

**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.

**Emergency Fund—Continued**

- (d) Deficiency appropriations in the amount of \$1,220,234 are requested for 1955-56, a part of which is to reimburse the Emergency Fund for commitments which have already been made and a part for unforeseen contingencies which are anticipated.

In addition, it is proposed by the Governor that urgency legislation be enacted at a special session running concurrently with the Budget Session to provide relief for the repair of flood damage.

In order that provision for "emergencies" may be dealt with under a minimum number of policies and funds, we recommend:

1. That the Emergency Fund for 1956-57 be continued at the same level as that provided in the Budget Act of 1955. This is \$1,000,000 (exclusive of provisions for increases in the price of butter, which are not anticipated in 1956-57).
2. That the Emergency Fund for 1955-56 (Item 276, Budget Act of 1955) be augmented by deficiency appropriations in the amount of \$220,234, which will leave approximately \$437,663 unallocated for expenditure during the balance of 1955-56. This will reimburse the Emergency Fund for the major emergency allocations made thus far and will leave a reasonable amount to be administered during the balance of the current fiscal year.
3. That any additional requirements, either for the current fiscal year or for 1956-57, which are directly related to the floods in December, 1955, and January, 1956, be supported by detailed estimates of these requirements and be considered only in connection with other proposed legislation for repair of flood damage.