increases	\$24,587	\$11,627	\$12,960	870 18

Division of Administrative Procedure—Continued

**RECOMMENDATIONS**

Amount budgeted .....	\$150,432
Legislative Auditor's recommendation .....	137,472
	\$12,960
Reduction .....	\$12,960

The Division of Administrative Procedure has three major functions enumerated as follows:

1. To undertake a continuing study of administrative law and procedure, and submit any suggestions for improvements to the Governor, the Legislature and the various state agencies.
2. To furnish trained hearing officers when requested by any state agency conducting quasi-judicial proceedings for disciplinary purposes.
3. The compiling and publishing of rules and regulations for the various state agencies which are published.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are budgeted at \$150,432 from the General Fund, an increase of \$24,587 or 19.5 percent over the Fiscal Year 1955-56.

Of the total amount of \$193,259 expended, \$92,764 or 48 percent is expected to be reimbursed from the special fund agencies which they serve. The balance of \$100,495 together with the amount of \$49,937 totals the proposed amount to be appropriated from the General Fund. Revenue totaling \$5,000 for the General Fund is expected from the sale of administrative codes and regulations.

The budget for the current year has been augmented by an allocation from the Emergency Fund in the amount of \$5,346. This was for the following:

Printing administrative codes and registers—\$10,000.

The authorization was necessitated by additional printing costs not previously estimated. Reimbursements under Section 110.5 of the Business and Professions Code accounted for the balance.

2 Hearing Officer I (Budget page 868, line 61) .....	\$15,456
2 Hearing Reporter (Budget page 868, line 62) .....	\$10,464

The request by the agency for two additional hearing officers to increase the total in this category to seven and for two additional hearing reporters to bring the total of hearing reporters to seven is based on an anticipated increase in the number of hearings and to reduce the delay in waiting for a hearing.

*We recommend that one position of hearing officer and one position of hearing reporter be allowed and that one position of hearing officer and one position of hearing reporter be deleted.*

The work load is reflected by the following:

	1953-54	1954-55	1955-56	1956-57
Cases heard .....	869	956	960	1,100
Number of hearing officers .....	5	5	5	7
Average cases per officer .....	174	191	192	157

If we examine the above statistics, we find that the number of cases per officer averages 186 for the three fiscal periods prior to 1956-57.

## Division of Administrative Procedure—Continued

The projected figures for 1956-57 predicated on a budget request of two additional positions would reduce the number of cases to be heard by each officer to 157, a reduction of 29 cases or 18.5 percent in per man productivity. This decline in case load appears incompatible when compared with a requested staff increase of 40 percent.

We note also from the above totals that for the Fiscal Year 1954-55, a total of 956 cases were heard. The number of cases heard for the 1955-56 period is estimated at 960, an increase of only four cases or .42 percent over the prior period. In 1956-57 the estimated number of cases to be heard totals 1,100, an increase of approximately 142 cases, or 14.8 percent above the last two fiscal periods. We believe this estimate to be high when compared with prior years when the number of cases heard remained fairly constant.

If, however, the forecast of cases to be heard in 1956-57 is accurate, it would still result in a reduction in case load per officer compared with prior years and the saving thus effected will materially reduce the waiting period now being experienced in hearing cases. At the current rate of hearings, stated by the agency to be 960 in the 1955-56 Fiscal Year, the average number of hearings completed by the present staff per month would be 80.

The agency at the time it submitted its budget indicated the setting of hearing dates was currently being delayed about 60 days. Thus, the actual numerical backlog of hearings on a 60-day delayed schedule basis would then be 160. The agency statements indicate that a 30-day setting would provide a workable operating schedule. Thus the numerical backlog to be compensated for by additional personnel is 80 cases.

The table above denoting work load indicates an average annual rate of completion of hearings of 192 per officer, using the 1955-56 average. This, then, is at the rate of 16 cases per month. At the latter rate it would require one hearing officer a period of only five months to dispose of the cases currently representing the excess delay factor.

The allowance of one hearing officer and one hearing reporter will therefore provide the equivalent of a cushion of seven man-months per year or a surplus in excess of 58 percent more hearing-officer time than required to meet the agency request in terms of work load.

This additional extra hearing officer time, over and above stated work load requirements is the equivalent of 42 percent of the time of the one added hearing reporter position which we recommend. This time may be utilized to meet either unforeseen work load increases or to further accelerate the hearing dates of current work load thus reducing delays.

It is therefore clear that the present agency request for two hearing officers is overstated in terms of its stipulated need.

*We recommend, therefore, that one position of hearing officer be deleted. Since the positions of hearing reporter and hearing officer work in conjunction with each other, we also recommend that one position of hearing reporter be deleted.*

It should also be noted that the agency only schedules to recover approximately 48 percent of its total expenditures from reimbursements from other agencies for services rendered.

It is therefore important that total costs of the agency be held to a conservative level commensurate with actual work load requirements.

Division of Administrative Procedure—Continued

Excess staffing will only further increase the operating loss now being experienced.

Department of Professional and Vocational Standards

BOARD OF ACCOUNTANCY

ITEM 242 of the Budget Bill

Budget page 871  
Budget line No. 7

FOR SUPPORT OF BOARD OF ACCOUNTANCY FROM THE ACCOUNTANCY FUND

Amount requested .....	\$169,537
Estimated to be expended in 1955-56 Fiscal Year .....	163,263
<hr/>	
Increase (3.8 percent) .....	\$6,274

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$2,875	\$375	\$2,500	871 50
Operating expense .....	3,476	3,476	--	871 74
Equipment .....	-77	-77	--	871 77
<hr/>		<hr/>		
Total increase .....	\$6,274	\$3,774	\$2,500	871 79

RECOMMENDATIONS

Amount budgeted .....	\$169,537
Legislative Auditor's recommendation .....	165,037
<hr/>	
Reduction .....	\$4,500

The State Board of Accountancy was created for the purpose of regulating and licensing certified public accountants and public accountants practicing in California. The board receives and investigates complaints, issues certificates and permits, and in general prescribes rules of professional conduct appropriate to the maintenance of a high standard of integrity in the profession.

ANALYSIS

Proposed expenditures for the 1956-57 Fiscal Year are \$169,537, an increase of \$6,274 or 3.8 percent over the estimated expenditures of \$163,263 for 1955-56.

Revenues for the 1956-57 Fiscal Year are estimated at \$164,775, a decrease of \$3,735 or 2.2 percent less than that estimated for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$335,678, which is \$39,015, or 11.6 percent, less than the accumulated surplus estimated for the current year.

Salaries and Wages

Commissioners on Examinations (intermittent) (Budget page 871, line 44) .....

\$4,250

The board's request for an additional appropriation of \$2,500 to be used for purchasing examination questions is based on difficulty which they claim is experienced in securing questions by donation and the small supply of material on hand which is available for C. P. A. examinations.

## Board of Accountancy—Continued

*We recommend deletion of \$2,500 from the above item, reducing it to \$1,750.*

The board's contention that they can obtain questions of the proper quality and of sufficient number only by paying for this service is one with which we do not concur.

We believe that those now engaged in the field of accountancy are vitally interested in maintaining the highest possible examination standards; and if a planned and systematic approach were made to them by the board in order to obtain the necessary material, their full cooperation could be expected without the necessity of reimbursement.

No data has been furnished by the board either outlining the method or procedure employed by them in the past to obtain examination material or of the nature of the difficulties encountered, and we would strongly recommend that a diligent and concerted effort be made to obtain material from not only those now engaged in the practice of accountancy, but from other potential sources as well.

The following are some of the sources from which material could be obtained, and we feel they would be worthy of exploration:

1. Contacting individual licensees throughout the State. One method would be to secure only one or two questions from each licensee, which would give a backlog of several thousand questions. An alternative method might be to select a small group of licensees to serve as a committee for one year to provide the necessary questions. Since the number of licensees is of considerable extent, it would not be necessary to again call on any individual licensee for several years.

2. Securing material from the universities and colleges in California. Since these institutions would have available for their own use questions and solutions to be used in their own examinations, the same material might be made available to the board.

3. Contacting universities and colleges outside the State for questions used in their own examinations.

4. Contacting agencies outside the State similar in function to the State of California Board of Accountancy. In addition to securing questions from these agencies, information could be obtained as to methods and procedures used by them in obtaining their own material.

*We recommend deletion of this item in line with the policy recommendation by this office concerning new services.*

## Operating Expenses

*Examination (Budget page 871, line 72)----- \$34,000*

The item of examination expense is scheduled at \$34,000, an increase of \$2,000 over the current figure of \$32,000 for 1955-56. This figure is predicted upon a cost of \$12 per candidate for a total of 2,500 candidates in two examinations per year, plus \$3,000 rental of examination rooms, plus \$1,000 for rental of tables and chairs, etc.

An examination of prior budgets indicates that \$34,000 has consistently been budgeted for this purpose in each of the five fiscal years 1952-55 through 1956-57 inclusive. In each of the years for which actual

Board of Accountancy—Continued

expenditures are available, they have been below the original budgeted amount as reflected in the following table:

Comparison Between Budgeted and Actual Examination Expense

<i>Fiscal year</i>	<i>Budget amount</i>	<i>Actual expenditure</i>	<i>Amount of excess budgeted</i>
1956-57 -----	\$34,000	---	---
1955-56 -----	34,000	\$32,000 *	\$2,000
1954-55 -----	34,000	29,954	4,046
1953-54 -----	34,000	31,615	2,385
1952-53 -----	36,250	30,851	5,399
1951-52 -----	49,300	31,518	17,782
Average -----	\$36,925	\$31,187	\$6,322

\* Estimated 1956-57 Governor's Budget.

From the above table it appears that this item has been consistently budgeted at an amount materially in excess of requirements with a five-year average of \$6,322.

We recommend that the expenditure for examination expense in 1956-57 be reduced from \$34,000 to \$32,000, the same amount as scheduled for 1955-56, effecting a reduction of \$2,000.

The agency has already revised its original 1955-56 figure of \$34,000 down to \$32,000 and the number of persons estimated to be examined has likewise been reduced from 2,550 to 2,400 in 1955-56. No factors have been set forth by the agency indicating an increase in the latter category.

As a matter of fact, examination of work load data submitted by the agency shows the following trend in respect to applications received and persons examined.

<i>Fiscal year</i>	<i>Applications received</i>	<i>Persons examined</i>	<i>Percent examined</i>
1952-53 -----	2,754	2,538	92.2
1953-54 -----	2,760	2,453	88.9
1954-55 G. B. -----	(2,750) *	(2,550) *	(92.7)
Revised -----	2,657	2,354	88.6
1955-56 G. B. -----	(2,750) †	(2,550) †	(92.7)
Revised -----	2,700	2,400	88.9
1956-57 -----	2,700	2,500	92.6

\* Per 1954-55 Governor's Budget.

† Per 1955-56 Governor's Budget.

The above table shows that only 88 percent of the applications received ultimately result in persons actually examined, whereas the agency has consistently overestimated this percentage at 92+ percent.

We suggest that this budget request be brought into line with the agency's actual needs.

Department of Professional and Vocational Standards  
BOARD OF ARCHITECTURAL EXAMINERS

ITEM 243 of the Budget Bill

Budget page 873

Budget line No. 7

FOR SUPPORT OF BOARD OF ARCHITECTURAL EXAMINERS FROM THE ARCHITECTURAL EXAMINERS FUND

Amount requested -----	\$56,488
Estimated to be expended in 1955-56 Fiscal Year -----	55,733
Increase (1.3 percent) -----	\$750



Board of Barber Examiners—Continued

RECOMMENDATIONS

Amount budgeted .....	\$121,694
Legislative Auditor's recommendation .....	121,694
Reduction .....	None

The Board of Barber Examiners is responsible for the examination, licensing and regulation of barbers, barber apprentices, schools and instructors. It is also responsible for the inspection of barber shops, particularly as to sanitary conditions.

ANALYSIS

Proposed expenditures for the 1956-57 Fiscal Year are \$121,694, an increase of \$1,623 or 1.4 percent over the estimated expenditure of \$120,071 for 1955-56.

Revenues for the 1956-57 Fiscal Year are estimated at \$130,640, an increase of \$5,705, or 4.6 percent over the estimated revenues for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$38,466, an increase of \$3,995, or 11.6 percent over the accumulated surplus for the current year.

The budget for the current year has been augmented by an emergency appropriation in the amount of \$1,295. This was for the following:

Printing .....	\$1,203
Postage .....	200
Examination .....	450
Less: budgetary adjustments .....	—558

This appropriation was necessitated by a change in the compilation of laws, rules and regulations, additional postage and an increase in the number of candidates.

We recommend approval of the budget as submitted.

Department of Professional and Vocational Standards

CEMETERY BOARD

ITEM 246 of the Budget Bill

Budget page 879  
Budget line No. 7

FOR SUPPORT OF CEMETERY BOARD FROM THE CEMETERY FUND

Amount requested .....	\$35,163
Estimated to be expended in 1955-56 Fiscal Year .....	33,819
Increase (4.0 percent) .....	\$1,344

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$2,224	\$2,224	—	879 43
Operating expense .....	492	492	—	879 68
Equipment .....	—1,372	—1,372	—	880 6
Total increase .....	\$1,344	\$1,344	—	880 8

RECOMMENDATIONS

Amount budgeted .....	\$35,163
Legislative Auditor's recommendation .....	35,163
Reduction .....	None

**Cemetery Board—Continued**

The Cemetery Board issues licenses and in general regulates cemeteries, cemetery salesmen and brokers. It examines applicants for cemetery licenses and is responsible for the regulation of the endowment care funds of cemetery licensees.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$35,163, an increase of \$1,344, or 4.0 percent over the estimated expenditures of \$33,819 for 1955-56.

Revenues for 1956-57 are estimated at \$34,250, an increase of \$2,486, or 7.8 percent, over estimated revenues for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$22,550, a decrease of \$2,411, or 9.7 percent less than the accumulated surplus estimated for 1955-56.

The budget for the current year has been augmented by an emergency authorization in the amount of \$1,810. This was for the following:

Pro rata Attorney General's services-----	\$1,100
Hearing services—Division of Administrative Procedure-----	350
Pro rata—general administrative charges-----	810
Less: budgetary adjustments-----	—450

The above authorization was due to an increase in the number of cases set for formal hearings.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards  
BOARD OF CHIROPRACTIC EXAMINERS**

ITEM 247 of the Budget Bill

Budget page 881  
Budget line No. 7

**FOR SUPPORT OF BOARD OF CHIROPRACTIC EXAMINERS FROM THE  
CHIROPRACTIC EXAMINERS' FUND**

Amount requested -----	\$59,486
Estimated to be expended in 1955-56 Fiscal Year-----	58,520
Increase (1.6 percent) -----	\$966

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages-----	—\$214	—\$214	--	881 45
Operating expense -----	\$1,103	\$1,103	--	881 70
Equipment -----	77	77	--	881 77
Total increase -----	\$966	\$966	--	881 79

**RECOMMENDATIONS**

Amount budgeted -----	\$59,486
Legislative Auditor's recommendation-----	59,486
Reduction -----	None

The Board of Chiropractic Examiners approves chiropractic schools and colleges and licenses, examines and regulates chiropractors in practice throughout the State.

Board of Chiropractic Examiners—Continued  
**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$59,486, an increase of \$966, or 1.6 percent over the estimated expenditures of \$58,520 for 1955-56.

Revenues for 1956-57 are estimated at \$62,860, an increase of \$2,550, or 4.2 percent over the estimated revenues for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$94,681, an increase of \$1,742, or 1.9 percent over the accumulated surplus estimated for the current year.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards**

**BOARD OF REGISTRATION FOR CIVIL AND PROFESSIONAL ENGINEERS**

ITEM 248 of the Budget Bill

Budget page 883

Budget line No. 6

**FOR SUPPORT OF BOARD OF REGISTRATION FOR CIVIL AND PROFESSIONAL ENGINEERS FROM THE PROFESSIONAL ENGINEERS' FUND**

Amount requested .....	\$247,568
Estimated to be expended in 1955-56 Fiscal Year .....	244,847
Increase (1.1 percent) .....	\$2,721

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$4,753	\$4,753	---	883 67
Operating expense .....	2,583	2,583	---	884 17
Equipment .....	-4,615	-4,615	---	884 25
Total increase .....	\$2,721	\$2,721	---	884 27

**RECOMMENDATIONS**

Amount budgeted .....	\$247,568
Legislative Auditor's recommendation .....	247,568
Reduction .....	None

The Board of Registration for Civil and Professional Engineers examines, licenses and regulates civil engineers, land surveyors, structural engineers, chemical engineers, electrical engineers, mechanical engineers and petroleum engineers throughout the State.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$247,568, an increase of \$2,721 or 1.1 percent over the estimated expenditures of \$244,847 for 1955-56.

Revenues for 1956-57 are estimated at \$233,562, an increase of \$21,550, or 10.1 percent over estimated revenues for the current year. The accumulated surplus as of June 30, 1957, is estimated at \$397,900, a decrease of \$25,175, or 6 percent less than the accumulated surplus estimated for the current year.

The budget for the current year has been augmented by an emergency appropriation in the amount of \$9,315. This was for the following:

Registration for Civil Engineers—Continued

Printing .....	\$1,000
Telephone .....	1,075
Travel .....	1,172
Rent .....	1,601
Pro rata Attorney General's service .....	1,000
Hearing services—Division of Administrative Procedure .....	750
Examination .....	1,081
Salary and wages .....	3,768
Less budgetary adjustments .....	—2,132

The above appropriation was necessitated primarily by an unanticipated increase in work load, additional applicants and an increase in the number of formal cases. Additional office space was acquired and salary and wages was attributable to an increase in the number of board meetings not previously anticipated.

Two positions are proposed to be extended for another year on a temporary basis.

Due to the fact that the evaluation of these two temporary positions in substitution for the examination commissioner (intermittent) has not been possible, we recommend extension of these two positions until June 30, 1957.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards  
CONTRACTORS' LICENSE BOARD**

ITEM 249 of the Budget Bill

Budget page 885  
Budget line No. 7

**FOR SUPPORT OF CONTRACTORS' LICENSE BOARD FROM THE  
CONTRACTORS' LICENSE FUND**

Amount requested .....	\$719,812
Estimated to be expended in 1955-56 Fiscal Year .....	673,224
Increase (6.9 percent) .....	\$46,588

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and Wages .....	\$28,018	\$4,318	\$23,700	887 3
Operating expense .....	8,596	8,596	--	887 9
Equipment .....	9,974	9,974	--	887 10
Total increase .....	\$46,588	\$22,888	\$23,700	887 12

**RECOMMENDATIONS**

Amount budgeted .....	\$719,812
Legislative Auditor's recommendation .....	696,112
Reduction .....	\$23,700

The Contractors' License Board was established for the purpose of examining, licensing and regulating the activities of contractors in the construction industry.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$719,812, an increase of \$46,588, or 6.9 percent over the estimated expenditures of \$673,224 for 1955-56.

Contractors' License Board—Continued

Revenues for the 1956-57 Fiscal Year are estimated at \$682,130, an increase of \$32,510 or 5.09 percent above the estimated revenues for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$219,803, a decrease of \$77,577, or 26.4 percent below the accumulated surplus estimated for 1955-56.

The figures for the three fiscal periods reflected in the budget indicate a continuing and substantial deficit accruing between revenues and expenditures as reflected in the following table:

Comparison: Revenues and Expenditures

	1954-55	1955-56	1956-57
Expenditures .....	\$640,177	\$709,771	\$759,707
*Revenues .....	634,571	649,620	682,130
Deficit .....	\$5,606	\$60,151	\$77,577

\* Exclusive of building investments.

At the rate of expenditures scheduled for 1956-57, the resulting deficit would exhaust the surplus of \$219,803 within a three-year period, exclusive of any consideration of accruals from building investments. Since the latter source is also on a declining schedule, the agency will soon face the alternative of either curtailing expenditures or increasing revenues from licenses, fees, penalties and fines.

5 Investigators (Budget page 886, line 41)..... \$23,700

The request by the agency for five additional investigators, to bring the total of investigative positions to 52, is based on an anticipated increase in licenses and the resultant increase in the filing of complaints.

We recommend deletion of the above positions reducing salaries and wages \$23,700 plus related costs.

Last year the agency requested five investigative positions, of which two were allowed. The agency now has a total of 47 investigative positions in addition to four supervising investigators.

Comparative Performance: Rate of Completed Investigations

	Actual 1953-54	Actual 1954-55	Actual and est. 1955-56	Est. 1956-57
No. of investigators.....	44.1	44	47	52
Investigations closed .....	9,639	9,376	9,770	11,198
Investigations closed per man year.....	218.6	213	208	215
Investigations closed per man month.....	18.2	17.8	17.3	17.9

The above table reflects the performance ability of the investigative staff in terms of the average number of investigations closed per investigator, per month.

From this it is determined that the average in 1956-57 will have dropped from the actual performance figure of 18.2 cases per investigator to only 17.9, a decline in work accomplished to the extent of an average of .3 cases per investigator per month, or 1.7 percent.

The requested augmentation in staff can hardly be considered as appropriate in the face of the forecasted decline in production.

## Contractors' License Board—Continued

As a matter of fact, we must point out that two additional positions of supervisory investigator were added to this agency staff in 1952-53 on a temporary basis and subsequently requested to be continued on a permanent basis in 1953-54. These were approved on the premise that additional supervision would result in an increased level of performance, both as to reducing backlog, and to effectuate a proper screening of cases.

*As indicated in the above table, improved productivity of cases closed was achieved in 1953-54 but is now anticipated to decline.*

*If the effectiveness of the added supervision positions previously allowed has now worn off, perhaps serious consideration should be given to the deletion of two of the existing supervisory positions rather than consider any augmentation of staff.*

We believe it entirely reasonable and possible for the same standard of performance, or better, to prevail in 1956-57, as obtained in 1953-54. It is therefore reasonable to examine the workload estimates supplied by the agency on that basis. On so doing we find the following:

- (a) On the basis of 1953-54 actual performance, 218.6 complaints were closed by investigation per man per year with 44.1 filled positions.
- (b) The agency now has 47 authorized positions and on the 1953-54 standard has a potential investigative capacity to close 10,274 complaints (47 x 218.6).
- (c) The 1956-57 Governor's Budget on page 885, line 32 sets forth the 1956-57 workload at only 10,200 as the number of complaints to be filed requiring investigation.
- (d) The projected additional workload for 1956-57 being 74 complaints less than the agency is capable of handling on the basis of prior actual average performance, there obviously is no need for the requested five additional investigator positions.

Much of the agency contention for additional positions concerns itself with alleged backlog. The agency states in its justification data that the estimated workload for 1955-56 does not include 947 cases rejected after screening and further that the 1956-57 workload does not contain 2,000 cases contemplated to be rejected after screening. We are appreciative of the fact that the agency has apparently inaugurated and stepped up a screening process, to evaluate complaints before spending unwarranted investigative time in pursuing them to a conclusion, on the basis of a formal investigation, items which are probably nonproductive in terms of provable violations. In spite of the amount of screening which the agency states has been performed, and is contemplated to take place, the facts are that there is still a great amount of investigative effort being expended that is nonproductive in terms of sanctions applied for violations of the act.

For example, analysis of agency data shows that in 1954-55 a total of 9,376 complaints were investigated and closed. Of this number, only 705 or 7.5 percent of those investigated resulted in the imposition of a formal disciplinary action or court sanction. *Conversely, 92.5 percent of the investigative effort was unproductive of any formal disciplinary result.*

**Contractors' License Board—Continued**

Increases in the numbers of complaints received by an agency will not necessarily justify additional investigative positions where the investigation of these complaints shows that the public interest is not seriously affected as indicated by the above figures.

Referring again to the agency statement that the 1956-57 workload does not include 2,000 cases to be rejected after screening, this means that the agency will have screened out as rejects, complaints only to the extent of 13.4 percent of its total of backlog, plus complaints to be investigated, plus those rejected.

The prior very limited success from completed investigations in supporting formal sanctions (only 7.5 percent) and the highly questionable performance of 92.5 percent of completed investigations failing to produce sufficient evidence of violations to support imposition of a sanction certainly leaves a justifiably wide latitude on the part of the agency to indulge in more screening to weed out a further increased number of rejects.

As a practical matter, under adequate screening procedures, at least a 25 percent reject factor would be entirely in order. This would eliminate the agency backlog and produce a higher percentage of completed investigations supporting formal sanctions.

It is the import of the latter device coupled with the certainty of adequate investigation against repeat violators that sustains a good performance program. Likewise it engenders respect for the laws involved and this in turn results in improved compliance with those laws.

*In view of all of the foregoing factors we recommend disapproval of the request for the five additional positions.*

We should also like to point out that on the basis of formal sanctions imposed, both administrative and court, the cost per sanction based on the agency budget was \$908 in 1954-55.

**Department of Professional and Vocational Standards**

**BOARD OF COSMETOLOGY**

ITEM 250 of the Budget Bill

Budget page 888

Budget line No. 7

**FOR SUPPORT OF BOARD OF COSMETOLOGY FROM THE  
COSMETOLOGY CONTINGENT FUND**

Amount requested .....	\$207,127
Estimated to be expended in 1955-56 Fiscal Year .....	199,646
Increase (3.7 percent) .....	\$7,481

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$1,865	\$1,865	—	888 56
Operating expense .....	1,718	1,718	—	889 11
Equipment .....	3,898	3,898	—	889 20
<b>Total increase .....</b>	<b>\$7,481</b>	<b>\$7,481</b>	<b>—</b>	<b>889 22</b>

Board of Cosmetology—Continued

**RECOMMENDATIONS**

Amount budgeted .....	\$207,127
Legislative Auditor's recommendation .....	207,127
<hr/>	
Reduction .....	None

The Board of Cosmetology was created in 1927 for the purpose of regulating, examining and licensing beauty shops and cosmetology schools, cosmeticians, manicurists, electrologists and hairdressers operating in the State.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$207,127, an increase of \$7,481 or 3.7 percent over the estimated expenditures of \$199,646 for 1955-56.

Revenues for the 1956-57 Fiscal Year are estimated at \$224,090, an increase of \$21,285 or 10.4 percent over the estimated revenues for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$146,019, an increase of \$7,890 or 5.7 percent over the accumulated surplus estimated for 1955-56.

The budget for the current year has been augmented by an emergency appropriation in the amount of \$5,899.

This was for the following:

Office .....	\$500
Postage .....	398
Travel .....	1,450
Pro rata Attorney General's services .....	1,000
Operatives .....	375
Examinations .....	2,664
Less budgetary adjustments .....	-448

The above authorization was due to an increase in examination work load, and changes in examination material, revisions to the rules and regulations and increased travel in the State.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards**

**BOARD OF DENTAL EXAMINERS**

ITEM 251 of the Budget Bill

Budget page 890  
Budget line No. 7

**FOR SUPPORT OF BOARD OF DENTAL EXAMINERS FROM THE STATE DENTISTRY FUND**

Amount requested .....	\$95,602
Estimated to be expended in 1955-56 Fiscal Year .....	88,519
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Increase (8.0 percent) .....	\$7,083

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$8,303	\$477	\$7,826	890 53
Operating expense .....	-2,018	-2,018	--	890 79
Equipment .....	798	798	--	891 6
<hr/>		<hr/>		
Total increase .....	\$7,083	-\$748	\$7,826	891 8



Board of Dental Examiners—Continued

RECOMMENDATIONS

Amount budgeted .....	\$95,602
Legislative Auditor's recommendation .....	87,776
Reduction .....	\$7,826

The Board of Dental Examiners was created for the purpose of regulating the practice of dentistry. It examines and licenses dentists and dental hygienists throughout the State.

ANALYSIS

Proposed expenditures for the 1956-57 Fiscal Year are \$95,602, an increase of \$7,083, or 8.0 percent over the estimated expenditures for 1955-56.

Revenues for the 1956-57 Fiscal Year are estimated at \$96,977, an increase of \$27,068 or 38.7 percent over the estimated revenues for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$48,359, a decrease of \$1,227, or 2.4 percent below its accumulated surplus estimated for 1955-56.

The budget for the current year has been augmented by an Emergency Authorization in the amount of \$1,608. This was for the following:

Salaries and wages .....	\$1,608
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The authorization was necessitated by the addition to the staff of one intermediate typist-clerk, effective November 1, 1955.

<i>Special Investigator (Budget line 890, page 51)</i> .....	\$4,740
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There are two special investigator positions presently authorized. The agency is requesting an increase of one position of special investigator to increase the number in that category to three.

The agency request for this additional position is based on an anticipated increase in work load due to the addition of four new sections added to the Business and Professions Code at the 1955 Session of the Legislature.

*We recommend deletion of the position of special investigator effecting a reduction of \$4,740 plus related costs.*

Sections 1670, 1679 and 1747 were added to the Business and Professions Code by Chapter 930, Statutes of 1955 (Senate Bill 28). This bill was heard by the Senate Committee on Business and Professions and by the Assembly Committee on Public Health. These committees were apparently satisfied that the passage of this legislation would not involve any additional costs since the bill was not referred to either the Senate Finance Committee or to the Assembly Ways and Means Committee.

Section 1671 was added to the Business and Professions Code at the 1955 Session of the Legislature by Chapter 1772 (Senate Bill 793). This bill was referred to the Senate Finance Committee and the Assembly Ways and Means Committee. Subsequent analyses by this office, based on information supplied by the agency, concluded that the section involved no additional costs.

Board of Dental Examiners—Continued

Section 1670 states:

“A dentist may have his license revoked or suspended for unprofessional conduct.”

The agency states that:

“Complaints rejected for lack of jurisdiction will now have to be investigated and appropriate action taken.”

The agency has not submitted any data indicating the number of cases that have previously been rejected because of lack of jurisdiction under this section or to what extent this particular section will now add to the work-load factor.

Section 1671 states:

“That adjudication of insanity or mental illness or the voluntary commitment or admission to a state hospital of any licensee shall be grounds for suspension of license.”

The agency states that heretofore complaints rejected for lack of jurisdiction under this section will now have to be investigated.

Data have not been furnished by the agency as to the number of actual cases previously rejected prior to the effective date of this section, and we believe this to be the only basis by which future work load could be measured.

Section 1679 states:

“Any licentiate under this chapter may have his license revoked or suspended or be reprimanded or be placed on probation by the board for conviction of a felony or misdemeanor involving moral turpitude, in which case the record of conviction or a certified copy thereof, certified by the clerk of the court or by the judge in whose court the conviction is had, shall be conclusive evidence.”

The agency states that this new section will add to the investigative work load but again do not furnish any substantiation on which they base their contention.

Section 1747 states:

“The board may take action against any licensed dentist who shall permit any dental hygienist operating under his supervision to perform any operation other than that permitted under the provisions of this article, and the board may also take action under said article against any dental hygienist violating provisions of this article.”

The agency only anticipates that this section will add to the work load factor and have furnished no statistics to show that work load has, in fact, increased as a result of this legislation.

Section 9201 requires that “before a welfare and prepayment plan can be licensed, at least one-quarter ( $\frac{1}{4}$ ) of all licentiates of the particular profession must be licensed and that the certificate will be issued to the corporation by the particular professional board whose licentiates have become members.”

The agency contends that the formation of any such plan will add to the investigative work load. One such plan is reported to have been

Board of Dental Examiners—Continued

formed within the past year with a resultant increase in work load, but factual work load data have not been submitted in support of this statement.

We cannot justify this increase in staff, for the reasons advanced by the agency, since it is based solely on an *anticipated* development of work load. We believe that sufficient time should elapse in order to evaluate what effect, if any, the legislation has had in increasing the work load and the agency then could produce actual work-load statistics based upon experience to support their request.

If we examine the work load statistics furnished by the agency, we find the following:

	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
Number of investigators	1.9	2	3
Total licentiates	9,657	9,663	10,056
Number of licentiates per investigator	4,829	4,831	3,352
*Pending and cases filed	256	512	600
Disposed cases	208	208	220
Pending cases	48	304	380
†Pending and cases filed	120	150	160
Disposed cases	57	57	60
Pending cases	63	93	100

\* Licentiates.  
† Nonlicentiates.

The above table shows that the number of licentiates per investigator for the 1955-56 Fiscal Period was 4,831, while for the 1956-57 period the number of licentiates per investigator would drop to 3,352. If we examine the disposed cases for 1955-56, we find that the number of cases per investigator was 104, while for the Fiscal Year 1956-57 the figure has dropped to 73.

We see no justification for this decrease in case load per investigator from the standpoint of sanctions applied for violation of the act. For example, in 1954-55 out of a total of 9,657 licenses in effect the cases pending and filed involving licentiates only amounted to 256 of which the number disposed of totaled 208. Out of the total of 208 disposed cases only 10 or 5 percent resulted in disciplinary action. On the basis of total agency expenditures the cost per sanction was \$7,182.

In 1956-57 the number of licenses in effect is estimated at 10,056 of which the agency predicts the number disposed of will amount to 220. If we apply the same percentage as used in 1954-55, only 11 cases will result in disciplinary action.

This indicates very clearly that excessive investigative effort is being expended on 95 percent of the cases that will not eventually develop sufficient evidence to warrant disciplinary action. If a substantial number of the cases were initially screened out, the agency would be put on a current basis and the cases pending would be eliminated.

*In view of the foregoing factors we recommend that this position be deleted.*

Intermediate typist-clerk (Budget page 890, line 46)—  
(existing position) ----- \$3,086

We note the budget on page 890, line 25, states, "This budget provides for the continuation of the currently authorized program."

**Board of Dental Examiners—Continued**

On page 890, line 46, of the Governor's Budget an intermediate typist-clerk is shown as authorized for the 1955-56 Fiscal Year and shown again as an authorized position for the 1956-57 Fiscal Year.

Subsequent information received from the Department of Finance and from the agency reveals that this position became effective November 1, 1955, and was financed by an emergency authorization.

It becomes apparent, therefore, that the position has not had prior legislative approval nor are work-load data submitted to support its continuation. We recommend that it be deleted.

**Department of Professional and Vocational Standards**

**BOARD OF DRY CLEANERS**

ITEM 252 of the Budget Bill

Budget page 892  
Budget line No. 7

**FOR SUPPORT OF BOARD OF DRY CLEANERS FROM THE DRY CLEANERS' FUND**

Amount requested .....	\$184,734
Estimated to be expended from Budget Bill appropriation in the 1955-56 Fiscal Year .....	179,374
<b>Increase (2.9 percent) .....</b>	<b>\$5,360</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$4,979	\$1,991	\$2,988	892 67
Operating expense .....	334	334	--	893 21
Equipment .....	47	47	--	893 28
<b>Total increase .....</b>	<b>\$5,360</b>	<b>\$2,372</b>	<b>\$2,988</b>	<b>893 30</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$184,734
Legislative Auditor's recommendation .....	179,374
<b>Reduction .....</b>	<b>\$4,860</b>

The Board of Dry Cleaners is responsible for the establishment of rules and regulations governing the conduct of the dry-cleaning industry. The board examines applicants for licenses and registration certificates and inspects dry-cleaning and dyeing plants.

**ANALYSIS**

Expenditures for this agency are scheduled to be financed by a budget act appropriation of \$184,734 together with \$35,000 appropriated by Chapter 1693, Statutes of 1955, for a total support cost of \$192,734.

The amount of \$35,000 is scheduled to be expended for the following:

\$25,000—Services of university for research on cleaning and maintenance of fabrics (Budget page 893, line 17).

\$10,000—Services of State Fire Marshal for research relating to hazards caused by cleaning solvents and processes (Budget page 893, line 19).

Net expenditures for support, exclusive of these two items are \$184,734. This is an increase of \$5,360 or 2.9 percent over the estimated

## Board of Dry Cleaners—Continued

expenditures of \$179,374, also exclusive of the special appropriation, for the current year.

Revenues available for support for the 1956-57 Fiscal Year are estimated at \$255,550, a decrease of \$7,186 or 2.7 percent under the estimated revenues for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$97,013, a decrease of 25.3 percent below the accumulated surplus estimated for 1955-56.

A continuing and substantial deficit accruing between revenues and expenditures is reflected in the following table:

Comparison: Total Revenues and Total Expenditures			
	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
Expenditures -----	\$190,553	\$227,608	\$228,442
Fire Marshal support -----	60,000	60,000	60,000
Total -----	\$250,553	\$287,608	\$288,442
Revenues -----	207,161	262,686	255,500
Deficit -----	\$43,392	\$24,922	\$32,942

We believe that reports should be submitted with the budget request showing the productivity of the research allocations noted above in order that it may be justified in terms of the expenditure involved.

*1 Inspector (Budget page 892, line 53) (existing position) ----- \$4,860*

There are 10 inspectors presently authorized. The addition of one inspector was authorized in the 1953-54 Budget on a one-year basis. This authorization was extended again for one year in the 1954-55 Budget. The agency is now requesting that the position of inspector be extended to June 30, 1957. Since this position has a definite termination date, it preferably should have been listed under proposed new positions and not under salaries and wages as shown in the 1956-57 Budget.

*We recommend that this position be deleted.*

The agency request that the position of inspector be continued until June 30, 1957, is in order that an evaluation can be made of a policy put into effect upon the recommendation of the Attorney General with a resultant anticipated increase in work load.

According to information subsequently received from the department, the Attorney General has recommended that violations of the code, i.e., operating a business without a license, be turned over to the district attorney for referral. The agency anticipated an increase in work load under this new policy.

It is our understanding that this new policy has only been in effect since approximately January 1, 1956, and consequently enough time has not elapsed for the agency to determine if, in fact, the new policy will increase the work-load factor.

We recommend that a study be made by the agency as to the effects, if any, this new policy may have toward increasing the work load of the inspectors, and until such supporting data have been submitted, we cannot recommend the continuance of the position beyond June 30, 1956.

Board of Dry Cleaners—Continued

Additional justification for the continuance of the position of inspector is advanced by the agency in that they have set a goal of three inspections per establishment per year.

Work-load statistics furnished by the agency are as follows:

	6-30-53	6-30-54	6-30-55	6-30-56	6-30-57
Plants and shops.....	9,966	10,162	10,484	10,721	10,903
Number of inspections.....	17,635	32,707	35,451	35,451	32,709
Number of inspections per shop per year.....	1.67	3.27	3.49	3.31	3
Number of inspectors.....	9.3	10.8	11	11	10
Average number of inspections per investigator.....	1,896	3,028	3,223	3,223	3,271

On examining the above data, we find that 11 inspectors each had a yearly average of 3,223 inspections for the year ending June 30, 1956. If the number of investigators is reduced to 10, the average number of inspections per year amounts to 3,271, an increase of only 48 inspections per investigator per year. This slight increase in inspections could be handled by the permanent staff and the agency would still achieve their goal of three inspections.

Actually, on the basis of prior performance in 1955, each inspector averaged 3,223 inspections for the year. Thus, 10 inspectors would make 32,230 inspections. Dividing this by the 1957 projected figure of 10,903 plants and shops would result in an average of 2.96 inspections per shop. The slight difference between this figure and an even average of three inspections per shop is so minute as to not warrant the additional staff.

From an examination of the record of inspections submitted by the agency, we seriously question the necessity of making three inspections per year at each establishment. For the period 1951-52 we find that out of a total of 21,734 calls which includes in addition to routine inspections, special calls and call backs, etc., only 234 or 1.1 percent resulted in complaints filed, places closed, or convictions. The record for 1952-53 reveals that out of a total of 24,309 calls only 270 or 1.1 percent resulted in disciplinary action. If we examine the performance for 1954-55 we find that out of a total of 41,864 calls and routine inspections, only 308 or 0.74 percent resulted in disciplinary action.

From the above it is evident that the vast majority of the industry are complying with the regulations as laid down by the code.

We see no justification for the number of inspections being made. *We recommend that serious consideration be given by the agency toward reducing substantially the number of inspections, thereby reducing the number of inspectors. We see no justification for extending this position beyond June 30, 1956, and recommend that it be terminated at that time.*

1 Supervising inspector (Budget page 892, line 51)..... \$6,060

The position of supervising inspector was authorized in the 1953-54 Budget on a one-year basis and has been continued on this basis each succeeding year. The agency is now requesting that the position be given permanent status.

## Board of Dry Cleaners—Continued

The original request by the agency for an additional supervising inspector was for the purpose of obtaining closer supervision over the inspectors in order that their goal of three inspections per shop could be attained.

An examination of the statistics furnished by the agency indicates that closer supervision of the inspectors has apparently resulted in increased performance being achieved. We recommend therefore that the position of supervising inspector be continued on a permanent basis.

*Intermediate typist-clerk (Budget page 892, line 64)----- \$2,988*

There is one position of intermediate typist-clerk presently authorized. The agency is requesting the addition of one position of intermediate typist-clerk to increase the number in this category to two.

The request by the agency for the addition of one intermediate typist-clerk is based on a new type of examination being given which takes longer to prepare, grade, and examine.

Under the former method of conducting examinations, it was discovered that unauthorized persons could obtain the questions which were to be used in the examination. In order to overcome this, a new type of examination procedure involving necessary safeguards was developed. The present method is now more diversified and comprehensive and as a result the clerical work load has increased accordingly.

We believe that the present examination procedure has sufficient merit to justify an increase in the clerical staff and we recommend that the position be approved.

We note under salaries and wages that expert examiners (intermittent) Budget page 892, line 59, is scheduled at \$6,660, an increase of 4.1 percent over the 1954-55 Fiscal Year.

Attention is directed to the fact that the examinations are divided into two phases. One part consists of a written examination while the other part involves the operation of plant equipment. The professional examiners are engaged in active business during the day and therefore examinations are usually held in the evening and require approximately three hours.

Our information leads us to believe that the written portion of the examination could easily be handled by proctors with a clerical rating who could be reimbursed at an hourly rate instead of the per diem now being paid to the examiners which we understand is \$15 per day. The expert examiners could be hired only to conduct the plant phase of the examination. If this method is adopted, it is estimated that as much as \$2,000 could be saved on this item.

*We recommend that the central office of the Department of Professional and Vocational Standards as well as the members of the board implement this policy which would result in a substantial saving.*

**Department of Professional and Vocational Standards  
BOARD OF FUNERAL DIRECTORS AND EMBALMERS**

ITEM 253 of the Budget Bill

Budget page 894  
Budget line No. 8

**FOR SUPPORT OF BOARD OF FUNERAL DIRECTORS AND EMBALMERS  
FROM THE FUNERAL DIRECTORS AND EMBALMERS FUND**

Amount requested .....	\$49,283
Estimated to be expended in 1955-56 Fiscal Year .....	46,799
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Increase (5.3 percent) .....	\$2,484

**Summary of Increase**

	Total Increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$804	\$804	--	894 50
Operating expense .....	695	695	--	894 75
Equipment .....	985	985	--	895 7
<hr/>				
Total increase .....	\$2,484	\$2,484	--	895 9

**RECOMMENDATIONS**

Amount budgeted .....	\$49,283
Legislative Auditor's recommendation .....	44,051
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Reduction .....	\$5,232

The Board of Funeral Directors and Embalmers issues licenses, conducts examinations and in general regulates the activities of embalmers, funeral directors and apprentice embalmers in the State.

**ANALYSIS**

The proposed expenditures for the 1956-57 Fiscal Year are \$49,283, an increase of \$2,484 or 5.31 percent over the estimated expenditures of \$46,799 for 1955-56.

Revenues for the 1956-57 Fiscal Year are estimated at \$47,760, an increase of \$3,330 or 7.5 percent over the estimated revenues for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$38,742; a decrease of \$3,399 or 8 percent less than the accumulated surplus estimated for 1955-56.

The budget for the current year has been augmented by an emergency authorization in the amount of \$920. This was for the following:

Travel .....	\$900
Automobile—operation .....	542
Pro rata Attorney General's services .....	650
Less budgetary adjustments .....	—1,172

The appropriation was necessitated by major repairs on one automobile and increasing the personnel on full-time travel. An unanticipated increase in the number of formal hearings was also experienced.

*Field Representative (Temporary to June 30, 1956) (Budget page 894, line 46 .....* *\$5,232*

The request by the agency that the position of field representative be given permanent status is based on increased work load resulting from



## Board of Funeral Directors and Embalmers—Continued

the agency's desire to complete two inspections per year of each establishment.

*We recommend deletion of the above position.*

This position was authorized in the 1954-55 Budget on a one-year basis and a further extension was authorized in the 1955-56 Budget until June 30, 1956.

During the 1953-54 Fiscal Year the number of funeral directors licensed was 699. The agency conducted a total of 612 inspections with a staff of one field representative. This resulted in 251 discrepancies of various kinds being discovered of which only two or 0.8 percent produced sufficient evidence to warrant a formal hearing. The agency check list contains 19 different items which constitute "discrepancies" alluded to above. These items are:

Table of Discrepancies Forming the Basis for Inspection of  
Funeral Establishments

1. Unsanitary table
2. Unsanitary hopper
3. Unsanitary instruments
4. Unsanitary instrument cabinet or stand
5. Unsanitary embalming machine
6. Unsanitary embalming machine stand
7. Unsanitary walls (preparation room)
8. Unsanitary floor (preparation room)
9. Unsanitary waste disposal container
10. Walls in preparation room to be repaired or painted
11. Floor in preparation room to be repaired or painted
12. Licenses or Certificate of Registration not displayed
13. No incinerator
14. Remains not properly covered during preparation
15. Preparation room doors not posted
16. Change in ownership or location not reported
17. No disinfectant
18. Insufficient instruments or supplies
19. Other

It should be noted that the first nine items or almost half of the list deals with unsanitary premises or equipment. Using these statistically as individual items numerically sounds impressive, but does not increase the validity of the results ensuing from the inspections or the alleged work load.

The average number of discrepancies found per establishment inspected in 1953-54 was 2.4. This, of course, assumes that some discrepancies are found at each of the premises inspected. Unfortunately, the agency furnishes incomplete data which precludes a realistic appraisal of its enforcement program. For example, no information is detailed as to the number or percentage of establishments found to be in complete compliance at the time of original inspection. Neither does it furnish data as to the frequency of inspection on establishments visited more than once, nor the number of such establishments, broken down by frequency of contact and violations found.

In 1954-55 with the addition of one field representative, 1,235 inspections were made while the number of discrepancies discovered amounted to 440 or an average of 3.5 per establishment. Only six cases or 1.3 percent warranted a formal hearing.

**Board of Funeral Directors and Embalmers—Continued**

The number of licensed funeral directors estimated for 1956-57 is 744 and the agency expects that 1,588 inspections will be made. If the number of discrepancies discovered increases proportionately as in 1954-55, this would amount to approximately 25 percent or 397 discrepancies and of this number the agency estimates that only eight cases or 2.1 percent will warrant formal hearing.

From the above it is apparent that despite the amount of work load involved there is still a great amount of investigative effort that is unproductive of sanctions applied for violation of the act.

The fact that a greater number of discrepancies are being discovered each year is not justification in itself for increasing the staff or doubling the number of inspections as requested by the agency. For example, 10 inspections could produce 190 discrepancies or 190 inspections might be required all on the basis of the prior listing of 19 items checked in the foregoing table. If this agency were to adopt a policy of applying sanctions for material violations of the act or on repeat offenders it would result in improved compliance with the laws without the necessity of adding staff. Similarly, it could result in a reduction of the number of inspectors which the agency now feels is necessary.

*In view of all of the foregoing factors, we recommend that the position of field representative be terminated as of June 30, 1956.*

**Department of Professional and Vocational Standards  
BUREAU OF FURNITURE AND BEDDING INSPECTION**

ITEM 254 of the Budget Bill

Budget page 896  
Budget line No. 7

**FOR SUPPORT OF BUREAU OF FURNITURE AND BEDDING INSPECTION  
FROM THE FURNITURE AND BEDDING INSPECTION FUND**

Amount requested .....	\$230,930
Estimated to be expended in 1955-56 Fiscal Year .....	228,263
Increase (1.2 percent) .....	\$2,667

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$7,387	\$3,295	\$4,092	897 66
Operating expense .....	—4,752	—4,752	—	897 67
Equipment .....	32	32	—	897 68
Total increase .....	\$2,667	—\$1,425	\$4,092	897 70

**RECOMMENDATIONS**

Amount budgeted .....	\$230,930
Legislative Auditor's recommendation .....	226,838
Reduction .....	\$4,092

The Bureau of Furniture and Bedding Inspection was created for the purpose of licensing and regulating sellers and processors of over-stuffed furniture and articles of bedding to insure truthful labeling.

Bureau of Furniture and Bedding Inspection—Continued  
ANALYSIS

Proposed expenditures for the 1956-57 Fiscal Year are \$230,930, an increase of \$2,667 or 1.2 percent over the estimated expenditures of \$228,263 for the current year.

Revenues for the Fiscal Year 1956-57 are estimated at \$174,000, a decrease of \$750 or 0.4 percent below the estimated revenues for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$158,263, a decrease of \$71,267 or 32.2 percent below the accumulated surplus estimated for 1955-56.

A substantial deficit as between revenue and expenditures is reflected in the following table:

Comparison: Revenues and Expenditures

	1954-55	1955-56	1956-57
Expenditures -----	\$204,344	\$242,069	\$245,267
*Revenues -----	170,424	174,750	174,000
Deficit -----	\$33,920	\$67,319	\$71,267

\* Exclusive of building investments.

If the rate of expenditures continues at the present level as scheduled for 1956-57 the surplus of \$158,263 will be exhausted in approximately two years. Accruals from building investments are also declining rapidly and the agency will soon be forced to either curtail expenditures or increase revenues, fees, penalties, etc.

The budget for the current year has been augmented by an emergency authorization in the amount of \$2,073. This was for the following:

Rent -----	\$1,400
Travel -----	1,000
Less budgetary adjustments -----	—673

The above appropriation was necessitated by a change in office location and by the creation of an advisory board resulting in increased travel.

1 Furniture and bedding inspector (*Budget page 896, line 55*) \$4,092

There are 18 positions presently authorized in this category. The agency is requesting the addition of one furniture and bedding inspector. This would provide an increase in inspector staff of 5.6 percent.

The agency states that their request for the addition of one inspector is based on an anticipated increase in work load due to legislation adopted at the 1955 Session of the Legislature and the need for maintaining adequate coverage of licensed establishments.

*We recommend deletion of the above position.*

The legislation referred to above concerns amendments to the Furniture and Bedding Act covering fields of entity licensing. This legislation in effect would make all persons who were members of a partnership, or officers and directors of a corporation whose license had been revoked by the Bureau of Furniture and Bedding Inspectors subject to refusal by the bureau to have a subsequent license issued to any of the parties so named in the disciplinary action. We do not believe

Bureau of Furniture and Bedding Inspection—Continued

that this legislation will add materially to the investigative work load of the inspectors. The following statistics support this statement:

	<i>Actual</i> 1953-54	<i>Actual</i> 1954-55	<i>Estimated</i> 1955-56	<i>Estimated</i> 1956-57
Complaints investigated -----	734	4,035	4,000	4,200
General inspections -----	24,284	21,551	20,000	18,000
Total work load -----	25,018	25,586	24,000	22,200
Prosecutions -----	3	13	36	54
Suspensions -----	6	0	12	18
Revocations -----	0	0	0	0
Total sanctions -----	9	13	48	72

From the above table it is clear that the agency's forecast contemplates an actual *decline* in total work load in 1956-57 as compared to 1955-56. Total work load in terms of complaints and general inspections is scheduled at 22,200 in 1956-57 as against 24,000 in 1955-56. This is a decline of 800 or 3.3 percent.

	<i>Actual</i> 1953-54	<i>Actual</i> 1954-55	<i>Estimated</i> 1955-56	<i>Estimated</i> 1956-57
Investigative staff -----	17	17.2	18	19
Complaints per investigator -----	43	237	222	221
Prosecutions per investigator -----	.18	.76	2	2.8
Suspensions per investigator -----	.35	--	.66	.95

An examination of the above data does not support the agency's claim that work load will increase sufficiently as a result of new legislation.

The number of sanctions applied for the period 1954-55 amounted to 13 or only .03 percent.

If we examine the figures for the current year we find that the estimated number of complaints amounts to 4,000 and of this number 48 or only 1.2 percent are estimated to result in sanctions being applied. The number of complaints for the budget year is estimated to be 4,200, of which 72 or only 1.7 percent are estimated to result in disciplinary action.

From an enforcement standpoint, this clearly indicates that the general state of compliance is apparently good. Further it is illustrative of the fact that a substantial portion of the investigative effort devoted to routine inspections is relatively nonproductive. Such a situation cannot be expected to support a request for additional personnel.

We further point to the fact that for the four-year period reflected in the above table, no violations were or are contemplated to be found, that are of a sufficient degree of seriousness to support a license revocation.

If the state of compliance is actually that good, certainly there is no need to augment the present staff to cope with a nonexistent problem.

We question very seriously the necessity for the number of routine inspections that are being made by this agency when the facts show very clearly that the vast number of operators are apparently abiding by the regulations.

In our opinion, the agency could well reduce the number of routine inspections being made at the present time. By reducing the number of inspections, serious consideration might then be given by the agency

**Bureau of Furniture and Bedding Inspection—Continued**

toward a reduction in the present staff unless competent investigations resulted in a substantial increase in both the number and percentage of formal sanctions.

Agencies generally are too prone to request additions to staffs immediately after the passage of legislation based solely on the premise that the change in the law may increase the work load factor. In our opinion purely anticipated increases in work load are entirely inadequate justification for requesting additions to staff and an agency should produce actual work load statistics based upon experience to support its request.

Most legislation relating to licensing statutes as far as investigation and the application of sanctions is permissive in nature and not mandatory in its entire application to the scope of the activity of the agency affected.

We believe that if any minor increase in work load anticipated by this agency should actually develop as a result of legislation, it can easily be absorbed by the present staff. This would be especially so if the number of routine inspections are adjusted as may be necessary.

*In view of all of the foregoing factors the inescapable conclusion is that this position request is unjustified and we recommend that it be deleted.*

**Department of Professional and Vocational Standards  
BOARD OF GUIDE DOGS FOR THE BLIND**

ITEM 255 of the Budget Bill

Budget page 899  
Budget line No. 7

**FOR SUPPORT OF BOARD OF GUIDE DOGS FOR THE BLIND FROM  
THE GENERAL FUND**

Amount requested.....	\$751
Estimated to be expended in 1955-56 Fiscal Year.....	650
Increase (15.5 percent).....	\$101

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Operating expense .....	—\$6	—\$6	—	899 43
Equipment .....	107	107	—	899 46
Total increase.....	\$101	\$101	—	899 48

**RECOMMENDATIONS**

Amount budgeted.....	\$751
Legislative Auditor's recommendation.....	751
Reduction .....	None

The Board of Guide Dogs for the Blind was created for the purpose of examining and regulating guide dog schools and guide dog trainers.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$751, an increase of \$101, or 15.5 percent over the estimated expenditures of \$650 for 1955-56.

Principal items for this agency are temporary help and travel.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards  
BOARD OF LANDSCAPE ARCHITECTS**

ITEM 256 of the Budget Bill

Budget page 900  
Budget line No. 8

**FOR SUPPORT OF BOARD OF LANDSCAPE ARCHITECTS FROM THE  
STATE BOARD OF LANDSCAPE ARCHITECTS' FUND**

Amount requested .....	\$13,159
Estimated to be expended in 1955-56 Fiscal Year .....	12,875
<b>Increase (2.2 percent) .....</b>	<b>\$284</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$266	\$266	--	900 46
Operating expense .....	18	18	--	900 69
<b>Total increase .....</b>	<b>\$284</b>	<b>\$284</b>	<b>--</b>	<b>900 74</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$13,159
Legislative Auditor's recommendation .....	13,159
<b>Reduction .....</b>	<b>None</b>

The Board of Landscape Architects was created for the purpose of conducting examinations, issuing licenses, and in general regulating the activities of landscape architects throughout the State.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are estimated at \$13,159, an increase of \$284, or 2.2 percent over the estimated expenditures for the current year.

Revenues for the fiscal year 1956-57 are estimated at \$19,675, a decrease of \$3,760 or 16 percent below the estimated revenues for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$29,646, an increase of \$6,216, or 26.5 percent over the accumulated surplus estimated for the current year.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards  
BOARD OF MEDICAL EXAMINERS**

ITEM 257 of the Budget Bill

Budget page 902  
Budget line No. 7

**FOR SUPPORT OF BOARD OF MEDICAL EXAMINERS FROM THE  
MEDICAL EXAMINERS' CONTINGENT FUND**

Amount requested .....	\$248,375
Estimated to be expended in 1955-56 Fiscal Year .....	239,917
<b>Increase (3.5 percent) .....</b>	<b>\$8,458</b>

Board of Medical Examiners—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages-----	\$2,979	\$63	\$2,916	903	16
Operating expense -----	6,650	6,650	--	903	42
Equipment -----	-1,171	-1,171	--	903	50
<b>Total increase -----</b>	<b>\$8,458</b>	<b>\$5,542</b>	<b>\$2,916</b>	<b>903</b>	<b>52</b>

RECOMMENDATIONS

Amount budgeted -----	\$248,375
Legislative Auditor's recommendation-----	245,459
<b>Reduction -----</b>	<b>\$2,916</b>

The Board of Medical Examiners was created for the purpose of regulating the medical profession. The board examines, licenses and regulates physicians and surgeons, chiroprodists, drugless physicians, dispensing opticians and midwives.

ANALYSIS

Proposed expenditures for the 1956-57 Fiscal Year are \$248,375, an increase of \$8,458 or 3.5 percent over the estimated expenditures of \$239,917 for 1955-56.

Revenues for the 1956-57 Fiscal Year are estimated at \$278,425, an increase of \$5,060 or 1.9 percent above the estimated revenues for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$600,883, an increase of \$12,058 or 2.04 percent above the accumulated surplus estimated for 1955-56.

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$3,789. This was for the following:

Postage -----	\$1,100
Rent -----	2,435
Pro-rata Attorney General's services-----	3,000
Legal advertising, hearings and evidence-----	500
Less: budgetary adjustments-----	-\$3,246

The above authorization was necessitated by additional office space being acquired, and an increase in the number of formal cases.

1 *Intermediate typist-clerk (Budget page 903, line 13)*----- \$2,916

The request by the agency for one additional position of intermediate typist-clerk to bring the total in this category to five, is based on legislation passed at the 1955 Session of the Legislature and an increase in work load as a result of an increase in licentiates.

*We recommend deletion of the above position.*

One of the reasons given for an increase in clerical staff is an increase in the number of licentiates.

If we examine the Governor's Budget page 902, line 52, we find that the actual number of licentiates, exclusive of licensed and registered physical therapists, is as follows:

Board of Medical Examiners—Continued

	Actual			Estimated	
	1952-1953	1953-1954	1954-1955	1955-1956	1956-1957
Number of licentiates	25,206	27,361	29,307	30,008	33,016
Increase in licentiates over prior year	--	2,155	1,946	701	3,008
Percent of increase	--	8.5	7.1	2.4	10.0

The above table indicates that the increase in the number of licentiates diminishes steadily since 1952-53. The trend is reversed for the 1956-57 period and since we have not received any data from the agency to account for this major increase, we believe the estimate to be unduly optimistic.

Further justification for this position is advanced by the agency based on legislation passed at the 1955 Session of the Legislature. Section 2393 of the Business and Professions Code states:

“Any physician and surgeon or partnership or group of physicians and surgeons, or any chiroprapist or partnership or group of chiroprapists, engaging in practice under any name that would otherwise be a violation of this section *may* practice under such name if, and only if, such individual partnership or group holds an outstanding and unrevoked permit issued by the Board under the provisions of this section.” (Italics ours.)

Since the legislation referred to above has not been in effect long enough to show what impact, if any, it may have on the work load of this agency, we point out as we have in other analyses of this department that anticipated increases in work load not supported by trends or other substantial evidence of prospective activity are inadequate justification for requesting additions to staff.

*For this reason, and the others stated above, we recommend that this position be deleted.*

**Department of Professional and Vocational Standards  
REGISTERED PHYSICAL THERAPISTS**

ITEM 258 of the Budget Bill

Budget page 902  
Budget line No. 7

**FOR ADDITIONAL SUPPORT OF BOARD OF MEDICAL EXAMINERS FROM THE MEDICAL EXAMINERS' CONTINGENT FUND**

Amount requested	\$9,715
Estimated to be expended in 1955-56 Fiscal Year	9,129
Increase (6.4 percent)	\$586

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$208	\$208	--	903 65
Operating expense	605	605	--	903 83
Equipment	-227	-227	--	904 5
Total increase	\$686	\$686	--	904 7



Registered Physical Therapists—Continued

**RECOMMENDATIONS**

Amount budgeted .....	\$9,715
Legislative Auditor's recommendation .....	9,715
<hr/>	
Reduction .....	None

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$9,715, an increase of \$586 or 6.4 percent over the estimated expenditures of \$9,129 for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$13,384, a decline of \$3,654, or 21.4 percent below the previous year. At the present rate of decline the surplus will be exhausted within a three-year period.

This item authorizes the transfer of \$9,715 of the revenues from registered physical therapy fees to the Medical Examiners Contingent Fund pursuant to Section 2614 of the Business and Professions Code.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards**

**LICENSED PHYSICAL THERAPISTS**

ITEM 259 of the Budget Bill

Budget page 902  
Budget line No. 21

**FOR SUPPORT OF BOARD OF MEDICAL EXAMINERS FROM THE  
PHYSICAL THERAPY FUND**

Amount requested .....	\$13,455
Estimated to be expended in 1955-56 Fiscal Year .....	12,694
<hr/>	
Increase (6 percent) .....	\$761

**Summary of Increase.**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$632	\$632	--	904 19
Operating expense .....	540	540	--	904 41
Equipment .....	—411	—411	--	904 44
<hr/>		<hr/>		
Total increase .....	\$761	\$761	--	904 46

**RECOMMENDATIONS**

Amount budgeted .....	\$13,455
Legislative Auditor's recommendation .....	13,455
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Reduction .....	None

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$13,455, an increase of \$761, or 6.0 percent over the estimated expenditures of \$12,694 for the current year.

Revenues for the current year are estimated at \$10,500, an increase of \$3,000, or 40 percent above the estimated revenue for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$9,069, a decrease of \$3,150, or 34.7 percent below the estimated surplus for the current year.

Licensed Physical Therapists—Continued

The surplus continues to show a decline since 1954-55 and at the present rate the surplus will be eliminated within a three-year period. We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards  
BOARD OF NURSE EXAMINERS**

ITEM 260 of the Budget Bill

Budget page 906  
Budget line No. 14

**FOR SUPPORT OF BOARD OF NURSE EXAMINERS FROM THE  
NURSE EXAMINERS' FUND**

Amount requested.....	\$159,320
Estimated to be expended in 1955-56 Fiscal Year.....	146,105
<hr/>	
Increase (9.0 percent).....	\$13,215

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages.....	\$6,784	\$6,784	---	906 59
Operating expense.....	2,395	2,395	---	907 9
Equipment.....	4,036	4,036	---	907 17
<hr/>				
Total increases.....	\$13,215	\$13,215	--	907 19

**RECOMMENDATIONS**

Amount budgeted.....	\$159,320
Legislative Auditor's recommendation.....	159,320
<hr/>	
Reduction.....	None

The Board of Nurse Examiners was originally attached to the State Board of Health as the Bureau of Registration of Nurses.

In 1939 the bureau was transferred to the Department of Professional and Vocational Standards. The board examines, licenses and regulates the practice of nursing in California as well as setting the curriculum of schools of nursing throughout the State.

Proposed expenditures for the 1956-57 Fiscal Year are \$159,320, an increase of \$13,215, or 9 percent over the estimated expenditures of \$146,105 for the current year.

Revenues for the current year are estimated at \$136,560, an increase of \$46,537 or 51.7 percent over the estimated revenues for 1955-56.

The accumulated surplus as of June 30, 1957 is estimated at \$298,925, a decrease of \$30,351 or 9.2 percent below the surplus estimated for the current year.

The budget for the current year has been augmented by an emergency authorization in the amount of \$7,849. This was for the following:

Office.....	\$480
Postage.....	750
Traveling in State.....	2,575
Pro rata Attorney General's services.....	3,500
Hearing services—Department of Administrative Procedure.....	1,250
Examinations.....	455
Phone.....	450
Less: budgetary adjustments.....	—1,611

Board of Nurse Examiners—Continued

The authorization was necessitated primarily by the agency's inability to recruit a consultant in Los Angeles with a resultant increase in travel from Sacramento and an increase in the number of formal cases.

1 Senior Clerk (Budget page 906, line 56)-----\$3,540

The agency request for one additional senior clerk is primarily for the purpose of obtaining better supervision over the clerical staff and to relieve the supervising clerk of excess clerical work.

The number of licentiates for the period 1956-57 is estimated to be 86,000, an increase of 6,020, or 7.5 percent greater than the number actually in effect in 1954-55. The number of positions presently authorized is 19 and if the additional position is allowed would result in a 5.3 percent increase in staff.

We point out that normally staff increases are not warranted based solely on increases in the number of licentiates. However, we feel that the increase of 18.9 percent in the number of licentiates which this agency has experienced since 1952-53 is materially adding to the work-load factor. It would appear also that increased efficiency should result from the additional supervision which this position will provide.

For these reasons we recommend that the position of one senior clerk be approved.

Department of Professional and Vocational Standards

BOARD OF OPTOMETRY

ITEM 261 of the Budget Bill

Budget page 908  
Budget line No. 7

FOR SUPPORT OF BOARD OF OPTOMETRY FROM THE OPTOMETRY FUND

Amount requested .....	\$37,923
Estimated to be expended in 1955-56 Fiscal Year .....	36,804
Increase (3 percent) .....	\$1,119

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$550	\$550	---	908 44
Operating expense .....	500	500	---	908 69
Equipment .....	69	69	---	908 72
Total increase .....	\$1,119	\$1,119	---	908 74

RECOMMENDATIONS

Amount budgeted .....	\$37,923
Legislative Auditor's recommendation .....	37,923
Reduction .....	None

The Board of Optometry examines, licenses and regulates the profession of optometry throughout the State.

**Board of Optometry—Continued  
ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$37,923, an increase of \$1,119 or 3 percent over the estimated expenditures of \$36,804 for the current year.

Revenues for the 1956-57 Fiscal Year are estimated at \$41,400, an increase of \$4,700 or 12.8 percent over the estimated revenues for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$9,347, an increase of \$2,013, or 27.4 percent over the estimated surplus for the current year.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards  
BOARD OF PHARMACY**

ITEM 262 of the Budget Bill

Budget page 910  
Budget line No. 7

**FOR SUPPORT OF BOARD OF PHARMACY FROM THE PHARMACY  
BOARD CONTINGENT FUND**

Amount requested .....	\$220,742
Estimated to be expended in 1955-56 Fiscal Year .....	201,007
	<hr/>
Increase (9.8 percent) .....	\$19,735

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$12,418	\$12,418	--	910 60
Operating expense .....	3,199	3,199	--	911 25
Equipment .....	4,118	4,118	--	911 33
	<hr/>	<hr/>		
Total increase .....	\$19,735	\$19,735	--	911 35

**RECOMMENDATIONS**

Amount budgeted .....	\$220,742
Legislative Auditor's recommendation .....	220,742
	<hr/>
Reduction .....	None

The Board of Pharmacy examines, licenses and regulates pharmacists and pharmacies, manufacturers and wholesalers of drugs, general dealers and itinerant vendors, issues permits for hypodermics, and licenses and regulates the sale of poisons, hypnotic and dangerous drugs throughout the State.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$220,742, an increase of \$19,735 or 9.8 percent over the estimated expenditures of \$201,007 for the current year.

Revenues for the Fiscal Year 1956-57 are estimated at \$244,500, an increase of \$61,680 or 29.1 percent over the estimated revenue for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$58,361, an increase of \$13,288 or 29.7 percent over the accumulated surplus for the current year.

Board of Pharmacy—Continued

1 Inspector (Budget page 910, line 44)-----	\$5,232
1 Special investigator (Budget page 910, line 45)-----	\$4,740

The request by the agency for one additional inspector, to bring the number of positions in this category to eleven and one additional position of special investigator, to bring the total in this category to three, is based on an anticipated increase in work load resulting from the dangerous drug problem.

The work load as submitted by the agency is as follows:

	1954-55		1955-56		1956-57	
	Total	Average per investigator	Total	Average per investigator	Total	Average per investigator
Formal hearings	96	8	175	14.7	175	12.5
Cited to district attorney	96	8	100	8.3	100	7.1
Suspension of licenses	14	1.14	15	1.3	20	1.4
Revocation of licenses	8	0.66	10	0.83	15	1.1
Totals	214		300		310	
Number of investigator-inspectors	12		12		14	

The above table reflects the work load from an enforcement aspect.

If we examine the actual 1954-55 data and then compare them with the 1955-56 estimate of the same items, we find that the agency serviced a total of 214 disciplinary actions in the categories listed during 1954-55.

The number of disciplinary actions estimated for 1955-56, with the same number of positions, totals 300, an increase of 86 or 40 percent.

If we examine the figures for 1956-57 predicated on a budget request of two additional positions, we find that the total number of disciplinary actions only amounts to 310, an increase of 3.3 percent compared with a 16.6 percent increase in staff.

The above table also indicates that the agency expects the bulk of the problem to develop by 1955-56 with practically no increase expected in work load in 1956-57. This raises some question as to the real necessity of the additional staff.

It is evident that the per-man productivity in disciplinary actions is going to drop substantially since the agency would be receiving a 16 percent increase in staff and only achieve a 3 percent increase in disciplinary actions. An increase in disciplinary actions commensurate with the increase in staff is entirely reasonable and conservative if a real enforcement problem exists and is properly handled from an investigative standpoint. This should increase the total number of disciplinary actions in 1956-57 to 348 rather than 310 as forecast in the budget.

Because the problem of dangerous drugs is one that directly affects the welfare of the public we are inclined to recommend that the additional position of inspector and the one additional position of special investigator be authorized. However, we do so on the premise that the agency will review enforcement procedures with a resultant increase in disciplinary actions commensurate with the increase in staff.

**Department of Professional and Vocational Standards  
BUREAU OF PRIVATE INVESTIGATORS AND ADJUSTERS**

ITEM 263 of the Budget Bill

Budget page 912  
Budget line No. 7

**FOR SUPPORT OF BUREAU OF PRIVATE INVESTIGATORS AND ADJUSTERS FROM THE PRIVATE INVESTIGATOR AND ADJUSTER FUND**

Amount requested .....	\$33,349
Estimated to be expended in 1955-56 Fiscal Year .....	31,576
<b>Increase (5.6 percent) .....</b>	<b>\$1,773</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$228	\$228	--	912 45
Operating expense .....	-579	-579	--	912 67
Equipment .....	2,124	2,124	--	912 73
<b>Total increase .....</b>	<b>\$1,773</b>	<b>\$1,773</b>	--	<b>912 75</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$33,349
Legislative Auditor's recommendation .....	33,349
<b>Reduction .....</b>	<b>None</b>

The Bureau of Private Investigators and Adjusters was created for the purpose of regulating and licensing private investigators, private patrol operators, and adjusters.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$33,349, an increase of \$1,773 or 5.6 percent over the estimated expenditures of \$31,576 for 1955-56.

Revenues for the 1956-57 Fiscal Year are estimated at \$35,840, a decrease of \$1,020, or 2.8 percent below the estimated revenue for the current year.

The accumulated surplus as of June 30, 1957, is estimated at \$174,402, an increase of \$1,004, or 0.57 percent over the accumulated surplus estimated for 1955-56.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards  
CERTIFIED SHORTHAND REPORTERS BOARD**

ITEM 264 of the Budget Bill

Budget page 914  
Budget line No. 7

**FOR SUPPORT OF CERTIFIED SHORTHAND REPORTERS BOARD FROM THE SHORTHAND REPORTERS' FUND**

Amount requested .....	\$14,132
Estimated to be expended in 1955-56 Fiscal Year .....	13,564
<b>Increase (4.2 percent) .....</b>	<b>\$568</b>

Structural Pest Control—Continued  
ANALYSIS

Proposed expenditures for the 1956-57 Fiscal Year are \$56,250, an increase of \$1,572, or 2.9 percent, over the estimated expenditures of \$54,678 for the current year.

Revenues for the 1956-57 Fiscal Year are estimated at \$68,900, an increase of \$4,493, or 6.9 percent, over the estimated revenues for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$28,016, an increase of \$10,382, or 58.8 percent, over the accumulated surplus estimated for the current year.

1 Investigator (*Budget page 918, line 44*) (*existing position*) ---\$5,190

The agency is requesting that one position of investigator presently authorized until June 30, 1956, be extended to permanent. This would increase the number of positions in this capacity to two, exclusive of one position of special investigator.

Since this position has a definite termination date, it preferably should be considered as though it had been listed under Proposed New Positions and not under Salaries and Wages as shown in the 1956-57 Budget.

The following work load statistics have been submitted by the agency :

	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57
Investigations closed -----	145	268	242	303	345	378
Number of investigators --	2	2	3	3	3	3
Cases closed per investigator	73	134	81	101	115	129
Disciplinary proceedings						
closed -----	7	3	10	4	*	*
Complaints -----	212	266	270	268	325	360
Backlog -----	97	94	110	75	55	37

\* Not estimated.

When the 1955-56 Budget was submitted last year the agency in support of their request that the position of investigator be extended to permanent, stated that "The work load is such that the continuation of this position on a full-time basis is requested. An investigator is able to complete approximately 12 complaints per month."

By their own standards, therefore, each investigator should close approximately 144 cases a year. Yet if we examine the above table we find that in 1951-52 only 73 cases were closed by each investigator. The number of cases closed per investigator in 1952-53 was 134, while in 1953-54 the number dropped to only 81 cases for each investigator. For the current year the number is estimated to be 115 cases with a slight increase in 1956-57 when the number of cases is expected to be 129.

The standards set by this agency are reasonable, yet we find, as shown above, that the investigative staff is falling far short of the number of closed cases that should be achieved by these standards.

We believe that a thorough re-examination of investigative procedures should be undertaken by the agency which should result in increased efficiency and performance.

We point out also that an excessive amount of investigative effort is being expended by the agency on cases that are nonproductive in terms of sanctions applied for violation of the act. For example, we find that out of 268 cases closed for the Fiscal Year 1952-53 only three, or 1.1 per-

**Structural Pest Control—Continued**

cent, resulted in a formal hearing. Conversely, 98.9 percent of the investigative effort was unproductive of any formal disciplinary results. If we examine the figures for 1954-55, out of a total of 303 investigations closed, only four, or 1.4 percent, resulted in disciplinary action being taken and of these four, two resulted in revocations and two were returned from the Attorney General as not warranting disciplinary action. We find further that of the 303 cases closed, 124, or 40.9 percent, were dismissed for lack of evidence of violation.

We point out again as we did in last year's analysis that if a vigorous policy of screening cases were effected by the agency, not only would the backlog be eliminated entirely, but the number of complaints that are now being investigated would be reduced conservatively by 25 to 35 percent. The above indicates very clearly that a staff of *two* investigators are more than adequate to maintain the standards set by the agency.

*We recommend that one existing position of investigator be terminated as of June 30, 1956.*

**Department of Professional and Vocational Standards  
BOARD OF EXAMINERS IN VETERINARY MEDICINE**

ITEM 267 of the Budget Bill

Budget page 920  
Budget line No. 8

**FOR SUPPORT OF BOARD OF EXAMINERS IN VETERINARY MEDICINE  
FROM THE VETERINARY EXAMINERS' CONTINGENT FUND**

Amount requested .....	\$18,555
Estimated to be expended in 1955-56 Fiscal Year .....	18,565
Decrease .....	—\$10

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$610	\$610	—	920 44
Operating expense .....	—510	—510	—	920 67
Equipment .....	—110	—110	—	920 70
<b>Total increase .....</b>	<b>—\$10</b>	<b>—\$10</b>	<b>—</b>	<b>920 72</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$18,555
Legislative Auditors' recommendation .....	18,555
Reduction .....	None

The Board of Examiners in Veterinary Medicine was created in 1927 for the purpose of regulating the practice of veterinary medicine throughout the State.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$18,555, a decrease of \$10 below the estimated expenditures of \$18,565 for the current year.



**Board of Examiners in Veterinary Medicine—Continued**

Revenues for the 1956-57 Fiscal Year are estimated at \$15,940, a decrease of \$1,965 or 10.9 percent below the estimated revenues for 1955-56.

The accumulated surplus as of June 30, 1957 is estimated at \$19,687, a decrease of 13.4 percent below the accumulated surplus estimated for the current year.

The budget for the current year has been augmented by an Emergency Authorization in the amount of \$1,513. This was for the following:

Travel .....	\$850
Automobile mileage .....	730
Pro rata general administrative charges .....	365
Less budgetary adjustments .....	—432

The above authorization was necessitated by a change in investigative procedure resulting in increased travel.

We recommend approval of the budget as submitted.

**Department of Professional and Vocational Standards**

**BOARD OF VOCATIONAL NURSE EXAMINERS**

ITEM 268 of the Budget Bill

Budget page 922

Budget line No. 8

**FOR SUPPORT OF BOARD OF VOCATIONAL NURSE EXAMINERS FROM THE VOCATIONAL NURSE EXAMINERS' FUND**

Amount requested .....	\$42,510
Estimated to be expended in 1955-56 Fiscal Year .....	41,770
Increase (1.8 percent) .....	\$740

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$624	\$624	—	922 47
Operating expense .....	542	—	\$542	922 72
Equipment .....	—426	—426	—	923 5
Total increase .....	\$740	\$198	\$542	923 7

**RECOMMENDATIONS**

Amount budgeted .....	\$42,510
Legislative Auditor's recommendation .....	41,510
Reduction .....	\$1,000

The Board of Vocational Nurse Examiners was created for the purpose of conducting examinations, issuing licenses, and in general regulating the practice of vocational nurses in the State.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$42,510, an increase of \$740, or 1.8 percent over the estimated expenditures of \$41,770 for 1955-56.

Revenues for 1956-57 are estimated at \$48,900, a decrease of \$3,000 or 5.8 percent less than the estimated revenues for the current year.

**Board of Vocational Nurse Examiners—Continued**

The accumulated surplus as of June 30, 1957, is estimated at \$28,128, an increase of \$4,340, or 18.2 percent more than the accumulated surplus estimated for the current year.

*Fingerprint Reports (Budget page 922, line 70)*-----\$1,000

The 1955-56 Budget authorized an appropriation of \$1,000 to be used for checking 1,000 fingerprint cards. The fingerprint check was on a trial basis only and since the results of this study are still incomplete, an additional \$1,000 is being requested to cover the checking of a second thousand cards during 1956-57.

*We recommend deletion of the above amount.*

Since the results of the first fingerprint check are still incomplete we can see no justification for granting an additional \$1,000 until the merits of the initial pilot study have been determined.

We feel that the information supplied by the initial fingerprint check should be sufficient to enable the board to reach a conclusion as to its future merits and for this reason we see no justification for an additional appropriation at this time.

**Department of Professional and Vocational Standards**

**YACHT AND SHIP BROKERS COMMISSION**

ITEM 269 of the Budget Bill

Budget page 924  
Budget line No. 7

**FOR SUPPORT OF YACHT AND SHIP BROKERS COMMISSION FROM THE YACHT AND SHIP BROKERS' FUND**

Amount requested	\$17,264
Estimated to be expended in 1955-56 Fiscal Year	16,980
<hr/>	
Increase (1.7 percent)	\$284

**RECOMMENDATIONS**

Amount budgeted	\$17,264
Legislative Auditor's recommendation	17,264
<hr/>	
Reduction	None

The Yacht and Ship Brokers Commission examines, classifies and regulates brokers and salesmen of yachts and ships.

**ANALYSIS**

Proposed expenditures for the 1956-57 Fiscal Year are \$17,264, an increase of \$284, or 1.6 percent over the estimated expenditures of \$16,980 for the current year.

Revenues for the 1956-57 Fiscal Year are estimated at \$17,907, an increase of \$1,330 or 8 percent over the estimated revenues for 1955-56.

The accumulated surplus as of June 30, 1957, is estimated at \$29,599, a decrease of \$174 or .57 percent below the accumulated surplus estimated for the current year.

The budget for the current year has been augmented by an Emergency Authorization in the amount of \$932. This was for the following:

Salaries and wages	\$60
Pro rata general administrative charges	886
Less: budgetary adjustments	-14

## Yacht and Ship Brokers Commission—Continued

The above authorization was necessitated by increases in general administrative charges not previously estimated and increasing vacation relief for office personnel from 10 to 15 days.

We recommend approval of the budget as submitted.

## PUBLIC UTILITIES COMMISSION

ITEM 270 of the Budget Bill

Budget page 926

Budget line No. 7

FOR SUPPORT OF PUBLIC UTILITIES COMMISSION FROM THE  
GENERAL FUND

Amount requested .....	\$2,197,427
Estimated to be expended in 1955-56 Fiscal Year .....	2,134,337
Increase (3.0 percent) .....	\$63,090

## Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$54,037	\$33,083	\$20,954	932 57
Operating expense .....	18,733	18,733	—	932 58
Equipment .....	—4,894	—4,894	—	932 59
Less: increased reimbursements ..	—4,786	—4,786	—	932 68
Total increase .....	\$63,090	\$42,136	\$20,954	932 70

## RECOMMENDATIONS

Amount budgeted .....	\$2,197,427
Legislative Auditor's recommendation .....	2,197,427
Reduction .....	None

## ANALYSIS

Three new legal counsel positions are requested as follows:

	Amount	Page Budget	No. Line
2 associate counsel positions .....	\$15,458	930	56
1 assistant counsel position .....	5,496	930	57
Total .....	\$20,954		

The Public Utilities Commission consists of five members, appointed by the Governor with approval of two-thirds of the members elected to the Senate, for six-year staggered terms. The commission designates one of its members to act as president who, in addition to his other duties performs many of the functions of a chief administrative officer for the agency.

The commission is responsible for regulation of the activities of all privately owned public utilities and common carriers in California as to rates, service, issuance of securities and other matters. To carry out its responsibilities, it has a total authorized staff at present of 560.5, consisting of engineers, attorneys, legal examiners, rate experts and other technical classes and the necessary clerical personnel.

The budget as submitted includes a request for three additional attorneys to augment the existing staff of 11, shown on budget page 930, lines 46 to 50.

Public Utilities Commission—Continued

No detailed justification has been submitted for these positions in terms of work load or in relation to the volume and classes of work performed by the existing staff, although it has been stated generally that it is proposed to use the additional positions largely for "staff counsel" work. In view of the issue concerning the proposed increase in natural gas rates these positions can be considered justified in part for anticipated work load and in part to meet the demand for greater legal services to protect "consumer interest."

The "staff counsel" program consists in assigning a member of the commission's legal staff to appear in all major hearings before the commission to more adequately represent the public interest; to assist in presenting evidence by staff experts; to cross examine witnesses; to help develop a more complete record; and to assist public witnesses in presenting testimony, and an attorney once assigned as counsel in a particular case is disqualified from advising the commission thereon subsequently.

We recommend approval, although we recognize and point out that there is an element of increased service inherent in this request.

The principal increases in operating expenses are for in-state travel and automobile operations. The table below shows the amount of increase for these items by divisions.

<i>Division</i>	<i>In-state travel</i>	<i>Automobile operations</i>
General Fund activities		
1. Administration -----	\$200	\$3,750
2. Utilities -----	3,000	--
3. Utilities, Finance and Accounts -----	1,500	--
4. Transportation -----	3,100	--
5. Legal -----	1,500	--
6. Examiner -----	1,000	--
7. Reporting -----	500	--
Totals -----	\$10,800	\$3,750
Transportation Rate Fund activities		
1. Transportation -----	\$500	\$3,420
Totals, both funds -----	\$11,300	\$7,170

This increase in both classes of expenses appears to be due to further curtailment in the use of free passes on common carriers by Public Utilities Commission personnel.

Legislation passed at the 1955 Regular Session, while not prohibiting entirely free passes by commission personnel on common carriers, greatly restricted it. Section 533 of the Public Utilities Code was amended to specifically limit to "officers and employees of the operations and safety section of the transportation division of the commission" (a unit consisting of about eight people) the right which formerly all officers and employees of the commission had when performing official duties relating to regulation of carriers, to pass, free of charge, within the State on common carriers subject to control or regulation by the commission.

## Public Utilities Commission—Continued

## Recommendations

During the summer of 1955, a study was made by this office of certain of the organizational and operating aspects of the Public Utilities Commission and as a result of this study it appears pertinent at this time to mention the following points which we believe should merit consideration by the agency or be the subject of further study.

1. The establishment of an executive officer position, senior to all staff members, would relieve the president and individual commissioners of administrative detail, leaving them free to concentrate on formal hearing matters and matters of over-all general policy.

2. It would reduce the volume of business that each commissioner must review and be responsible for if the commission could be organized into two divisions on the pattern of the Interstate Commerce Commission, one division to handle transportation matters and the other utility matters, since there appears to be a clear-cut distinction between the two. Under such an arrangement each division could consist of two members, with the president of the commission as ex officio a member of each division, and a majority vote of a division would be sufficient to put an opinion and order into effect. Policy decisions could be appealed to the commission as a whole. Such an arrangement would probably require a constitutional amendment since the Constitution now requires a majority of the commission to issue a decision or order to make it effective.

3. Much of the work of the utilities division and the transportation division does not require engineering training but involves primarily economic analysis and greater use of nonengineering technical classes could be made to good advantage.

4. The assignment of a high level member of the legal staff to the Los Angeles Office would increase the effectiveness of that office as well as resulting in economies through reduced travel.

5. There are indications that some of the public hearings held in connection with proposed new financing may serve the purpose of primarily improving the sale of proposed new stocks and bonds rather than involving matters of vital public interest. It does not appear to us that this is a necessary function of the commission, and we suggest that review of the commission's policy be made to reduce unnecessary hearings.

6. It would appear to be advantageous if the transportation division were to be reorganized into fewer units, thus avoiding some duplications and decreasing the span of control of the head of that division.

7. There appears to be a continuing need for a staff training program, particularly at the supervisory level, as well as a need for the development by section heads of more efficient work standards.

8. A redistribution of the staff between Los Angeles and San Francisco with a higher percentage of the total than at present assigned to Los Angeles, might result in a more economical and efficient operation.

Public Utilities Commission

ITEM 271 of the Budget Bill

Budget page 926

Budget line No. 20

FOR ADDITIONAL SUPPORT OF PUBLIC UTILITIES COMMISSION  
FROM THE TRANSPORTATION RATE FUND

Amount requested .....	\$1,792,564
Estimated to be expended in 1955-56 Fiscal Year .....	1,762,361
<b>Increase (1.7 percent) .....</b>	<b>\$30,203</b>

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages .....	\$16,040	\$16,040	--	934 54
Operating expense .....	24,906	24,906	--	934 55
Equipment .....	—10,743	—10,743	--	934 56
<b>Total increase .....</b>	<b>\$30,203</b>	<b>\$30,203</b>	<b>--</b>	<b>934 63</b>

RECOMMENDATIONS

Amount budgeted .....	\$1,792,564
Legislative Auditor's recommendation .....	1,792,564
Reduction .....	None

ANALYSIS

Activities of the Pacific Utilities Commission having to do with the regulation of rail, truck and water carriers engaged in the transportation of property for compensation are financed from the Transportation Rate Fund, the revenues from which consist of certain fees including a quarterly fee of one-fourth of 1 percent of the gross operating revenue of the carriers involved. (Section 5003 of the Public Utilities Code). The balance in this fund increased from \$445,732 on July 1, 1954 to \$470,111, on June 30, 1955 and is expected to increase to \$634,854 by June 30, 1957.

Personnel whose activities relate exclusively to the foregoing are budgeted separately under this item, while personnel who work jointly on this function and other matters are listed under the General Fund activities of the Public Utilities Commission and charges for their time and related expenses are apportioned between the two funds under a plan of financial settlement.

The Transportation Rate Fund's share of the cost of these joint activities appear as operating expenses on Budget page 933, line 22, and Budget page 934, lines 20 to 26, and total \$896,326 for 1956-57.

The increase in salaries of \$16,040 for 1956-57, consists of the following:

Merit salary increases .....	\$12,828
1 Assistant transportation analyst, Budget page 933, line 74 .....	5,232
Additional temporary help, Budget page 933, line 76 .....	5,000
Increase in estimated salary savings .....	—7,020
<b>Net increase .....</b>	<b>\$16,040</b>

This additional position and the increase in temporary help are for increased work load resulting from Chapters 1571 and 1725, Statutes of 1955, which require applicants for highway contract carrier or radial

Public Utilities Commission—Continued

highway common carrier permits to establish financial responsibility and in some instances to post surety bonds.

The increase in operating expenses is due largely to an increase in printing costs of \$13,725, due to work load, and an increase in services by the legal staff of the commission of \$9,543, Budget page 934, line 24.

We recommend approval of the budget as submitted.

DEPARTMENT OF SOCIAL WELFARE

ITEM 272 of the Budget Bill

Budget page 936

Budget line No. 42

FOR SUPPORT OF DEPARTMENT OF SOCIAL WELFARE FROM THE GENERAL FUND

Amount requested .....	\$2,286,105
Estimated to be expended in 1955-56 Fiscal Year .....	2,222,630

Increase (2.9 percent) ..... \$63,475

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages .....	\$32,329	\$20,737	\$11,592	946	59
Operating expense .....	31,128	31,128	--	946	60
Equipment .....	7,140	7,140	--	946	61
Less: increased federal reimbursements .....	—7,122	—7,122	--	936	60
<b>Total increase .....</b>	<b>\$63,475</b>	<b>\$51,883</b>	<b>\$11,592</b>		

RECOMMENDATIONS

Amount budgeted .....	\$2,286,105
Legislative Auditor's recommendation .....	2,270,367

Reduction ..... \$15,738

Summary of Recommended Reductions

	State Funds	Federal Funds	Total
Information Officer I .....	\$4,240	\$2,120	\$6,360
Travel .....	600	300	900
Contractual Medical Services .....	7,410	7,410	14,820
Administrative Assistant I .....	3,488	1,744	5,232
<b>Total .....</b>	<b>\$15,738</b>	<b>\$11,574</b>	<b>\$27,312</b>

ANALYSIS

GENERAL COMMENTS

The budget requested for support of the Department of Social Welfare is basically a continuation of the existing level of service now being rendered by the department. No major organizational changes or new programs are contemplated for the 1956-57 Fiscal Year. The department is moving into the new Employment Building and should be there by the beginning of the fiscal year.

Total expenditures for welfare programs within the State have increased since the monthly grants for recipients of old age assistance and blind aid were increased \$5 at the 1955 Session of the Legislature. This makes the maximum allowable monthly grant \$85 for the aged and \$95 for the blind as of October 1, 1955. This office has long been of the