

**Lieutenant Governor****Items 31-32****Revenue Deficiency—Continued**

1953, by Item 31 of the Budget Act of 1954, by Item 33 of the Budget Act of 1955, and Item 33 of the Budget Act of 1956. We believe adequate safeguards are established for the use of this money during extreme emergencies.

We recommend approval.

**LIEUTENANT GOVERNOR**

ITEM 31 of the Budget Bill

Budget page 31  
Budget line No. 7**FOR SUPPORT OF LIEUTENANT GOVERNOR FROM THE GENERAL FUND**

|   |          |
|---|----------|
| Amount requested .....                                | \$55,843 |
| Estimated to be expended in 1956-57 Fiscal Year ..... | 56,918   |
| Decrease (1.9 percent) .....                          | \$1,705  |

**Summary of Increase**

|                          | Total increase | INCREASE DUE TO                 |              | Budget Line page No. |
|--------------------------|----------------|---------------------------------|--------------|----------------------|
|                          |                | Work load or salary adjustments | New services |                      |
| Salaries and wages ..... | \$810          | \$810                           | --           | 31 32                |
| Operating expense .....  | 615            | 615                             | --           | 31 47                |
| Equipment .....          | -2,500         | -2,500                          | --           | 31 54                |
| Total increase .....     | -\$1,705       | -\$1,705                        | --           | 31 56                |

**RECOMMENDATIONS**

|  |          |
|--|----------|
| Amount budgeted .....                      | \$55,843 |
| Legislative Auditor's recommendation ..... | 55,843   |
| Reduction .....                            | None     |

**ANALYSIS**

An amount of \$3,055 was allocated from the Emergency Fund during the current year to cover unanticipated travel and the increased cost of travel due to the increase in per diem allowance from \$14 to \$18 per day. A small amount was expended for emergency automobile repairs.

We recommend approval of the amount budgeted.

**STATE EMPLOYEES' RETIREMENT SYSTEM**

ITEM 32 of the Budget Bill

Budget page 32  
Budget line No. 8**FOR SUPPORT OF STATE EMPLOYEES' RETIREMENT SYSTEM FROM THE GENERAL FUND**

|   |           |
|---|-----------|
| Amount requested .....                                | \$339,211 |
| Estimated to be expended in 1956-57 Fiscal Year ..... | 292,465   |
| Increase (16.0 percent) .....                         | \$46,746  |

## State Employees' Retirement System—Continued

## Summary of Increase

|                                 | Total<br>increase | INCREASE DUE TO                    |                 | Budget Line<br>page No. |
|---------------------------------|-------------------|------------------------------------|-----------------|-------------------------|
|                                 |                   | Work load or<br>salary adjustments | New<br>services |                         |
| Salaries and wages -----        | \$53,136          | \$53,136                           | ---             | 35 55                   |
| Operating expense -----         | 43,207            | 43,207                             | ---             | 35 56                   |
| Equipment -----                 | 1,996             | 1,996                              | ---             | 35 57                   |
| Less increased reimbursement--- | —51,593           | —51,593                            | ---             | 35 62                   |
| Total increase -----            | \$46,746          | \$46,746                           | ---             | 35 65                   |

## RECOMMENDATIONS

|   |           |
|---|-----------|
| Amount budgeted -----                     | \$339,211 |
| Legislative Auditor's recommendation----- | 339,211   |
| Reduction -----                           | None      |

## GENERAL SUMMARY

The State Employees' Retirement System is charged with administering retirement plans for state civil servants, including nonacademic employees of the University of California, the Legislators' Retirement System, the Judges' Retirement System, and the retirement plans for over 300 municipalities, counties and special districts that have voluntarily come within and contributed to the State Employees' Retirement System. Costs of administration are prorated to local governments, and reimbursement is received from them.

The duties of administration include determination of eligibility for membership, collection and recording of employer and member contributions; computation and payment of withdrawals upon departure from state service, and of death and retirement benefits, including retirement for service, ordinary and industrial disability retirement, and industrial death; the investment of funds; the preparation of periodic and special valuations and annual and special reports.

The Board of Administration likewise administers the Federal Old Age and Survivors' Insurance program for employees of local public agencies in the State, and is reimbursed in whole for its services.

Table of Increases 1947-48 to 1956-57

|   | 1947-48   | 1956-57   | Percent<br>increase |
|---|-----------|-----------|---------------------|
| Work index:   |           |           |                     |
| Active membership, billing basis -----<br>(See explanation below) | --        | (161,747) | --                  |
| State members -----   | 43,249    | 88,412    | 104                 |
| Contracting agency members -----                                  | 22,660    | 78,715    | 247                 |
| Total (monthly postings, approx.) -----                           | 65,909    | 167,127   | 154                 |
| Retired members -----   | 3,269     | 13,259    | 305                 |
| Grand total, membership -----                                     | 69,178    | 180,386   | 160                 |
| One-time transactions:  |           |           |                     |
| Memberships withdrawn -----                                       | 7,125     | 22,000    | 210                 |
| Deaths -----  | 213       | 600       | 182                 |
| Retirement, gross -----   | 1,990     | 2,015     | 1                   |
| Number of employees -----   | 66.4      | 146.8     | 121                 |
| Total expenditures, General Fund -----                            | \$127,154 | \$292,465 | 130                 |

**State Employees' Retirement System—Continued**

The best work measurement is the active membership on a billing basis. As changes have been made in the method of billing since 1948, no comparable figure is available for the earlier year. Hence, for comparison we submit the total number of active accounts, although the number of monthly postings is actually almost 6,000 smaller at present. The system's growth in activity is thus 154 percent.

When compared with the growth in number of employees, an over-all gain in efficiency is seen. The small difference in percentage growth in total expenditures relative to growth in number of employees is exceptional. As comparison with other agencies will show, percentage growth in total expenditures is usually out of all proportion to the increase of staff.

The best index of a general gain in efficiency is comparison of the 154 percent growth in membership with the 121 percent growth in number of employees. A direct comparison cannot be made between growth in number of employees and growth in total expenditure as shown, because reimbursements are not included in this table. For instance, the Old Age and Survivors' Insurance program bears the entire cost of 7.4 employee positions in 1956-57.

**ANALYSIS**

The \$339,211 requested from the General Fund for administration of the State Employees' Retirement System is 15 percent greater than estimates of expenditures for the current year.

Four additional full-time clerical positions are being requested (Budget page 35, lines 65-70). Five temporary positions are requested for the quadrennial actuarial valuation and the public agency amendment valuation, activities required by statute (Budget page 36, lines 53-54). None of these positions are for new programs or services.

In considering actual budget figures, it must be kept in mind that reimbursements cover 62.3 percent of the total operating budget.

Among substantial dollar increases in the budget are the following: Rent of building space has gone up \$28,566, or 72 percent, in anticipation of moving to new and more adequate quarters, as previously authorized. Salaries and wages of the administrative staff have gone up \$20,062, or 3.2 percent. These are within-grade raises. The four permanent positions requested, referred to in the second paragraph above, together with a decrease in estimated salary savings, account for an additional \$17,941. The various valuations falling due in 1957-58, and budgeted as "other services" (Budget page 36, line 41), have increased by \$16,650, but should drop during the succeeding three years.

An increase in printing costs of \$10,750 is accounted for primarily by an allocation of \$8,000 to print information booklets for state members, an item that has not appeared during the past two years. Ballots and envelopes for the scheduled election are estimated at \$3,800. An offset is a proposed reduction of \$1,300 in the cost of printing the annual report.

Budget Year 1957-58 estimates of reimbursement from local governments are based on a cost of \$6.08 per member, 15 cents of which is for the quadrennial valuation. For 1956-57 the charge has been set at \$5.75,

**State Employees' Retirement System—Continued**

an increase of 50 cents per member from the preliminary estimates. The anticipated increase in cost per member, exclusive of the valuation, is 18 cents, or 3 percent.

The Department of Finance has begun an organization and management study, and the Personnel Board is commencing a salary and classification survey of all positions in the system.

We recommend that during 1957-58 a study be made of the retirement records to determine if a punched card installation is feasible. This study should consider the possible use of data available in the central payroll system of the Controller's Office.

Approval of this budget is recommended.

**CALIFORNIA COMMISSION ON INTERSTATE COOPERATION**

ITEM 33 of the Budget Bill

Budget page 36  
Budget line No. 7

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

|  |          |
|--|----------|
| Amount requested .....                               | \$34,091 |
| Estimated to be expended in 1956-57 Fiscal Year..... | 33,965   |
| <hr/>  |          |
| Increase (0.4 percent) .....                         | \$126    |

**RECOMMENDATIONS**

|   |          |
|---|----------|
| Amount budgeted .....                     | \$34,091 |
| Legislative Auditor's recommendation..... | 34,091   |
| <hr/>                                     |          |
| Reduction .....                           | None     |

**ANALYSIS**

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

The commission's budget consists only of operating expense, principally for California's assessment (\$31,250) for the operation of the Council of State Governments. The remaining expenses are chiefly travel expenses for the members to attend conferences in the amount of \$1,950.

We recommend approval of the amount budgeted.

**PERSONNEL BOARD**

ITEM 34 of the Budget Bill

Budget page 37  
Budget line No. 7

**FOR SUPPORT OF PERSONNEL BOARD FROM THE GENERAL FUND**

|  |             |
|--|-------------|
| Amount requested .....                               | \$2,111,405 |
| Estimated to be expended in 1956-57 Fiscal Year..... | 1,880,320   |
| <hr/>  |             |
| Increase (12.3 percent) .....                        | \$231,085   |

Personnel Board—Continued

Summary of Increase

|                                   | Total increase   | INCREASE DUE TO                 |                  | Budget page | Line No.  |
|-----------------------------------|------------------|---------------------------------|------------------|-------------|-----------|
|                                   |                  | Work load or salary adjustments | New services     |             |           |
| Salaries and wages -----          | \$166,094        | \$75,816                        | \$90,278         | 44          | 9         |
| Operating expenses -----          | 84,005           | 28,433                          | 55,572           | 44          | 10        |
| Equipment -----                   | 4,338            | 4,338                           | --               | 44          | 11        |
| Less increased reimbursements---- | —23,352          | —23,352                         | --               | 44          | 20        |
| <b>Total increase -----</b>       | <b>\$231,085</b> | <b>\$85,235</b>                 | <b>\$145,850</b> | <b>44</b>   | <b>22</b> |

RECOMMENDATIONS

|  |                 |
|--|-----------------|
| Amount budgeted -----                      | \$2,111,405     |
| Legislative Auditor's recommendation ----- | 2,045,405       |
| <b>Reduction -----</b>                     | <b>\$66,000</b> |

Summary of Recommended Reductions

|  | Amount          | Budget Page | Line Number |
|--|-----------------|-------------|-------------|
| Administration (operating expenses)                |                 |             |             |
| Survey of Personnel Board employees salaries ----- | \$6,000         | 40          | 38          |
| General Personnel Services                         |                 |             |             |
| Salaries and wages -----                           | 30,000          | 41          | 70          |
| Operating expenses -----                           | 30,000          | 42          | 7           |
| <b>Total recommended reduction -----</b>           | <b>\$66,000</b> |             |             |

GENERAL SUMMARY

The Personnel Board is the centralized agency for the State that is responsible for recruiting, examining, and certifying employees. It also adopts suitable pay rates, cooperates with various state agencies in training, and on request provides technical personnel services for political subdivisions on a contract basis by which cost is reimbursed.

Table of Increases 1947-48 to 1956-57

|                                   | 1947-48     | 1956-57     | Percent increase |
|-----------------------------------|-------------|-------------|------------------|
| Work index:                       |             |             |                  |
| Total state employees -----       | 49,315      | 73,303      | 48.6             |
| Number of examinations held ----- | 1,177       | 1,419 *     | 20.6             |
| Number of classes -----           | 2,119       | 2,305 *     | 8.7              |
| Number of employees -----         | 361         | 363.5       | 0.4              |
| Total expenditures -----          | \$1,130,033 | \$2,024,498 | 79.1             |

\* 1955-56 figures used.

The total expenditures for the State Personnel Board have increased nearly 80 percent during the period between 1947-48 and 1956-57 and the number of Personnel Board employees has increased 0.4 percent in the same period. This small increase in personnel is largely the result of past reductions of personnel when the pay roll audit and position control functions were removed from the board. A work load increase is indicated by the increased number of state employees, which during this period has been over 48 percent.

Interagency Personnel Committee

In our analysis of the Budget for 1956-57, and on prior occasions, our office has pointed out what we believe to be the urgent need for the establishment of clearly defined policies and definitions with respect to

**Personnel Board—Continued**

the appropriate role of the departmental personnel officer and the role of the central personnel staff. It is our feeling that these policies should be as firmly established as possible in order to provide guidelines for future staffing and development of personnel activities in the State Government and to avoid budget duplications and conflicting policies in personnel management.

Following the 1956 Budget Session, a committee of the Personnel Officers Council was established to give consideration to this matter. In order to give the broadest possible representation to various state interests involved, the committee was expanded to include representatives of the Department of Finance, the State Personnel Board, and the Legislative Auditor. Accomplishments of the committee to date have included identifying and classifying all personnel functions which are performed either at the agency level or by the central personnel agency. By using this classification an effort is being made, through joint discussions and subcommittee work, to define the relative responsibilities of the agency and of the central personnel staff, giving consideration to functions that are required by law to be performed by one or the other level, functions which are in fact being performed by one or the other level, and functions which could most effectively and appropriately be performed by each level.

Progress of the committee's work to date has not led to any final conclusions. However, it is our belief that this procedure is a desirable approach and will contribute, it is hoped by the next session of the Legislature, to the establishment of much more firm objectives and definitions as to the role of the agency and of the central personnel staff.

In some phases of the total personnel picture steps have been taken by the Personnel Board to clarify its role and that of the agencies. The Training Division has stated that training for work improvements is the job of the agencies. The job of the Personnel Board's professional trainers is to give agency administrators the technical advice required to carry on such training. The division sees as its objective assisting agencies to attain greater management efficiency by improving quality of work. This is achieved by increasing morale, improving public relations, increasing teamwork and creating a system of effective communications among employees. The training program that has been set forth by the division clearly separates the role and function of the Personnel Board's Training Division and that of the individual agencies. Future planning has taken into consideration both the agencies that have appointed training officers and those that have not.

We still feel that until such time as there is a better basis for evaluating the programs of departmental personnel offices, such as can now be done in training, future expansion of such offices should be curtailed.

**ANALYSIS**

The Budget request for the State Personnel Board for the 1957-58 Fiscal Year reflects a great increase in the recruitment effort of the board. The \$2,111,405 requested is \$231,085, or 12.3 percent more than the \$1,880,320 estimated to be expended during the current year.

Personnel Board—Continued

A \$25,615 allocation from the Emergency Fund was made to the board to increase its medical and allied recruitment effort for the current year. The emergency has been based on hearings conducted during the fall and winter of 1956 by the Senate Interim Committee on the Treatment of Mental Illness. During the hearings it was reported that in the State Department of Mental Hygiene there was a high percentage of unfilled positions in the various mental institutions. As of December, 1956, there were 35 vacancies for medical doctor personnel. This represents 11 percent of the 324 ward level doctors employed by the department. The \$25,615 allocation is divided as follows:

|   |         |                 |
|---|---------|-----------------|
| Salaries and wages-----   |         | \$9,912         |
| (One associate personnel analyst, one editorial assistant,<br>and one clerical) |         |                 |
| Operating expenses-----   |         | 14,673          |
| Recruitment printing-----   | \$2,098 |                 |
| Out of state recruiting—travel-----   | 1,500   |                 |
| Recruitment advertising-----  | 9,767   |                 |
| Miscellaneous-----  | 1,308   |                 |
| Equipment-----  |         | 1,030           |
| Total-----  |         | <u>\$25,615</u> |

The board is requesting 36 additional positions for the budget year. Fifteen of the positions are in the General Personnel Services Division for the expanded recruitment program. The other 21 positions are requested on a work load basis for the other four divisions.

**Administration**

Within the policies of the Personnel Board, this divisions plans, directs, coordinates and controls the work of the agency. The division is requesting an increase of \$6,000 in order to engage an outside consulting firm to gather salary data for positions in the personnel and management analysis fields.

The justification submitted by the Personnel Board states that "the reason for the special contract survey is that salary survey analysts should not be asked to gather data which would influence the salaries paid for their own positions." In our opinion, this is an unnecessary precaution. We have, on previous occasions, reviewed the wage survey procedures and techniques of the Personnel Board and have found them to be objective, and have so reported to the Legislature in recommending approval of salary increase funds requested by the Personnel Board based upon its wage surveys. The process of deciding key classes for survey, preparing job descriptions, identifying the comparable classes in industry and other governmental agencies, reporting salaries paid to these classes in industry, and comparing these with state salaries, is a process that can and should be performed with complete objectivity. In our opinion, the responsibility of the Personnel Board and its staff for scientific measurement and complete objectivity in wage surveys should not be diffused in any way.

*We recommend disapproval of the \$6,000 for a survey of personnel and management analysts salaries.*

## Personnel Board—Continued

## General Personnel Services

## Operations

The operations unit conducts the day-to-day personnel classification and examining work of the various state agencies and recommends civil service and state college pay ranges to the Personnel Board. The board has been operating under the new generalist form of organization since 1954. Prior to that time under the specialist form the various functions of classification, examination and pay recommendations were done by different analysts. Now one analyst in the Operations Section does all these functions for an individual agency. The purpose for this change was twofold. First it was felt that it would be desirable to have just one analyst make continuing contact with the agency rather than three or four, and secondly, it would be better for the individual analyst to broaden his knowledge and experience and thus be of more general use to the Personnel Board. It is still early to tell if the new form is better than the old. It should be noted that since the generalists are now preparing examinations there has been a 38 percent increase in number of items protested on examinations. During the Fiscal Year 1953-54 there were 1,334 items protested; whereas there were 1,844 protests in 1955-56. Some of the staff of the Personnel Board have remarked that the new analysts coming with the board do not get a thorough background or training in the individual phases of personnel work since many of their supervisors have a specialist background.

The operations unit is composed of five sections averaging five to six analysts per section. There has been one clerk performing clerical services for all sections. The board and the Department of Finance feel that on a work load basis it is necessary to have one clerk for each section in order to relieve analysts from clerical duties. In the 1956-57 Budget five additional analysts were provided the unit on a work load basis. With the new clerks in each section it is estimated that one of the five additional analysts provided in the current year could be dropped. In October, 1956, the Department of Finance authorized the board to put on four clerks so that with the one clerk already performing these duties there would be a clerk for each section. (Budget page 38, line 78.) The Department of Finance in turn has reduced the total number of assistant personnel analysts for the unit by one from 16 to 15. (Budget page 38, line 75.) The four positions are extended to permanent for 1957-58.

This seems to be a good move since the analysts in the past were constantly being interrupted by phone calls to analysts who were out of the office. Also there is much clerical work that can now be shifted to the clerks.

## Recruitment

An increase of \$119,021 in expanded services is requested for the recruitment efforts of the board. This amounts to \$67,140 for salaries and wages and \$48,289 for operating expenses.



Personnel Board—Continued

Salaries and Wages

The following is a breakdown of the positions that are related to the increased recruitment effort:

|   |          |
|---|----------|
| 1 Associate personnel analyst.....  | \$6,892  |
| To work on the increased medical recruitment program.   |          |
| 2 Associate personnel analysts.....   | 13,214   |
| To work on the increased engineering recruitment program.   |          |
| 1 Assistant personnel analyst.....  | 5,500    |
| For general recruitment at the Sacramento office.   |          |
| 2 Assistant personnel analysts.....   | 11,000   |
| These positions are for the Los Angeles and San Francisco branch offices. Although they will not be doing direct recruiting, due to the increased recruiting activity of others in the branches, they are needed. |          |
| 1 Editorial aid .....   | 3,900    |
| This position is proposed to augment the present production of printed recruiting material as an adjunct to the accelerated recruiting activity.  |          |
| 8 Clerical position .....   | 26,724   |
| These positions are requested to handle the work of the increased technical staff in the central office and branches, and to meet the rising work load in clerical testing and placement units.                   |          |
| Total .....   | \$67,140 |

The increase in expenditure for recruitment is meant to cover all the various needs of the State; however, major emphasis is to be placed on the engineering and medical professions. It is these professions where the State has the greatest difficulty in obtaining employees.

A total of six analysts are requested for this increased recruitment effort; one for medical, two for engineering, one for general recruitment, and two for the branch offices in Los Angeles and San Francisco. The three analysts for the medical and engineering recruiting will concentrate on the intensified out-of-state recruiting program. This program will be a cooperative effort with the Department of Mental Hygiene, Department of Public Works, and the Department of Water Resources. These three agencies have the greatest need for the above-mentioned classes.

The Personnel Board will plan the itinerary of colleges and universities to be contacted throughout the country. In the engineering phase, the Department of Public Works and the Department of Water Resources will loan personnel that will be oriented by the Personnel Board on recruitment techniques and personnel procedure. These people, who will be engineers themselves, will then contact the various schools throughout the country, and will also do off-campus recruiting in the various eastern and midwestern cities. Since the Personnel Board has recently eliminated the necessity for graduates of an accredited engineering college to take a written examination, the recruiters in the field will be empowered to interview the interested applicants and hire them immediately.

The medical recruitment will be conducted in much the same way with the exception that a personnel analyst from either the Personnel

## Personnel Board—Continued

Board or the Department of Mental Hygiene will accompany the doctor that makes a tour of the out-of-state recruiting locations. Recently the Personnel Board has discontinued the use of written examinations in the selection of physicians and surgeons and interns. In the future they will be selected after an evaluation of their education and experience by a qualified professional panel.

The two analysts for the branch offices will be the first augmentation of these offices since 1947. Although they will be doing work other than recruiting, it is because of the general recruitment effort which will increase the work load for the two branch offices that they are being requested.

## Operating Expenses

The operating expenses for the increased recruitment activity are as follows:

|   |                 |
|---|-----------------|
| Visual aids production .....  | \$2,400         |
| These are to be used for television and radio spot announcements going to 50 stations. The board will be able to make use of free public service time on radio and television stations.                   |                 |
| Recruitment printing .....  | 2,802           |
| This will be used to increase the quantities of materials now prepared.   |                 |
| Out-of-state traveling .....  | 5,500           |
| This is for the intensified recruitment program.  |                 |
| Recruitment advertising .....   | 37,587          |
| This is an effort by the Personnel Board to compete with other governmental jurisdictions and, to a small degree, private industry in attracting people into state service through the advertising media. |                 |
| Total .....   | <u>\$48,289</u> |

The increase in operating expense for 1957-58 is \$48,289. A total of \$8,000, or an increase of \$5,500 over the current year, is proposed for out-of-state travel. (Budget page 39, line 78.) This amount will cover the expenses for the traveling done by the Personnel Board analysts only. The cost for the traveling that will be done by employees from the agencies is included in the agency budget.

The major operating expense increase is for recruitment advertising. The board has \$60,100 budgeted, or an increase of \$37,587. (Budget page 40, line 7.) This money will be used for increased advertising in newspapers and professional journals.

The total recruiting increase request raises a number of important policy and budget questions. First, it may be questionable whether out-of-state recruitment tours as planned will bring the number of engineers and doctors into state employment that will warrant the increased expenditure. The engineering shortage is a nationwide problem, not just a California problem. It is estimated that the State will need 1,400 engineers of all classes for the next two years. The Division of Highways alone will need 900 of these positions due mainly to the recent adoption of the Federal Highway Plan. California will be competing for these persons at the same time that industry and other states will. On this basis it would seem that there just will not be enough qualified persons to go around.

## Personnel Board—Continued

The results of a recruitment program such as this are capable of being recorded and measured. We would expect that the Personnel Board will be able to show at the end of one year's experience, the accomplishments of the program. We have in mind particularly the out-of-state recruitment and the recruitment advertising. It should be possible to show the effectiveness of these programs in relation to the actual number of persons employed by the State in order that a detailed analysis might be made for future budgetary considerations.

Secondly, as we previously indicated, the over-all policies as to the respective role of the agency and of the central personnel staff have not yet been resolved in several of the personnel fields, one of which is recruiting. Several of the agencies are planning to cooperate with the Personnel Board in the recruiting effort and have budgeted money for their participation. Many agencies will be recruiting personnel independently of the board.

We believe that approximately one-half of the requested increase should be sufficient to achieve measurable results, if improvement can be achieved. *We recommend a reduction of \$30,000 from the recruitment advertising item (Budget page 42, Budget line 7) and \$30,000 from salaries and wages (Budget page 41, Budget Line 70), the items of reduction to be determined by the board to permit the maximum of program results within the funds available.* If the allocation from the Emergency Fund is considered, the Personnel Board would still be increasing its recruitment activity by over \$80,000 from the amount that was originally budgeted for the current year.

It is our feeling that the results of the increased emphasis should be reported to the next session of the Legislature, including findings as to which phases and advertising media were most effective.

**Standards and Surveys Division**

The Standards and Surveys Division has two main responsibilities. It conducts community wage surveys which are used as a basis by the board in setting the salaries of state employees. Its second function consists of periodic classification surveys of state agencies and establishing standards for agency classification, pay and personnel transactions activities.

The Personnel Board is requesting three positions for this division on a work load basis. Two permanent positions are for the periodic job classification survey function of the division. A temporary position is requested for the wage survey function to conduct special studies for the board. The total increase amounts to \$19,465.

In 1947 the Legislature authorized a program for periodically auditing the classification of each state civil service position through a system of departmental surveys. It was originally intended that the board maintain the five-year cycle that was set forth. With the present staff it is estimated that it would take over eight years to get to each agency. For this reason, two positions are being requested so that the board might get closer to the five-year goal.

**Personnel Board—Continued**

In the past the division has had no satisfactory work load basis for determining what is done, or what can be done, by an analyst. The division has conducted surveys upon the invitation of the agency, or when it was felt by the board that such a survey was necessary. There has been no time "standards" against which the division could measure its activities. The division only very recently has started to set down a program for future activity, however, the program is not completed for the Fiscal Year 1957-58. Since there is an apparent need for increased staff we recommend approval of the two positions (Budget page 40, line 46) on a temporary basis rather than permanent so that the Department of Finance can review the full program before authorizing the filling of these positions.

We also believe that the division should disregard the five-year cycle as a basis for determining when to go into an agency for a survey. It is apparent that the classification plan of an agency must receive a complete review periodically but we doubt if any rigid time can be set, and that the need of the individual agency is paramount. In actual operation, some agencies might need a survey every three years and others might not need one for 10 years. With more and more agencies obtaining personnel officers it would seem that there would be less chance of those agencies needing surveys as frequently, and at the same time the personnel officer would be cognizant of a need for a survey.

The division is regularly asked by the board, the executive officer, and the Legislature to perform special studies relating to the many aspects of personnel transactions and compensation. A backlog of assignments has developed to the point where it is necessary to add a temporary position to the staff in order that it might be reduced.

We recommend approval of the request.

**Office Services Division**

The Office Services Division performs clerical work; processes applications; arranges, administers, scores, and processes examinations; establishes eligible lists and maintains statistical data and employee roster; and conducts certification activities. The division is requesting an increase of \$44,836. An amount of \$38,414 is requested on a work load basis, and \$6,422 is requested in connection with the expanded recruitment program. The requested amount represents six proposed permanent positions and three temporary positions.

The Office Services Division handles a very large amount of paper work. Although it converted to the use of electronic equipment several years ago to process the material, there is still need for a large group of clerical personnel to do the work.

We recommend approval of the request.

**Training, Safety and Medical Services Division**

The Training Division is requesting an increase of \$19,184, of which \$16,716 is for new services. Three new positions are being requested to implement the present staff so that a planned projected program can be carried out. As discussed in the beginning of this analysis, the Training Division has made a determined effort to delineate the responsibilities

Personnel Board—Continued

of the division and that of the training officers in the various departments. The division has also developed time "standards" against which it may now measure its activities. A three-year program has been planned during which time the division will go in and conduct its program and subsequently spend time maintaining it. These follow-up or maintenance programs require 43 days per year in agencies not having training officers and 20 days per year in agencies with training officers. It is estimated that 1,520 man-days will be needed for 1957-58 and 1,643 man-days for 1958-59. The work should level off when there is only the maintenance program left.

These projected activities indicate that the addition of two training consultants and one clerk to the Training Division staff is necessary to meet this program.

We recommend approval of the request.

We recommend that in the future the Training Division should review agency proposed training programs received by the Department of Finance and provide an analysis of the agency request. This will assist the Department of Finance in making its recommendations on such requests and provide a more coordinated and organized over-all approach to training.

Cooperative Personnel Services Division

This division is requesting three junior staff analysts and three clerks on a work load basis. This program operates on a completely reimburseable basis. The work load continues to increase, and as additions are made to the staff, reimbursements are increased to finance them. When work load does not materialize, the staff is reduced accordingly.

We recommend approval of the request.

SECRETARY OF STATE

ITEM 35 of the Budget Bill

Budget page 45

Budget line No. 7

FOR SUPPORT OF THE SECRETARY OF STATE FROM THE GENERAL FUND

|   |           |
|---|-----------|
| Amount requested .....                                | \$314,833 |
| Estimated to be expended in 1956-57 Fiscal Year ..... | 302,859   |
| Increase (4.0 percent) .....                          | \$11,974  |

Summary of Increase

|                          | Total increase | INCREASE DUE TO                 |              | Budget Line page No. |
|--------------------------|----------------|---------------------------------|--------------|----------------------|
|                          |                | Work load or salary adjustments | New services |                      |
| Salaries and wages ..... | \$5,009        | \$5,009                         | --           | 47 50                |
| Operating expense .....  | -130           | -130                            | --           | 47 51                |
| Equipment .....          | 7,095          | 7,095                           | --           | 47 52                |
| Total increase .....     | \$11,974       | \$11,974                        | --           | 47 58                |

RECOMMENDATIONS

|  |           |
|--|-----------|
| Amount budgeted .....                      | \$314,833 |
| Legislative Auditor's recommendation ..... | 314,833   |
| Reduction .....                            | None      |

## Secretary of State—Continued

## GENERAL SUMMARY

The Secretary of State attests the original copies of all official acts of the Legislature and Governor, and files them permanently in the Archives. He examines and files all articles of incorporation and the frequent amendments thereto, all applications for trademarks, reservations of corporate names, and registrations of fraternal names, farms, ranches or villas. He certifies information from these official records upon request.

From his archival function, his responsibility has been extended to supervision of the Central Record Depository, where inactive departmental and agency records are stored.

The Secretary of State is responsible for compiling voters' pamphlets for state-wide elections, for purchasing and distributing ballot paper at cost to local governments, and for compiling and authenticating the results of elections. As no general election is scheduled for 1957-58, there is no cost comparable to the \$273,000 spent in 1956-57 for printing voters' pamphlets.

Remote from his other duties, the Secretary of State is responsible for licensing collection agencies and agents, under procedures paralleling those of the Department of Professional and Vocational Standards. This activity is supported from fees deposited in the Collection Agency Fund, and is budgeted separately. There have been no major increases in the duties or level of service in administration functions during the past year.

## Administration, Table of Increases 1947-48 to 1956-57

| Work index:  | 1947-48   | 1956-57   | Percent increase |
|--|-----------|-----------|------------------|
| 1. Corporation documents received for processing ----- | \$20,953  | \$34,036  | 62               |
| 2. Corporation documents filed -----                   | 15,000 *  | 27,455    | 83               |
| 3. Notary public commissions issued -----              | 10,235    | 17,230    | 68               |
| Number of employees -----                              | 28.5      | 38.2      | 34               |
| Total expenditures -----                               | \$150,785 | \$252,907 | 68               |

\* Estimated.

All corporation documents, when received, are routed to the Billing Section and then to the Legal Section. The change in work load of the Legal Section approximates the change in number of corporation documents received for processing. As a substantial number of the documents are returned disapproved, the work loads of the Certification Section, Index Section and File Section are proportional to the number of documents filed. The work load of the Billing Section is proportional to the sum of the documents processed and those filed. The work load of the Notary Public Section is proportional to the number of commissions issued.

The number of employees and total expenditures has been adjusted for 1947-48 by shifting the employees assigned to the Central Record Depository and their salaries to the next section of this report.

## Secretary of State—Continued

## Administration

## ANALYSIS

The net increase asked for administration is \$3,257, or 1.3 percent over 1956-57. This is due primarily to a request for one additional clerical position to service the microfilm files of corporation records. Conversion to microfilm has just taken place. The work load factor in the corporation files has been very satisfactory; it has been agreed that this position will not be filled until the work load under the new system has been reviewed. On the above condition, approval of this increase is recommended.

Every change in the legal framework of every corporation doing business in California must be filed with the Secretary of State. Because of the rapid growth of the files and the tremendous interfiling problem, microfilming was authorized by Chapter 1711, Statutes of 1955. This work has been done on contract, and approximately 1,145,650 pages photographed, the films cut, and mounted in plastic envelopes so that each file may be expanded. The office space gained has been 1,352 square feet. The net annual saving on files is estimated at \$946. The replacement value of files to be released to other agencies, with a net saving to the State is estimated at \$12,150. The replacement value of inactive corporation files released to the Central Record Depository is estimated at \$17,375.

Ballot paper reserves have been returned to state warehousing, at a substantial saving in charges. Improved methods of handling have resulted in a saving to the counties for the General Election of 1956 alone of \$6,655.

## Central Record Depository

## GENERAL SUMMARY

The Archivist is charged with the custody of the official records of the State, under the general direction of the Secretary of State. Those whose nature and value are such that they should be retained permanently are the Archives. Those of transitory value are deposited in the Central Record Depository, with destruction date specified. Samples are retained for the Archives.

The purpose of the Central Record Depository is to provide low cost, safe storage and adequate reference service, removing files alike from high-cost equipment and office space and from junk-laden closets and the menace of fire, water and vermin.

The Legislative Auditor's staff has conducted a survey to determine whether legislative intent has been carried out by the various departments in making use (1) of the Central Record Depository and (2) of authorization granted for systematic review and destruction of records. We find that the rate of intake of materials at the Central Record Depository has doubled in the past year. A number of agencies are organizing programs of record disposal, whose effect should be felt in the next biennium. In two to three years disposition of the backlog of obsolete files should be substantially complete.

Need for an immediate program for microfilming and putting in bombproof storage the "records essential to the continuity of govern-

## Secretary of State—Continued

ment" has also been brought out by the study. We feel that rigorous tests should be applied, so that the records microfilmed are the minimum essentials for re-establishment of government in the event of a major catastrophe. Although administration should be the responsibility of the Secretary of State, as this is an archival function and his staff already has experience in the field, standards and basic policy should be established by the Legislature.

## Central Record Depository—Increases 1947-48 to 1956-57

|                                       | 1947-48   | 1956-57  | Percent increase |
|---------------------------------------|-----------|----------|------------------|
| Work index:                           |           |          |                  |
| Reference requests serviced -----     | 4,056*    | 54,948   | 1,254.7          |
| Agencies having records on file ----- | 11        | 33       | 200.             |
| Number of employees -----             | 10.1      | 8.5      | -15.8            |
| Expenditures:                         |           |          |                  |
| Salaries and wages -----              | \$23,334  | \$40,922 | 75.4             |
| Operating expenses -----              | 4,572     | 2,880    | 37.0             |
| Equipment (shelving, etc.) -----      | 86,740    | 6,150    | 92.9             |
| Total expenditures -----              | \$114,646 | \$49,952 | -56.4            |

\* Data for 1949-50. No comparable data for earlier years.

The Central Record Depository was in operation but nine months of 1947-48. In addition to a regular staff of four (3.1 budget positions), who devoted part of their time to the Archives and ballot paper distribution (costs of the latter paid from a revolving fund), seven temporary employees sorted, arranged and indexed the large accumulation of papers. In the next two fiscal years, 24 and 23 temporary positions, respectively, were allotted to this work. At present a permanent staff of 8.5 suffices.

Similarly, expenses for equipment were heavy initially, but much of the equipment will be re-used repeatedly as materials are destroyed. No figures are available for cubic feet of materials processed during the early years.

## ANALYSIS

An increase of 17.4 percent has been requested for the Central Record Depository and Archives, making a total request of \$58,669 for this particular activity. No additional positions have been requested. The bulk of the request is for steel shelving and archival cartons to equip additional space tentatively assigned the Record Center on the first floor of the Annex to the Old Printing Plant. This is the cheapest type of storage available, and will free an equivalent amount of files throughout the state agencies. It is estimated that this will be needed prior to June 30, 1958, and should provide for expansion to at least September 30, 1959.

Approval of the Secretary of State's budget, as presented, is recommended.

## Proposed Expansion of Records Depository Program

A branch record depository for the Los Angeles area is being recommended by our office, for which enabling legislation will be required. An additional amount of \$18,791 would be required for this purpose.



Secretary of State—Continued

The critical need for such record facilities became apparent when a building, in which several agencies were storing records, was razed to make way for the new State Building Annex. Our staff found that other offices were overcrowded with files, and recommended use studies. Among these were the Gift and Inheritance Tax Division of the Controller's office.

Our study was followed by a questionnaire survey of the Los Angeles area by the Archivist. His survey indicates that 6,000 cubic feet of records will probably be available immediately upon establishment of such a branch. Records to be stored in such a depository are those which are still somewhat active, and which the agency therefore finds inexpedient to send to Sacramento. Records having long retention periods should continue to be moved to Sacramento after they become quite inactive. We do not anticipate a high rate of growth for this branch after the first year.

The budget figure above is based on a year-end maximum capacity of 9,000 cubic feet. Of this, \$8,000 is a nonrecurring cost for shelving and cartons. At this capacity, the two clerical positions approach the work level that now obtains in the Central Record Depository.

| Recommended Budget for Branch Record Depository, Los Angeles |           |                 |
|--|-----------|-----------------|
| Salaries and wages .....                                     |           | \$7,116         |
| Senior clerk, I .....  | \$325-395 |                 |
| Intermediate clerk, I .....                                  | 268-325   |                 |
| Operating expense .....                                      |           | 5,900           |
| Lease, 3,000 square feet .....                               | \$3,000   |                 |
| Supplies (cartons, etc.) .....                               | 2,400     |                 |
| Miscellaneous .....  | 500       |                 |
| Equipment .....  |           |                 |
| Shelving, 165 sections, installed .....                      |           | 5,775           |
| <b>Total .....</b>   |           | <b>\$18,791</b> |

We believe that there will be a substantial net saving to the State. If as little as one-third of this volume comes from office space, accommodations will become available for 50 additional employees in now crowded offices. Requests for space, file clerks, and file equipment should be substantially reduced.

The above information was obtained too late for the Secretary of State's budget hearing; we understand he has no fundamental objection.

**Secretary of State  
COLLECTION AGENCY DIVISION**

ITEM 36 of the Budget Bill

Budget page 45  
Budget line No. 41

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

|   |                |
|---|----------------|
| Amount requested .....                                | \$46,955       |
| Estimated to be expended in 1956-57 Fiscal Year ..... | 44,908         |
| <b>Increase (4.6 percent) .....</b>                   | <b>\$2,047</b> |

## Collection Agency Division—Continued

## Summary of Increase

|                          | Total<br>increase | INCREASE DUE TO                    |                 | Budget Line<br>page No. |
|--------------------------|-------------------|------------------------------------|-----------------|-------------------------|
|                          |                   | Work load or<br>salary adjustments | New<br>services |                         |
| Salaries and wages ----- | \$632             | \$632                              | --              | 48 42                   |
| Operating expense -----  | 2,027             | 2,027                              | --              | 48 59                   |
| Equipment -----          | -612              | -612                               | --              | 48 66                   |
| Total increase -----     | \$2,047           | \$2,047                            | --              | 48 68                   |

## RECOMMENDATIONS

|  |          |
|--|----------|
| Amount budgeted -----                      | \$46,955 |
| Legislative Auditor's recommendation ----- | 46,955   |
| Reduction -----                            | None     |

## GENERAL SUMMARY

The Collection Agency Division licenses agency officers and managers, setting examinations for license candidates, and enforcing laws regulating them.

In our opinion, this function properly belongs in the Department of Professional and Vocational Standards. This is but one of several inconsistencies in the administration of the State's licensing function. As no immediate gain in administrative efficiency is anticipated by transfer of this function, we simply call the Legislature's attention to it at this time. When there is a general review of the licensing function, transfer of this division should be considered.

## Collection Agency Division, Increases 1947-48 to 1956-57

|  | 1947-48  | 1956-57  | Percent<br>increase |
|--|----------|----------|---------------------|
| Work index:                                  |          |          |                     |
| 1. Agency license applications received ---- | 121      | 150      | 24.0                |
| 2. Applications approved -----               | 118      | 125      | 5.9                 |
| 3. Original licenses issued -----            | 84       | 100      | 19.0                |
| 4. License renewals issued -----             | 581      | 775      | 33.4                |
| Number of employees -----                    | 4.9      | 6        | 22.4                |
| Total expenditures -----                     | \$26,309 | \$44,908 | 70.7                |

After receipt, applications to take the examination are screened. Almost without exception those approved take the examination; the rating of the examination and issuing of the original license creates the greatest per-unit cost. However, the total work load on license renewals is greater, and this is the best single criterion of the growth in work load.

## ANALYSIS

The principal budget increase for the Collection Agency Division is \$1,550 for printing the *Collection Agency Employees' Manual* and the *Collection Agency License Law*. A similar item appeared in 1955-56. Approval is recommended.