

Woman's Relief Corps—Continued

RECOMMENDATIONS

Amount budgeted	\$39,500
Legislative Auditor's recommendation	39,500
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Reduction	None

ANALYSIS

The Woman's Relief Corps Home of California was originally established in 1887 for the purpose of providing a home for army nurses and wives, widows, mothers, and dependents of Union veterans who served honorably in the Civil War. Subsequently, by Chapter 1202 of the Statutes of 1947, further admissions to the home were discontinued. As a result of the advancing age of the remaining members, the membership decreased steadily. This caused the per-capita cost to rise proportionately until by 1953 the cost was so high that the Legislature decided to authorize the leasing of the home to private operators who, in turn, would contract with the State for the care of the remaining members for the balance of their lives. The civil service superintendent who was the incumbent at that time became the contractor and lessee. This arrangement resulted in a substantial reduction in the cost per capita to the State.

For the 1956-57 Fiscal Year it is proposed to decrease the cost of this contract operation by \$4,241, or 9.7 percent from \$43,741 estimated to be expended in the current fiscal year to \$39,500 for the budget year, which will take care of an estimated 12 members. Since the State receives \$12,000 annually for rental of the facilities from the private operator, the net per-capita cost to the State is approximately \$2,291, as compared to \$2,441 in the current year. We recommend approval of this item as submitted.

Miscellaneous

WORKMEN'S COMPENSATION

ITEM 283 of the Budget Bill

Budget page 965
Budget line No. 36

FOR COMPENSATION, MEDICAL CARE AND HOSPITALIZATION OF STATE EMPLOYEES FROM THE GENERAL FUND

Amount requested	\$1,120,000
Estimated to be expended in 1955-56 Fiscal Year	980,000
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Increase (14.3 percent)	\$140,000

RECOMMENDATIONS

Amount budgeted	\$1,120,000
Legislative Auditor's recommendation	1,120,000
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Reduction	None

ANALYSIS

It is estimated that the cost of workmen's compensation coverage for those state officers and employees whose salaries and wages are paid from the General Fund will be \$1,120,000. This represents an increase of \$140,000, or 14.3 percent, over the appropriation for the current year.

Workmen's Compensation—Continued

The State acts as a self-insurer for this coverage, with the mechanics taken care of through the services of the State Compensation Insurance Fund.

We recommend approval of the amount requested.

**Miscellaneous
PAYMENT FOR ADDITIONAL WORKMEN'S COMPENSATION
FOR SUBSEQUENT INJURIES**

ITEM 284 of the Budget Bill

Budget page 965
Budget line No. 57

**FOR PAYMENT OF ADDITIONAL WORKMEN'S COMPENSATION FOR
SUBSEQUENT INJURY AS PROVIDED BY SECTION 4751 OF THE
LABOR CODE FROM THE GENERAL FUND**

Amount requested	\$416,000
Estimated to be expended in 1954-55 Fiscal Year.....	343,000
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Increase (21.3 percent)	\$73,000

RECOMMENDATIONS

Amount budgeted	\$416,000
Legislative Auditor's recommendation.....	416,000
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Reduction	None

GENERAL SUMMARY

This fund provides benefits for permanent disabilities which arise from industrial injury suffered by an employee who has suffered a previous specific permanent disability.

Chapter 1092, Statutes of 1955, amended Sections 4751 and 4753 of the Labor Code to specify pre-existing disabilities and made provision for deductions from compensation payments for payments received from certain other sources for pre-existing disabilities. The law, effective for two years only, will have no immediate financial effect, as current awards are those resulting from injuries occurring one or more years ago. Chapter 1093, Statutes of 1955, added Section 5100.5 to the Labor Code to prohibit commutation of payments under this division. Expenditures since enactment of the law in 1945 have been as follows:

	<i>State compensation insurance fund payments</i>	<i>Attorney General service charge costs</i>	<i>Attorney General costs</i>	<i>Total expendi- tures</i>
1947-48	\$4,355	\$218	--	\$4,573
1948-49	16,707	835	--	17,542
1949-50	39,922	1,996	--	41,918
1950-51	45,056	2,253	\$450	47,759
1951-52	55,550	2,781	887	59,218
1952-53	104,609	5,231	5,665	115,505
1953-54	138,507	6,929	9,569	155,001
1954-55	189,509	9,475	58,000*	256,984
1955-56 (estimated)	260,000	13,000	70,000	343,000
1956-57 (estimated)	320,000	16,000	80,000	416,000

* Estimated.

We have previously pointed out in our analysis of this item the progressively increasing liability of the General Fund and recommend that the Legislature at the 1957 Session consider either a constitutional

Additional Workmen's Compensation for Subsequent Injuries—Continued
 amendment, as suggested in our report of October 26, 1951, or amend-
 ments for improvement of the law as suggested by the Office of the
 Attorney General.

We recommend approval of the amount requested.

Miscellaneous

REFUND OF LICENSES, TAXES AND OTHER FEES

ITEM 285 of the Budget Bill

Budget page 966
 Budget line No. 45

**FOR REFUND OF TAXES, LICENSES, AND OTHER FEES FROM
 THE GENERAL FUND**

Amount requested	\$15,000
Estimated to be expended in 1955-56 Fiscal Year.....	15,000
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Increase	None

ANALYSIS

The request for an appropriation from the General Fund for the
 stated purposes permits refunds of fees erroneously collected and paid
 into the General Fund for which no specific provision of law exists
 whereby the refunds may be made.

We recommend approval of the item.

Miscellaneous

CLAIMS BILL

ITEM 286 of the Budget Bill

Budget page 966
 Budget line No. 65

**FOR CLAIMS OF THE SECRETARY OF THE STATE BOARD OF CONTROL
 FROM THE SEVERAL FUNDS**

Amount requested.....	\$30,653
Estimated to be expended in 1955-56 Fiscal Year.....	266,826
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Decrease	\$236,173

ANALYSIS

The Board of Control has approved claims against the State in the
 amount of \$30,653 as of November 22, 1955, of which \$130 represents
 claims against nonrevenue funds. Although the \$30,653 appears in the
 Budget Bill as introduced, amendments will be submitted to the Legis-
 lature for approval of additional claims. We shall analyze these addi-
 tional claims as approved by the Board of Control. The final review of
 all claims approved by the board will be made by the Legislature when
 the board has transmitted a statement of reasons for approval as re-
 quired in Section 16020 of the Government Code.

Miscellaneous

PERMANENT REVOLVING FUND

ITEM 287 of the Budget Bill

Budget page 968
Budget line No. 19

FOR REAPPROPRIATION OF BALANCE IN ITEM 273.5,
BUDGET ACT OF 1955

ANALYSIS

An amount of \$266,000 was appropriated under Item 273.5, Budget Act of 1955. One of the principal reasons for this appropriation was to provide capital for expansion of the automotive pool. An estimated balance in the amount of \$100,000 is being reappropriated for this same purpose.

We recommend approval of this item.

PURCHASING REVOLVING FUND

ITEM 288 of the Budget Bill

This item is identical to Item 274 of the Budget Act of 1955. It provides that the State Controller upon approval of the State Board of Control shall transfer to this item, from any appropriation in Section 2 of this act made from the General Fund, that part of such appropriation intended for the purchase of automobiles. These funds shall be available for augmentation of the Purchasing Revolving Fund.

This item provides the machinery whereby funds appropriated from the General Fund to the various state agencies for the replacement of or purchase of additional automobiles may be used to augment the Revolving Fund which finances the Department of Finance car pool. We have urged that centralized control of all automobiles and central pool operation to the extent possible and economical should be effected as rapidly as possible.

We recommend approval of this item as submitted.

PROVISION FOR SALARY INCREASE

ITEM 289 of the Budget Bill

Budget page 969
Budget line No. 7

FOR SUPPORT OF SALARY INCREASE FUND FROM THE GENERAL FUND

Amount requested ----- \$12,941,532

RECOMMENDATIONS

Amount budgeted ----- \$12,941,532

Legislative Auditor's recommendation ----- Pending

The request for \$12,941,532 from the General Fund for a salary increase fund is being requested upon the basis of a recommendation by the State Personnel Board that this amount is necessary in order that state salaries may be kept in line with salaries paid in private industry and other governmental jurisdictions.

The State Personnel Board is required by Section 18712 of the Government Code to annually report to the Governor and the Legislature on the position of state salaries in relation to those in private industry

Provision for Salary Increases—Continued

and other governmental jurisdictions. The board in its report of January 21, 1956, has recommended that funds be appropriated for a general 5 percent salary increase for state employees.

Since the Personnel Board's salary jurisdiction relates only to civil service and state college salaries, no specific recommendation was made with respect to the University of California nor exempt employees. The amount requested in the budget provides for carrying out the board's recommendation for both General Fund employees and, in a separate section, Special Fund employees, and in addition it provides in this salary increase fund item amounts sufficient to provide comparable adjustments to University of California employees and for employees exempt from civil service whose salary is set by other than the Personnel Board. The item also includes \$750,000 for special salary adjustments for civil service employees paid from the General Fund. The total cost of salary adjustments for General Fund and Special Fund employees is \$21,021,696.

The State of California has since 1949 required the Personnel Board to submit recommendations designed to maintain salary comparability between state and outside employment. The Legislature has consistently appropriated funds to implement this policy. Regular salary surveys are made by the board in October and March of each year. The October survey for 1955 consisted of a field analysis of San Francisco salaries and a recheck of firms in Los Angeles and San Diego areas. In March, prior to the adjournment of the Legislature, it is anticipated that a report will be submitted by the Personnel Board which will show the results of a field survey in Los Angeles and San Diego and a recheck in San Francisco.

At the 1955 legislative session, funds were provided for a general 5 percent salary increase for state employees. This was based upon findings of the Personnel Board that from March, 1953, to October, 1954, other governmental and private industry salaries had increased by more than 5 percent. Recent findings of the Personnel Board indicate that between March and October of 1955, salaries in outside employment have increased an average of $2\frac{1}{2}$ percent and that if the trend continues by March, 1956, wages and salaries in outside employment will have risen 5 percent or more above salaries paid to state employees. On this assumption the Personnel Board recommended that an appropriation be made into the salary increase fund.

It is our opinion that the sampling methods and interpretation of data made by the Personnel Board are essentially sound. Surveys have been conducted on this basis over a period of several years and follow the established methodology of conducting such measurements. The Personnel Board has available to it extensive data accumulated by other public and private wage surveys made in California.

Because of the fact, however, that the report of the Personnel Board assumes that the present trend of salary increases will continue into March, 1956, and because there will be during the session of the Legislature submission of a report on the findings of the March salary survey, it would seem to us to be appropriate to withhold any firm recommendation pending the confirmation of the anticipated trend. If the findings of the board at that time indicate that a differential of 5 percent or

Reserves for Contingencies — 608 —

Provision for Salary Increases—Continued

more has occurred since the last adjustment made in state salaries, we would recommend that the salary fund be appropriated in accordance with established state policy.

RESERVES FOR CONTINGENCIES

Emergency Fund

ITEM 290 of the Budget Bill

Budget page 971
Budget line No. 14

FOR THE EMERGENCY FUND TO BE EXPENDED ONLY ON WRITTEN AUTHORIZATION OF THE DEPARTMENT OF FINANCE FOR EMERGENCIES FROM THE GENERAL FUND

Amount requested	\$2,000,000
Estimated to be expended in 1955-56 Fiscal Year.....	1,000,000
Increase (100 percent).....	\$1,000,000

RECOMMENDATIONS

Amount budgeted	\$2,000,000
Legislative Auditor's recommendation.....	1,000,000
Reduction	\$1,000,000

Item 276 of the Budget Act of 1955 appropriated \$1,000,000 to the Emergency Fund to be expended on written authorization of the Department of Finance. An additional amount of \$534,213 was appropriated by Item 276.5 to be expended to the extent necessary for price increases in the purchase of butter for state institutions.

The budget indicates as estimated and proposed expenditures from the Emergency Fund in 1955-56 (a) \$782,571 shown in individual agency budgets as allocations from the Emergency Fund in 1955-56 up to the time of the preparation of the printed budget, leaving a balance of \$217,429 not allocated or not shown in agency budgets, and (b) \$1,220,234 in proceeds from proposed deficiency appropriations to the Emergency Fund.

The budget request for 1956-57 is a proposed Emergency Fund of \$2,000,000 composed of \$1,000,000 for general emergencies and \$1,000,000 for extraordinary emergencies.

ANALYSIS

This office has consistently recommended to the Legislature the use of a single item of appropriation for unforeseen contingencies as a substitute for an accumulation of amounts for contingencies in the individual agency budgets. This request continues that policy. However, the concept of "an emergency fund" as requested in the Governor's Budget and as it exists in other legislation is particularly complicated this year when it is considered that:

- (a) One million dollars is requested for "general" emergencies.
- (b) An additional million dollars is requested for "extraordinary" emergencies.
- (c) The entire amount of the \$75,000,000 Rainy Day Fund is contingently appropriated upon declaration of a state of "extreme" emergency.