

San Francisco Bay Rapid Transit—Continued

RECOMMENDATIONS

Amount budgeted	\$18,935
Legislative Auditor's recommendation	18,935
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Reduction	None

SUMMARY

The San Francisco Bay Area Rapid Transit Commission was formed by Chapter 1760, Statutes of 1951, to study the problems of rapid movement of large numbers of people in the Bay area and to investigate methods of financing a rapid transit system to serve the bay counties.

Subsequently, in January, 1956, the commission submitted a report to the Legislature outlining the facilities felt to be necessary, and preliminary construction cost estimates, along with a financial study of anticipated revenues and operating costs.

It is apparent that a considerable amount of enabling legislation will be required in the 1957 or subsequent legislative sessions to allow the plan to become a reality. Consequently, investigations are currently under way to determine the extent and type of legislation that would be necessary to establish a local district empowered to organize, construct and operate such a system.

ANALYSIS

The authority of the commission will expire December 31, 1957, by statute, at which time the materials and information compiled will be turned over to a local district agency. Therefore, the budget requested is for only one-half year's operation necessary to insure an efficient transfer of the records.

Based on the foregoing we recommend approval of the amount requested.

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

ITEM 208 of the Budget Bill

Budget page 821
Budget line No. 7

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

Amount requested	\$3,073,464
Estimated to be expended in 1956-57 Fiscal Year	2,976,481
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Increase (3.3 percent)	\$96,983

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$75,679	\$75,679	--	823 42
Operating expense	33,571	33,571	--	823 43
Equipment	-12,267	-12,267	--	823 44
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Total increase	\$96,983	\$96,983	--	823 46

Department of Alcoholic Beverage Control—Continued

RECOMMENDATIONS

Amount budgeted	\$3,073,464
Legislative Auditor's recommendation	3,073,464
Reduction	None

GENERAL SUMMARY

The Department of Alcoholic Beverage Control was created effective January 1, 1955, by an amendment to Article XX, Section 22 of the Constitution approved by the voters on April 2, 1954, which transferred the alcoholic beverage control functions formerly administered by the Board of Equalization to the new department, together with related personnel and equipment.

The department is headed by a director, appointed by the Governor subject to confirmation by a majority vote of all of the members elected to the Senate, and serves at the pleasure of the Governor. In addition to removal by the Governor the director may also be removed by a majority vote of all members elected to each house for "dereliction of duty or corruption or incompetence."

The salary of the director is fixed at \$15,000 a year by Section 11555.5 of the Government Code.

While complete comparisons as to work indices and costs over a 10-year period are not feasible, because of the change in the administrative structure for alcoholic beverage control we believe that a comparison as to field enforcement personnel and number of licensed retail premises is valid.

Table of Increases 1947-48 to 1956-57

	1947-48	1956-57	Percent increase
Licensed retail premises:			
On-sale general (including clubs)	6,334	8,134	28.4
On- and off-sale general	2,046	1,366	-33.2
Off-sale general	7,182	8,033	11.8
Subtotal	15,562	17,533	12.7
On-sale beer and on-sale beer and wine	11,074	12,577	13.6
Off-sale beer and wine	10,090	12,198	20.9
Total	36,726	42,308	15.2
Field enforcement personnel	281	275	-2.1

It is apparent from the foregoing that the new Department of Alcoholic Beverage Control is handling a 15.2 percent increase in general work load with a 2.1 percent decrease in field enforcement staff as compared to the Board of Equalization 10 years ago. We also believe a cost comparison of the alcoholic beverage control function for the last full year under the Board of Equalization, 1953-54, and the first full year under the new department, 1955-56, is of interest which is shown in Table 1. Costs of the Alcoholic Beverage Control Appeals Board are not included in the amounts shown in Table 1, since that agency has no counterpart in the former administration under the Board of Equalization.

Department of Alcoholic Beverage Control—Continued

Table 1. Comparison, Alcoholic Beverage Control Administration Under Board of Equalization in 1953-54 and Department of Alcoholic Beverage Control in 1955-56, Exclusive of Alcoholic Beverage Control Appeals Board and Exclusive of State Retirement Contributions

	Costs		Increase or (—) decrease Amount	(—) decrease Percent
	Board of Equalization 1953-54	Alcoholic Beverage Control 1955-56		
Expenditures:				
Salaries -----	\$2,037,990	\$2,190,495	\$152,505	7.5
Expenses -----	373,377	453,658	80,281	21.5
Equipment -----	33,248	57,879	24,631	74.1
Total -----	\$2,444,615	\$2,702,032	\$257,417	10.5
Reimbursements—				
Sale of hearing transcripts -----		—10,324	—10,324	
Net total -----	\$2,444,615	\$2,691,708	\$247,093	10.1
Personnel (filled positions)	428.6	418.2	—10.4	—2.4
Number of field offices -----	53	23	—30	—56.6

In Table 1 the expenditures shown for 1953-54 include all overhead costs in the Board of Equalization which were attributable to alcoholic beverage control administration, while the personnel equivalent of these costs has been included in the personnel shown for that year. Excluded from the personnel shown for 1953-54 are 28 man-years of time estimated to have been used on off-sale distilled spirits license fee audits, an activity which has been greatly reduced in scope since that time because of a change in the law. The corresponding cost is likewise excluded from the expenditures shown for 1953-54.

Since state employees were granted a 5 percent increase in salary effective July 1, 1955, that part of the total increase in salaries of \$152,505 which is attributable to the general increase in salary levels must be at least 5 percent of \$2,037,990 or \$101,899.

Approximately \$18,760 of the increase in equipment is due to furniture and equipment needed in the space in the new State Building at 1215 O Street, Sacramento, to which the headquarters office was moved, the quarters being entirely separated from those occupied by the Board of Equalization. This represents the cost of furniture and equipment which was not available for physical transfer from the Board of Equalization, and of course is a nonrecurring item.

A more meaningful cost comparison, therefore, would eliminate these two items, or a total of \$120,659 from the increase of \$247,093 shown in Table 1, which would leave \$126,434, or 5.2 percent as the significant increase in cost.

An indeterminable part of the increase of \$80,281 in operating expenses is due to price increases, while another part is due to increased rent for the new headquarters office space. On the other hand, there has been an increase in travel which is to be expected by the decrease in the number of field offices, and which can be regarded as part of the cost of the increase in efficiency and uniformity of administration resulting from concentration of the field personnel in fewer locations where they can be better trained and supervised.

Department of Alcoholic Beverage Control—Continued

Currently the administration of alcoholic beverage control has been entirely divorced from the Board of Equalization except for two activities.

1. The Board of Equalization is handling the accounting for the collection and distribution of liquor license fees on a contract basis on its mechanical tabulating equipment since the operation is not large enough to warrant a separate such installation in the Department of Alcoholic Beverage Control, and is one which can be handled most efficiently and economically on a mechanized basis. This service is budgeted for \$10,927 for 1957-58, Budget page 822, line 32.

2. The Department of Alcoholic Beverage Control is paying rent for office space to the Board of Equalization in Fresno, Bakersfield, Long Beach, Pasadena, San Bernardino and Santa Barbara as well as a share for utilities and janitorial services at these locations, the amount budgeted being \$30,121 for 1957-58, Budget page 823, line 21. It is our understanding that most of these arrangements will terminate during 1957-58.

ANALYSIS

The allocation from the Emergency Fund of \$40,347 (Budget page 821, line 8), granted for the current year, was for the following:

Operating expenses -----	\$23,700
Equipment -----	16,647
Total -----	\$40,347

The equipment increase included \$14,000 for auto replacements and \$1,118 for additional office equipment in area offices, plus other minor items, while the increase in operating expenses was due mainly to the fact that when the 1956-57 Budget was prepared neither the agency nor the Department of Finance had any experience pattern to go on as a result of the changeover from the Board of Equalization, and as a consequence many of the original estimates were too low.

The Budget for 1957-58 provides for a total increase of \$96,983, of which the significant items are as follows:

Salaries:	
Merit salary increases -----	\$36,903
5 additional positions -----	21,096
Decrease in salary savings -----	17,680
Total -----	\$75,679
Operating expenses:	
Printing -----	\$3,692
Rent -----	24,028
Securing evidence for prosecution of violators -----	2,500
Light, heat, and water -----	1,400
Various -----	1,951
Total -----	33,571
Decrease in equipment -----	12,267
Total -----	\$96,983

Department of Alcoholic Beverage Control—Continued

The increase in rent is due almost entirely to increased rates being charged at nine field offices, without any increase in space being involved.

Five additional positions are requested, all for headquarters office, as follows:

<i>Class</i>	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
1 Associate counsel	\$8,520	822	6
1 Intermediate stenographer-clerk	3,372	822	7
1 Intermediate typist-clerk	3,216	822	8
1 Junior clerk	2,772	822	11
1 Intermediate typist-clerk (to June 30, 1958)	3,216	822	10
Total	\$21,096		

The associate counsel position is to assist the director in issuing opinions and interpretations regarding the laws and rules under which the department operates, over 300 requests for which are received per year. At present this work is handled by the director, deputy director, principal counsel and special assistant to the director to the neglect of other administrative duties and its centralization in one individual would make for its more effective and economical handling.

The new position would also be assigned to make much needed revisions in rules, to prepare digests of Appeals Board decisions and leading court cases for the benefit of the staff, and to do legal research on matters involving administrative decisions and issuance of policy statements by the director.

We believe there is a definite need for additional staff assistance to the director of the kind indicated and recommend approval of the position as requested, as well as the related position of intermediate stenographer-clerk.

An intermediate typist and a junior clerk are requested for additional work load caused by the increased number of hearings resulting from increased enforcement activity of the department, an indication of which is the number of accusations registered in headquarters office, which has been as follows, for the last five calendar years:

<i>Year</i>	<i>Number</i>
1952	1249
1953	1412
1954	1400
1955	1681
1956	2122

We recommend approval of these two positions.

An intermediate typist-clerk is requested for one year, with a termination date of June 30, 1958, to assist with the clerical work in the personnel office and we believe the position is justified on a work load basis, and recommend approval.

Department of Alcoholic Beverage Control—Continued
Efficiency and Economy

During the last fiscal year the agency has made progress in the development of management tools such as an in-service training program and operating manuals. It has also laid the groundwork, through a system of functional time and activity reporting for the accumulation of data as to the work performed by its field staff which will have definite value for both management and budgetary control purposes.

It has taken the view that in spite of the fact that the field enforcement staff is smaller than it was 10 years ago additional enforcement personnel should not be requested until it has had time to study the entire program and accumulate adequate information on the normal performance which can be expected from field staff members on various types of assignments. When enough experience has been gained it contemplates the formulation of an over-all program of enforcement which can be used as a basis for budgetary requests and which will include information as to time per unit and number of work units involved for such operations as the following:

- Application processing.
 - Arrests and disciplinary actions.
 - Complaints.
 - Annual inspections of premises:
 - Retail.
 - Wholesale and manufacturing.
 - Enforcement calls:
 - On-sale premises in problem areas.
 - On-sale premises not in problem areas.
 - Off-sale premises in problem areas.
 - Off-sale premises not in problem areas.
 - Undercover and special investigations:
 - On-sale problem premises.
 - Liaison service.
 - Travel time factor.
 - Supervisory and clerical help.
- We recommend approval of the items as submitted.

ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD

ITEM 209 of the Budget Bill

Budget page 825
Budget line No. 7

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

Amount requested -----	\$101,992
Estimated to be expended in 1956-57 Fiscal Year -----	89,732
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Increase (13.7 percent) -----	\$12,260

Alcoholic Beverage Control Appeals Board—Continued

ably close except for a high percentage of relatively simple cases and we have accordingly included data on its activities in the following comparison :

Table 1. Personnel and Work Load Data, Alcoholic Beverage Control Appeals Board and Other Comparable Agencies

	<i>Alcoholic Beverage Control Appeals Board</i>	<i>Unemployment Insurance Appeals Board</i>	<i>District Court of Appeal Fourth District</i>	<i>Appellate Department Los Angeles Superior Court</i>
Number of judges or board members -----	3	3	3	4
Matters handled per year: ^a				
Appeals disposed of ---	132 ^b	3,489	195	491
Number of written opinions -----	132	3,489 ^c	195	312 ^d
Other matters handled -	55	287	305 ^e	--- ^f
Number of employees:				
Lawyers or other technical:				
Number -----	1	13	1	3
Salary range ----- (\$821-\$1,000)		(\$710-\$1,150)	(\$481-\$584)	(\$417)
Clerical and nontechnical:				
Number -----	1	3	1	1
Salary range ----- (\$782-\$950)		(\$268-\$458)	(\$500-\$900)	(\$677)
Number -----	---	---	3	1
Salary range -----	---	---	(\$505-\$613)	(\$377)
Stenographic:				
Number -----	3	11	3	2
Total personnel, including judges and board members -----	8	30	11	11

^a Last completed 12-month period for which data are available.

^b All full-length formal decisions.

^c Predominantly short or memorandum decisions.

^d Twenty-seven formal decisions and 285 memorandum decisions. Remainder of appeals disposed of, or 179, represent no-comment decisions.

^e Includes original writs.

^f Devote 5 percent of time to original writs.

The Appellate Department of the Los Angeles Superior Court has a panel of four judges, but only three work on any one appeal at any given time.

Information as to the personnel and activities of the two courts was furnished by the Judicial Council, other data by the agencies involved.

It will be noted in Table 1 that:

(1) Even though the cases it handles are much more complex, the District Court of Appeal disposed of a greater number of cases than the Alcoholic Beverage Control Appeals Board with only slightly more personnel.

(2) The Appellate Department of the Los Angeles Superior Court disposed of almost four times the number of cases disposed of by the

Alcoholic Beverage Control Appeals Board—Continued

Alcoholic Beverage Control Appeals Board with only slightly more personnel (computed on a salary basis).

(3) The Unemployment Insurance Appeals Board handled about 28 times the number of the subject board's cases with only six and one-half times the nonstenographic personnel (computed on a minimum salary basis).

In making the above comparison we have given full consideration to the fact that the Alcoholic Beverage Control Appeals Board is experiencing a trial and error period and cannot at this time be expected to function as efficiently as the law courts or the Unemployment Insurance Appeals Board. Nevertheless, we believe the comparison supports our position that the board is already adequately staffed to handle the existing or foreseeable work load.

Possible Reforms in Board Procedure

In addition to our opinion that the positions in question are not justified, we also feel that the board should consider the following procedural reforms:

(1) Two of the three members now devote only about 50 percent of their time to board functions. If they were on a full-time basis the output of the board could be materially increased.

(2) The assistant to the board, with salary range of \$782-\$950, is now assigned to nontechnical clerical work. It is our opinion that a man in this salary bracket should be assisting the members in reviewing cases and aiding them in the preparation of decisions. (The salary budgeted for this position, \$11,400, exceeds the combined salary of \$9,432 for the two new positions requested.)

(3) The board's present policy is to appear actively in appeals to the law courts from their decisions. We can see no justification for this as in our opinion the only two parties of real interest are the department and the licensee. Elimination of this practice would return valuable man-hours to the appellate and primary function of the board.

(4) No attempt has been made by the board to encourage litigants to submit their cases by "agreed statement" rather than by presenting a complete record including a transcript. An "agreed statement" procedure would in many cases save the appellant the cost of a transcript and save the board the necessity of examining the entire record in order to determine the true issues. In the Appellate Department of the Los Angeles Superior Court, this or a similar device was used in 141 out of the 491 appeals disposed of in 1956.

DISTRICTS SECURITIES COMMISSION

ITEM 210 of the Budget Bill

Budget page 826
Budget line No. 7

FOR SUPPORT OF DISTRICTS SECURITIES COMMISSION FROM THE GENERAL FUND

Amount requested	\$54,414
Estimated to be expended in 1956-57 Fiscal Year	53,517
Increase (1.7 percent)	\$897

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$2,956	\$2,956	--	826	50
Operating expense	595	595	--	826	65
Equipment	-54	-54	--	827	6
Less increased reimbursements	-2,600	-2,600	--	827	11
Net increase	\$897	\$897	--	827	13

RECOMMENDATIONS

Amount budgeted	\$54,414
Legislative Auditor's recommendation	54,414
Reduction	None

GENERAL SUMMARY

The Districts Securities Commission is charged with certain supervision of fiscal affairs of irrigation and other water districts of the State. The commission makes feasibility investigations of pertinent engineering and economic considerations of district construction plans before it approves the bonds or warrants of the district to finance the work. The commission staff follows the progress of the construction to assure that the district expends the funds as approved by the commission. In addition the commission reviews reports of the districts and makes data available on their financial condition.

Table of Increases 1947-48 to 1956-57

	1947-48	1956-57	Percent increase
Number of employees	3.8	6	57.9
Total expenditures	\$24,089	\$53,517	122.2

ANALYSIS

Estimated expenditures for Fiscal Year 1956-57 for the commission are shown at \$53,517 in the present budget while estimated expenditures for the 1957-58 Fiscal Year are shown at \$54,414. However, a new position of senior hydraulic engineer was added during the current year. This position is being financed by increased payments from districts for services rendered to them, and is needed to handle the increased workload from a substantial number of new requests for commission approval of financing plans. It is expected that legislation passed at the last session of Congress will further increase the work load of the commission's staff. Approval of the amount as budgeted is recommended.

HORSE RACING BOARD

ITEM 211 of the Budget Bill

Budget page 828
Budget line No. 7

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

Amount requested	\$163,390
Estimated to be expended in 1956-57 Fiscal Year.....	158,253
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Increase (3.2 percent)	\$5,137

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages.....	\$3,928	\$3,928	---	828 50
Operating expense	1,251	1,251	---	828 73
Equipment	-42	-42	---	829 6
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Total increase	\$5,137	\$5,137	---	829 8

RECOMMENDATIONS

Amount budgeted	\$163,390
Legislative Auditor's recommendation.....	163,390
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Reduction	None

GENERAL SUMMARY

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.

Table of Increases

	1947-48	1956-57	Percent increase
Work Index:			
Racing days	363	510	40.5
Number of employees.....	13.3	14.8	11.3
Total expenditures	\$91,281	\$166,625	82.5

ANALYSIS

The requested appropriation for the 1957-58 Fiscal Year of \$163,390 represents an increase of \$5,137 or 3.2 percent over the estimated expenditures for the current year.

The budget has been prepared on the basis of 521 days of racing as compared to 510 racing days for the current year. Of the 521 days of racing for Fiscal Year 1957-58, 344 are to be at major tracks, 86 days at fair tracks, 43 days for quarter horses, and 48 days for a combination meeting.

We recommend approval of the budget as submitted.

Total state revenues from horse racing are estimated to be \$28,278,000 for the Fiscal Year 1957-58, an increase of \$776,000 or 2.8 percent over the estimated total revenues for the current year.

The table on the following page shows the distribution by fund for the Fiscal Years 1947-48 through 1957-58.

Horse Racing Board—Continued

Distribution by Fund of State Revenue From Horse Racing

	<i>Total pari-mutuel pool</i>	<i>Fair and Exposition Fund</i>	<i>State College Fund</i>	<i>Wildlife Restoration Fund</i>	<i>Capital Outlay and Savings Fund</i>	<i>General Fund</i>	<i>Total state revenue</i>
1947-48 -----	\$356,923,225	\$14,287,884	\$816,252	\$3,000,000	--	\$2,073,313	\$20,177,449
1948-49 -----	303,017,750	12,138,675	988,674	3,000,000	--	1,165,150	17,292,499
1949-50 -----	284,127,592	11,384,103	694,106	3,000,000	--	345,644	15,423,853
1950-51 -----	288,625,822	11,565,792	889,179	--	--	3,809,125	16,264,096
1951-52 -----	357,551,294	14,334,163	1,079,889	1,000,000	\$1,000,000	2,628,546	20,042,598
1952-53 -----	362,251,950	14,691,383	1,293,004	1,000,000	1,000,000	3,140,622	21,125,009
1953-54 -----	403,316,532	16,103,163	1,185,168	1,000,000	1,000,000	3,223,769	22,512,100
1954-55 -----	404,800,000	16,415,272	1,304,670	--	--	5,360,174	23,080,116
1955-56 -----	440,893,307	17,636,000	1,329,000	750,000	--	5,176,000	24,891,000
1956-57* -----	480,000,000	19,200,000	1,650,000	750,000	--	5,902,000	27,502,000
1957-58* -----	493,250,000	19,730,000	1,682,000	750,000	--	6,116,000	28,278,000

*Estimated.

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**Department of Investment
STATE BANKING DEPARTMENT**

ITEM 212 of the Budget Bill

Budget page 830
Budget line No. 7

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

Amount requested -----	\$510,233
Estimated to be expended in 1956-57 Fiscal Year -----	463,359
Increase (10.1 percent) -----	<u>\$46,874</u>

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$35,558	\$35,558	--	830 64
Operating expense -----	7,195	7,195	--	831 9
Equipment -----	4,121	4,121	--	831 16
Total increase -----	<u>\$46,874</u>	<u>\$46,874</u>	--	831 23

RECOMMENDATIONS

Amount budgeted -----	\$510,233
Legislative Auditor's recommendation -----	<u>510,233</u>
Reduction -----	None

GENERAL SUMMARY

State regulation of banks in California began in 1878 with the creation of a Board of Bank Commissioners. The Bank Act of 1909 created a "State Banking Department," which under the Reorganization Act of 1929, was designated the "Division of Banking" for the purpose of representation on the Board of Investment, although the Banking Department retained all of its former powers as an independent agency.

The Department of Banking functions under the administrative control of the State Superintendent of Banks, who is appointed by, and holds office at, the pleasure of the Governor.

The chief responsibilities of the Superintendent of Banks are the administration and enforcement of the provisions of the state banking laws. The principal functions of the office are concerned with the licensing and examination of banks and trust companies, and the conservation or liquidation of institutions if in financial difficulty. Offices of the superintendent are maintained in San Francisco and Los Angeles. The department is supported from the State Banking Fund, which derives its revenue from assessments and other fees levied on the banking business regulated by the State.

An indication of growth in state regulated banks and related work load is shown in comparisons between the 1955-56 and 1947-48 Fiscal Years as follows:

State Banking Department—Continued

Table of Increases 1947-48 to 1955-56

Work index :	1947-48	1955-56	Percent increase
Number of banking offices -----	300	421	40.3
Dollar volume of assets (in millions) --	\$3,616	\$6,057 *	67.5
Number of authorized positions -----	36	49	36.1
Total expenditures -----	\$204,971	\$388,190	89.4

* As of September, 1956.

ANALYSIS

The request for \$510,233 in support of the Banking Department during the 1957-58 Fiscal Year compares with the sum of \$463,359 estimated to be expended in the current fiscal year. This represents an increase of 10.1 percent. In addition to the Budget Bill appropriation, \$37,000 is budgeted as the State's contribution to the State Employees Retirement Fund.

The budget for the department indicates that a total of 10 additional positions are requested for the 1957-58 Fiscal Year. However, six of these positions are extensions of positions proposed to be set up in the current fiscal year through a deficiency authorization. The positions are requested for the purpose of bringing the examination of all banks up to date, whereby such examinations could be performed within a fiscal year period as prescribed by Section 1900 of the Financial Code, and additional work load could be taken care of. In justification of the six positions added in the current fiscal year, it is pointed out that for some time in the past there has been a backlog of work in connection with the examination of all state supervised banks within a fiscal year. However, with the addition of these six positions in the current year, and revision of the examination procedures, the department feels that it will have the examinations on a current basis at the end of 1956-57. In anticipation of further growth in the banking business, the department is requesting four additional examiner positions for the 1957-58 Fiscal Year. If the four positions are approved, we recommend that further review be made of the work load before placement of the positions.

The Banking Department is supported from the Banking Fund. The condition of the fund, as shown on page 831 of the Budget, indicates an estimated cumulative surplus of \$711,850 as of June 30, 1958. This is a little in excess of one year's cost of operations.

**Department of Investment
DIVISION OF CORPORATIONS**

ITEM 213 of the Budget Bill

Budget page 832
Budget line No. 7

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

Amount requested -----	\$990,239
Estimated to be expended in 1956-57 Fiscal Year -----	918,233
 Increase (7.8 percent) -----	 \$72,006

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$77,494	\$77,494	--	833 19
Operating expense -----	6,816	6,816	--	833 38
Equipment -----	4,196	4,196	--	833 45
Less increased reimbursements ----	-16,500	-16,500	--	833 52
 Total increase -----	 \$72,006	 \$72,006	 --	 833 54

RECOMMENDATIONS

Amount budgeted -----	\$990,239
Legislative Auditor's recommendation -----	990,239
 Reduction -----	 None

GENERAL SUMMARY

The Office of Commissioner of Corporations was created in a State Corporation Department in 1913, for the purpose of administering the "Investment Companies Act." The California Corporate Securities Act (Statutes of 1913) is the successor to the former act.

Through organizational change in 1929, the Corporations Department was designated as the Division of Corporations and a part of the "Department of Investment," although it retained its autonomous position operating as an independent state agency. The division functions under the administration of the Commissioner of Corporations, who is appointed by, and holds office at the pleasure of the Governor.

The Office of the Commissioner of Corporations is responsible for the administration of the Corporate Securities Act, which entails the issuance of permits to issue securities, the licensing of brokers and agents, and administering other related phases of securities transactions. The office is also responsible for the licensing and regulation of personal property brokers and small loan brokers, credit unions, industrial loan companies, escrow agents, and check sellers and cashers, as prescribed in the respective acts. Offices are maintained in Sacramento, San Francisco and Los Angeles, and have a combined total of 188 authorized positions. This is the only agency attached to the Department of Investment which is supported from the General Fund, with revenue received through its operations credited to the General Fund.

Division of Corporations—Continued

An indication of the growth of business falling under the regulation of the division, and its attendant work load over the past 10 years is shown in the following table:

Table of Increases 1947-48 to 1956-57

Work Index:	1947-48	1956-57	Percent increase
Securities activities—applicants -----	18,555	41,362	122.9
Licenses -----	824	1,908	131.6
Number of employees -----	115	188	63.5
Total net expenditures -----	\$462,500	\$1,082,300	134.0

As indicated in the table above, the securities business and that of the various financial institutions regulated by the division has kept pace with continuing growth of the State's population and the continuing expansion of the State's position in the over-all economic picture. Along with this growth, strengthening of laws in the intervening period has in some instances broadened the scope of the activities of the division in order to provide greater protection to those who participate in the various financial activities regulated by the division.

ANALYSIS

The request for \$990,239 in support of the division during the 1957-58 Fiscal Year compares with the amount of \$918,233 estimated for expenditure in the current year. This represents an increase of \$72,006 or 7.8 percent. In addition to the Budget Bill item of appropriation, \$92,067 is budgeted as the State's contribution to the State Employees' Retirement Fund.

The division anticipates further growth and expansion in the various activities under its regulation. To compensate for the additional work load, the division requests approval of additional personnel: five accountant-auditors grade 1, two deputy commissioners grade 1, and three clerical positions. The need for the positions is predicated upon anticipated increases in work load at the existing level of service. Work load statistics support the request and approval of the budget request is recommended.

As an indication of the anticipated increases in work load in the ensuing year, the following table of comparative data has been prepared.

Comparative Data on Estimates of Revenue, Expenditures, and Related Work Load for the Division of Corporations for the 1956-57 and 1957-58 Fiscal Years

Fiscal year (1)	Revenue (2)	Expenditures (3)	Excess of revenue over expenditures (4)	Applications under	
				Corporate Securities Law (5)	Other licensees (6)
1956-57 -----	\$1,737,760	\$1,003,982	\$733,778	41,362	1,908
1957-58 -----	1,872,400	1,082,306	790,094	44,885	2,080
Increase over 1956-57 ----	\$134,640	\$78,324	\$56,316	3,523	172
Percent increase	7.8	7.8	7.7	8.5	9.0

Division of Corporations—Continued

Although the data in the above table show totals only for work load under the two categories: applications under corporate law and other licensees (columns 5 and 6 respectively), further analyses of these data would show that those activities related to the administration of the Corporate Securities Law (column 5), constitute a substantial portion of the work load. They include, mainly, the issuance of permits to issue securities and the issuance of orders, and the licensing of brokers, agents, and investment counsels. The table shows that the number of applicants in this field is expected to reach a total of 44,885 in 1957-58, as compared to 41,362 for the current year. This represents an increase of 3,523 applicants or 8.5 percent. Under the licensee category (Column 6), the related activities include, generally, the licensing and examination of the financial affairs of personal property and small loan brokers, industrial loan companies, credit unions, check sellers and cashers, and escrow agents. The percentage increase in the total number of entities in this category in the ensuing year is shown to be 9.0 percent.

As previously mentioned, the Division of Corporations is supported from the General Fund, with revenues received through its regulation of the various activities coming under its supervision accruing to the General Fund. The table above, in column 4, indicates that revenues are estimated to exceed net expenditures of the division in 1956-57 by more than \$700,000, and by nearly \$800,000 in the 1957-58 Fiscal Year.

We recommend approval as budgeted.

Department of Investment
DEPARTMENT OF INSURANCE

ITEM 214 of the Budget Bill

Budget page 834
Budget line No. 7

FOR SUPPORT OF THE DEPARTMENT OF INSURANCE FROM THE
INSURANCE FUND

Amount requested	\$1,537,737
Estimated to be expended in 1956-57 Fiscal Year.....	1,494,807
Increase (2.9 percent).....	\$42,980

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages.....	\$33,636	\$33,636	--	839 33
Operating expense	1,991	1,991	--	839 34
Equipment	353	353	--	839 35
Add decreased reimbursements...	7,000	7,000	--	839 44
Total increase	\$42,980	\$42,980	--	839 46

Department of Insurance—Continued

RECOMMENDATIONS

Amount budgeted.....	\$1,537,787
Legislative Auditor's recommendation.....	1,537,787
Reduction	None

GENERAL SUMMARY

The Department of Insurance was first established in 1868 as the "Office of Insurance Commissioner." During the period of years (1929 to 1941) the department was known as the Division of Insurance of the Department of Investment, although it retained its former powers as an independent state agency. Legislation enacted in 1941 designated the Division of Insurance as the Department of Insurance and declared it to be no longer a part of the Department of Investment. However, while this separation was effectuated, the codes still provide that the Insurance Commissioner, who heads the Department of Insurance, retain his membership on the Board of Investment. The Insurance Commissioner is appointed by the Governor, with the consent of the Senate for a term of four years.

The Insurance Commissioner administers the insurance laws of the State, and regulates all companies, agents, brokers, and solicitors authorized to engage in the insurance business of the State. The commissioner also compiles data which is submitted to the Board of Equalization to be used as a basis for the taxation of insurers.

The operations of the Department of Insurance are concerned with many and varied phases of insurance regulation such as the granting, suspension, revocation, or denial of licenses, granting permits to issue securities and make changes in capital structure, approval of certain types of policy forms, approval of adequate minimum workmen's compensation insurance rates, regulation of fire and casualty rates, examination of financial condition and procedures of insurers to determine solvency and compliance with the insurance laws, and the conservation, rehabilitation, or liquidation of the financial affairs of insurers if in financial difficulty. In addition, as previously mentioned, the office computes gross California premiums as a basis for the tax which is paid into the General Fund.

The commissioner maintains offices in San Francisco, Los Angeles, San Diego, and Sacramento. The organizational structure of the department consists of four divisions: administration, compliance and legal, license, and the examination and financial analysis division. The department has a presently authorized staff of 212 positions and is supported from the Insurance Fund, which derives its revenue from license fees, examination fees, assessments, taxes, and other fees levied on the insurance business. The unencumbered balance in the fund at June 30th

Department of Insurance—Continued

of each year in excess of \$2,000,000 is transferred to the General Fund.

An indication of growth in state regulated insurance business and related work load for the department in the past 10 years is shown in the following table:

Table of Increases 1947-48 to 1956-57

	1947-48	1956-57	Percent increase
Work index:			
Number of admitted insurers.....	667	710	6.4
Licenses issued	85,000	129,000	51.8
California premiums (000 omitted).....	\$993,029	\$2,150,000	116.5
Premium tax for General Fund.....	\$20,150,000	\$42,500,000	111.0
Number of authorized positions.....	170	212	24.7
Total expenditures	\$721,371	\$1,649,053	128.6

As shown in the table, the insurance industry of the State has shown steady growth over the years. The work load of the Department of Insurance has expanded along with growth and changes of law which in some instances initiated new services to be performed by the department.

ANALYSIS

The request for \$1,537,787 in support of the department during the 1957-58 Fiscal Year compares with the sum of \$1,494,807 estimated to be expended in the current year. This represents an increase of \$42,980 or 2.9 percent. In addition to the Budget Bill appropriation, \$111,266 is budgeted as the State's contribution to the State Employees' Retirement Fund.

The budget for the department does not contemplate additional personnel. The department states that economies are being accomplished through consolidation of various functions. It is noted that during the current year (1956-57) the department is consolidating the rate regulation division and the conservation and liquidation division with the examination and financial analysis division, thereby reducing the total number of divisions within the department from six to four divisions.

The major items making up the increase of \$42,980 over the current year expenditures are \$33,636 in salaries and wages due to adjustments, an additional \$1,000 in out-of-state travel, which is attributable to the commissioner's participation in several committees of the National Association of Insurance Commissioners, and an estimated decrease of \$7,000 in reimbursements from companies in liquidation.

In regard to travel expenses it is noted that the Los Angeles office is designated as the commissioner's headquarters, although the greater percentage of time appears to be required for the San Francisco office, which involves per diem expenses. Consequently a policy question arises as to whether, in the best interest of economy, the San Francisco office should be designated as the commissioner's headquarters rather than the office in Los Angeles. This problem of permitting agency heads to be officially domiciled at a place other than agency headquarters is not unique in this agency (although this is an aggravated and expensive example) and should be determined on a policy basis.

**Department of Investment
DIVISION OF REAL ESTATE**

ITEM 215 of the Budget Bill

Budget page 840
Budget line No. 7

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

Amount requested	\$1,333,600
Estimated to be expended in 1956-57 Fiscal Year	1,280,813
<hr/>	
Increase (4.1 percent)	\$52,787

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$58,031	\$58,031	--	841 30
Operating expense	4,894	—106	\$5,000	841 57
Equipment	—10,138	—10,138	--	841 65
<hr/>		<hr/>		
Total increase	\$52,787	\$47,787	\$5,000	841 67

RECOMMENDATIONS

Amount budgeted	\$1,333,600
Legislative Auditor's recommendation	1,302,587
<hr/>	
Reduction	\$31,013

Summary of Recommended Reductions

<i>Detail</i>	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Delete 3 deputy real estate commissioners	\$17,862	841	24
Delete 1 junior intermediate typist-clerk	2,988	841	26
Reduce operating expense	5,600	841	57
Reduce equipment—additional	1,563	841	60
Delete 2 automobiles—additional	3,000	841	62
<hr/>		<hr/>	
Total recommended reduction	\$31,013		

GENERAL SUMMARY

The Division of Real Estate was first created as a department in 1919. Under the general reorganization act of 1929, the department was designated the "Division of Real Estate," as a part of the Department of Investment, although it retained its former powers as an independent state agency.

The division is headed by the Real Estate Commissioner, who also serves as chairman of the Real Estate Board attached to the division. All board members, including the commissioner, are appointed by the Governor, and are required to have been actively engaged as real estate brokers in California for five years prior to appointment. The commissioner is also a member of the State Public Works Board. The

Division of Real Estate—Continued

principal functions of the division are the licensing and regulation of brokers and salesmen engaged in activities concerned with real estate, business opportunity, mineral, oil and gas, certain lending activities and subdivisions as prescribed by law.

Offices of the division are maintained in Sacramento, San Francisco, Oakland, Fresno, Los Angeles and San Diego. Office space and services are also provided in various other cities for the purpose of holding examinations and hearings. The division has a total of 173 authorized positions and is supported from the Real Estate Fund, which derives its revenue from license fees and various other fees levied in the regulation of the real estate business for the State. Legislation enacted in 1956 provides that one-fourth of all receipts from license fees are allocated to a research and education fund to be appropriated by the Legislature for research and education in the field of real estate.

An indication of growth of real estate business regulated by the State, related work load, and cost to the State for such regulation is reflected to some extent in comparisons between the 1947-48 and the 1956-57 Fiscal Years shown as follows:

	1947-48	1956-57	Percent increase
Work index:			
Number of licensees -----	86,620	139,685	61.3
Applicants for licenses -----	25,012	32,370 ^a	29.4
License transaction activities -----	136,600 ^b	259,792	90.2
Subdivision filings -----	1,642	3,000	82.7
Number of authorized positions -----	97	173	78.4
Total expenditures -----	\$467,456	\$1,365,918	192.2

^a Not strictly comparable due to change in licensing procedure.

^b Actual and estimated.

As indicated in the table, the real estate business has expanded along with population growth contributing its share in the expansion of the economy of the State.

ANALYSIS

The request for \$1,333,600 in support of the division during the 1957-58 Fiscal Year compares with the sum of \$1,280,813 estimated to be expended in the current fiscal year. This represents an increase of \$52,784 or 4.1 percent. In addition to the Budget Bill appropriation, \$90,618 is budgeted as the state's contribution to the State Employees' Retirement Fund.

The budget request of the division indicates that 13 additional positions are requested for the 1957-58 Fiscal Year. However, the two auditor positions shown on page 841, lines 20 and 22, of the Budget are extensions of positions set up in the current fiscal year through a deficiency allotment principally to initiate an audit program in connection with responsibilities placed upon the division from passage of the Mortgage Loan Brokers Law at the 1955 Session of the Legislature.

Division of Real Estate—Continued

Two clerical positions are requested to assist the auditors in 1957-58. Also, additional clerical positions are requested on a work load basis in connection with a new mechanized system for issuance of licenses on a four-year staggered basis, and to process other activities considered adaptable to the mechanized system. It is anticipated that by the end of the 1957-58 Fiscal Year the change-over in the licensing procedure will be complete, and that the expenditure of approximately \$25,000 for temporary help at the peak of the renewal period, which was required on the former basis of renewing all licenses at the beginning of each fiscal year, will be eliminated henceforth. We recommend approval of these positions on a one-year basis subject to careful review of work load before placement.

In addition to the foregoing requests for additional personnel, three deputy grade I positions and one clerical position, at a total cost of \$26,013 for 1957-58, are requested on a work load basis. These are shown on Budget page 841, lines 24 and 26. *We do not recommend approval* of this request inasmuch as there has been a slowing down of activity in the real estate field and, although additional work load is anticipated in the licensing and complaint activities, subdivision filings have been dropping since the postwar peak of 1954-55 with 3,373 filings to where filings are now estimated at 2,700 for the 1957-58 Fiscal Year, indicating a decrease of 25 percent in the three-year period. In view of present trends of activity in the real estate business, we recommend that no additional deputy positions be approved for the 1957-58 Fiscal Year. If at a later date there is indicated a definite pickup for 1957-58, then a reevaluation of need for additional manpower can be made, and the need can be met from four vacant deputy positions already included in the budget. However, if indicators do not point to greater activity then the four positions should be abolished.

We also recommend that \$5,000 requested for a panel program of representatives of the division to tour the State explaining the division's operation, rules, and regulations to licensees in the 1957-58 Fiscal Year, be deleted from the budget. This program was initiated in the 1955-56 Fiscal Year by means of a deficiency calling for \$4,910 for operating expenses. Apparently the traveling panel method was discontinued for the 1956-57 Fiscal Year, but the forum is still carried on through expansion of the *Real Estate Bulletin*, a bimonthly publication mailed to all licensees, and is also budgeted for the 1957-58 Fiscal Year. Continuation of this service is a matter of policy. However, if it is to be continued we recommend the present arrangement of using the bulletin, which is less costly than touring the State. Furthermore, information would reach all licensees rather than a limited number.

Division of Real Estate—Continued

Another item in the division's budget which presents a policy question is that of printing the directory. This is shown on page 841, line 36, of the budget. The printing cost alone runs \$21,500 for only 3,000 copies, or approximately \$7 per copy. This does not include time spent in preparation of the material, nor cost of mailing which runs around 16 cents per copy. The printing of a directory or list of licensed brokers and salesmen is mandatory under Section 10082 of the Business and Professions Code. The code provides that the division must "furnish one copy of such directory to each licensed broker upon his request and the payment of a charge of one dollar (\$1) therefor * * * " Under the former procedure of annual renewals of licenses the printing of only 3,000 copies of the directory annually is shown to have been budgeted in recent years. This is a very small number when considering 130,000 licenses were issued in the past year.

We recommend that the law be amended to eliminate the printing of the directory, or, as an alternative, provide permissive provisions whereby listings could be furnished upon request and payment of a proper charge for such listings.

As previously mentioned, the division is supported from the Real Estate Fund which derives its revenues from license fees and various other fees levied in the regulation of the real estate business of the State. Legislation enacted in 1956 provides that one-fourth of all receipts from license fees are allocated to a research and education fund to be appropriated by the Legislature to state educational institutions to be used in connection with research and education in the field of real estate. Estimates of fund condition, as of June 30, are shown in the Budget at page 842, lines 32 and 44. The Real Estate Fund is shown to have an estimated surplus of \$2,139,127, and the Real Estate Education and Research Fund is shown to have an estimated \$1,169,263 surplus, as of June 30, 1958.

In respect to appropriations for research and education, at line 27, page 842, of the Budget, there is shown an appropriation to the University of California for this purpose in each of the three fiscal years shown. This program was initiated with an appropriation contained in the 1950 Budget Act, and has been continued since then through budget act appropriations. The 1956 Budget Act appropriated a total of \$300,000 to carry the program through the 1958-59 Fiscal Year.

Department of Investment
DIVISION OF SAVINGS AND LOAN

ITEM 216 of the Budget Bill

Budget page 843
Budget line No. 7

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

Amount requested -----	\$350,243
Estimated to be expended in 1956-57 Fiscal Year -----	326,116
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Increase (7.4 percent) -----	\$24,127

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$19,305	\$19,305	--	843 56
Operating expense -----	1,654	1,654	--	844 9
Equipment -----	3,168	3,168	--	844 17
<hr/>		<hr/>		
Total increase -----	\$24,127	\$24,127	--	844 24

RECOMMENDATIONS

Amount budgeted -----	\$350,243
Legislative Auditor's recommendation -----	350,243
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Reduction -----	None

GENERAL SUMMARY

State building and loan business was first brought under state regulation in 1891. Subsequent acts changed the administration of the agency until 1911, when a new act created the office of "Building and Loan Commissioner." Under the Reorganization Act of 1929, the agency was designated the Division of Building and Loan within the Department of Investment, although it retained its former powers operating as an independent state agency. In 1953 the word "savings" was substituted for "building" in designating the agency.

The division functions under the administrative control of the Commissioner of Savings and Loan, who is appointed by the Governor, with the consent of the Senate, and holds office at the pleasure of the Governor. The chief responsibilities of the Commissioner of Savings and Loan are the administration and enforcement of state laws regulating the savings and loan business. The principal duties of the office are those of licensing, examination of the affairs of the associations, passing upon proposed mergers or consolidations of the associations, and the conservation or liquidation of associations if in difficulty. Offices are maintained in Los Angeles and San Francisco, and employ a combined total of 41 positions. The agency is supported from the State Savings and Loan Inspection Fund, which derives its revenue from assessments and fees levied on the savings and loan business under state regulation. There is estimated to be a surplus in the fund of \$375,581, as of June 30, 1958, or the equivalent of one year's cost of operations.

Division of Savings and Loan—Continued

An indication of growth in state supervised savings and loan business is shown in a 10-year comparison as follows:

Table of Increases 1947-48 to 1956-57

Work Index :	1947-48 ^a	1956-57 ^b	Percent increase
Number of associations-----	108	149	38.0
Number of branch offices-----	15	77	413.3
Dollar volume of assets-----	\$393,700,000	\$2,422,700,000	515.4
Number of authorized positions-----	22	41	86.4
Total expenditures-----	\$124,536	\$346,391	178.2

^a Number of associations and branches and assets are as of December, 1947.

^b First three items as of June 30, 1956.

Although the growth of state supervised savings and loan business has been gradual for many years, it is pointed out that the growth since 1954 has been at an accelerated rate. Statistics show that during the two-year period 1954 to 1956 the number of associations, exclusive of branch offices, increased from 129 to 149, or an increase of 20 associations. This compares with a net total increase of 21 associations during the 6½-year period December, 1947, to June, 1954. Branch offices are shown to have increased from 15 to 57, or an additional 42 offices during the period December, 1947, to June, 1954. Dollar volume of assets, on a current dollar basis, are shown to have increased from \$393,700,000 as of December, 1947, to \$2,422,700,000 as of June, 1956.

ANALYSIS

The request for \$350,243 in support of the division during the 1957-58 Fiscal Year compares with the sum of \$326,116 estimated to be expended in the current year. This represents an increase of 7.4 percent. In addition to the Budget Bill appropriation, \$20,599 is budgeted as the State's contribution to the State Employees' Retirement Fund.

The division anticipates further expansion in the savings and loan business with the number of associations expected to reach 175 with 97 branches in 1957 as compared to 149 associations and 77 branch offices in 1956. Total assets of the associations are estimated at 2.5 billion dollars for September, 1956, as compared to approximately 1.7 billion dollars for 1954. To handle additional workload, the division requests the addition of one loan examiner and one appraiser. While we recommend that the additional positions be approved, it is pointed out that the number of associations has not reached the estimates used as a basis for the request for support in the current year. However, if the number of associations and branch offices reach the estimates for 1957, then the request for two additional positions appears reasonable. The division states that it has been able to put its examinations on a current basis during the past year and, in view of this, we recommend that the two positions, if approved, be filled only if warranted after a careful review is made of workload measurements.

Subject to the above comments, we recommend approval as budgeted.

Osteopathic Examiners

Item 217

BOARD OF OSTEOPATHIC EXAMINERS

ITEM 217 of the Budget Bill

Budget page 845
Budget line No. 15

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

Amount requested	\$56,191
Estimated to be expended in 1956-57 Fiscal Year	54,510
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Increase (3.1 percent)	\$1,681

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line	
		Work load or salary adjustments	New services	page	No.
Salaries and wages	\$1,213	\$1,213	--	845	52
Operating expense	259	259	--	845	74
Equipment	209	209	--	846	6
<hr/>		<hr/>		<hr/>	
Total increase	\$1,681	\$1,681	--	846	8

RECOMMENDATIONS

Amount budgeted	\$56,191
Legislative Auditor's recommendation	56,191
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Reduction	None

GENERAL SUMMARY

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

Table of Increases

	1950-51	1956-57	Percent increase
Work index:			
Licensees	2,025	2,236	10.4
Number of employees	4.8	5.8	20.8
Total expenditures	\$32,350	\$54,510	68.5

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$56,191, an increase of \$1,681, or 3.1 percent, over the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$54,520, an increase of \$4,700, or 9.4 percent, over the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated at \$56,961, a decrease of \$3,602, or 5.9 percent, below the estimated surplus for the current year.

The budget for the current year has been augmented by an emergency authorization of \$288. This authorization is attributed to the increased cost of an automobile replacement.

This agency continues the same level of service as currently authorized.

We recommend approval of budget as submitted.

BOARD OF PILOT COMMISSIONERS FOR THE HARBOR OF SAN DIEGO
 ITEM 218 of the Budget Bill

Budget page 847
 Budget line No. 10

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

Amount requested -----	\$1,625
Estimated to be expended in 1956-57 Fiscal Year -----	1,000
Increase (62.5 percent) -----	\$625

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$375	\$375	--	847 31
Operating expense -----	40	40	--	847 39
Equipment -----	210	210	--	847 42
Total increase -----	\$625	\$625	--	847 44

RECOMMENDATIONS

Amount budgeted -----	\$1,625
Legislative Auditor's recommendation -----	1,625
Reduction -----	None

GENERAL SUMMARY

The Board of Pilot Commissioners for the Harbor of San Diego is a three member board created for the purposes of licensing and regulating piloting activities in San Diego Harbor.

ANALYSIS

Proposed expenditures for Fiscal Year 1957-58 are \$1,625, an increase of \$625, or 62.5 percent, above the estimated expenditures for the current year.

Revenues are received from pilotage fees. Chapter 1526, Statutes of 1955 amended Section 1379 of the Harbors and Navigation Code to provide that all revenues received by the board will be deposited in the General Fund rather than retained by the board. Revenues are estimated to be \$3,750 for Fiscal Year 1957-58, the same as for the current year.

Principal augmentations for the proposed budget are a salary for the part time services of the board secretary, and additional office equipment, including a Hallierafter short-wave radio for the use of the harbor pilots.

We recommend approval of the budget as submitted.

**BOARD OF PILOT COMMISSIONERS FOR THE BAYS OF SAN FRANCISCO,
SAN PABLO, AND SUISUN**

ITEM 219 of the Budget Bill

Budget page 848
Budget line No. 13

**FOR SUPPORT OF BOARD OF PILOT COMMISSIONERS FOR THE BAYS
OF SAN FRANCISCO, SAN PABLO, AND SUISUN, FROM THE PILOT
COMMISSIONERS' SPECIAL FUND**

Amount requested -----	\$13,270
Estimated to be expended in 1956-57 Fiscal Year -----	13,535
<hr/>	
Decrease (2.0 percent) -----	\$265

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	-\$325	-\$325	---	848 41
Operating expense -----	60	60	---	848 58
<hr/>		<hr/>		
Total increase -----	-\$265	-\$265	--	848 63

RECOMMENDATIONS

Amount budgeted -----	\$13,270
Legislative Auditor's recommendation -----	13,270
<hr/>	
Reduction -----	None

GENERAL SUMMARY

The Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun is a board composed of three members created for the purpose of qualifying individuals as pilots operating vessels in these waterways.

Table of Increases

	1948-49	1956-57	Percent increase
Work Index:			
Licensees -----	30	35	16.7
Number of employees -----	4	4	--
Total expenditures -----	\$11,149	\$13,535	21.4

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$13,270, a decline of \$265, or 2.0 percent, under the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$39,000, which is the same as estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated at \$6,500, which is the same as the amount estimated for the current year. In accordance with Section 1159 of the Harbors and Navigation Code, the unencumbered balance in excess of \$6,500 in the Pilot Commissioners' Special Fund, according to the records of the Board of Pilot Commissioners, at the close of business of each year, shall, on the order of the State Controller, be transferred to the General Fund. It is estimated that this fund transfer as of June 30, 1958, will be \$25,350, an increase of \$269, or 1.1 percent, over the estimated fund transfer for the current year.

We recommend approval of the budget as submitted.

Summary

P. & V. Standards

Department of Professional and Vocational Standards

DEPARTMENTAL ADMINISTRATION

Budget page 851
Budget line No. 9

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

Amount requested	\$516,336
Estimated to be expended in 1956-57 Fiscal Year	485,446
Increase (6.4 percent)	\$30,890

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$29,066	\$29,066	--	853 66
Operating expense	4,079	4,079	--	853 67
Equipment	5,581	5,581	--	853 68
Less increased reimbursements	—7,836	—7,836	--	853 72
Total increase	\$30,890	\$30,890	--	853 75

RECOMMENDATIONS

Amount budgeted	\$516,336
Legislative Auditor's recommendation	507,744
Reduction	\$8,592

SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$8,592 consists of the following amount in the category indicated:

	Amount	Page	Budget Line
<i>Salaries and wages</i>			
2 Investigator trainees	\$8,592	852	14

GENERAL SUMMARY

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 Professional 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.

Table of Increases

	1947-48	1956-57	Percent increase
Number of employees	14.8	27.8	87.8
Total expenditures	\$66,679	\$496,983	645.3

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$516,336, an increase of \$30,890, or 6.3 percent, over the estimated expenditures of 1956-57.

Departmental Administration—Continued

The 1957-58 Budget reflects two more authorized positions for 1956-57 than were actually requested or authorized in the 1956-57 Budget. The 1956-57 Budget shows 24 authorized positions, whereas the 1957-58 Budget indicates 26. The two positions have not had legislative review.

We have, over a considerable period of time, recommended the centralization of certain functions common to most of the agencies in the department. Among these functions are: clerical work including stenography, mailing, cashing, and license issuing; and enforcement activities such as investigations and inspections. The advantages of such centralization seem obvious. The problems of the smaller boards and agencies, which result from uneven development of work load in relation to time and distance, can be solved by pooling of personnel and scheduling of activity, as well as by geographic assignment of work. Both efficiency and economy should result from the application of procedures and techniques which no single board or agency has sufficient work load to justify.

As a result of our recommendations along these lines, in the analysis of the 1956-57 Budget, the agency undertook a study of the problems involved in instituting centralized procedures. In June of 1956, the agency made a proposal entitled "Plan of Reorganization of the Department of Professional and Vocational Standards." This proposal encompassed a plan for divisionalizing the department into functional groupings of agencies, such as a Division of Healing Arts Licensing, a Division of Design and Construction Licensing and a Division of General Public Services Licensing. In addition, the proposal would have commenced the formation of an Investigative Training and Coordination Section, a Central Stenographic and Minutes Transcription Section, and a Central Business Machines Section. These sections were intended to implement the centralization concepts which this office has recommended. The department's budget was originally based on the implementation of these proposals. Subsequently, in December, 1956, the Department of Finance issued Management Survey 858, which analyzed the department's proposal for reorganization. This survey recommended an alternative proposal for the organization of the department which would include an investigative training unit primarily for the purpose of conducting training schools and tentatively provided for a re-registration unit, which, if determined to be feasible, would have permitted the centralized issuance of renewal licenses. The survey did point out that investigative positions in departmental administration would have to be justified on a work load basis, and that pooling of investigators seemed to be the answer to the relatively small work load of the smaller agencies. The survey covered other aspects of departmental organization; however, the above is a summary of the comments concerning our centralization recommendations.

The budget as now presented does not implement either the department's proposed reorganization or the recommendations of the Department of Finance survey as they relate to centralized services, except insofar as the department's request for four clerical positions can be construed as the start of clerical pooling.

Departmental Administration—Continued

We therefore recommend that the agency and the Department of Finance undertake a joint study designed to bring about the objectives of centralizing common functions of the agencies in the Department of Professional and Vocational Standards, and that the 1958-59 Budget reflect the results of this study.

The four clerical positions mentioned above are in the intermediate stenographer-clerk classification. Two of these are intended for use in Los Angeles and two in San Francisco. There is currently an information clerk in each of these offices. Thus, it is proposed that there will be three positions in each office to provide continuous information, mail clerk, photocopy, mimeograph, and stenographic services, as well as providing a source of experienced intermittent help upon which small agencies can draw, particularly for emergency relief requirements. These positions have not been justified on an increased work load basis. They are, however, partially offset by some reductions in intermittent help requests. They represent an increased level of service. Our purpose in recommending approval of the increase is to permit the department to demonstrate the possibilities of clerical pooling. We suggest that the department manage the activities of these positions with a view to keeping the increase in level of service to a minimum, and that careful records of the time spent servicing the various agencies be kept. If centralizing clerical services is to achieve its objective of efficiency and economy, it will inevitably have to result in reducing individual agencies, work load and consequently personnel requirements. This contemplates the ultimate transfer of existing personnel from the agencies to a pool operation. Successful centralization cannot be built solely on gradually developing additional work load.

2 Investigator trainee (Budget page 852, line 14)----- \$8,592

Included in the budget request for the department is a proposal for a departmental administrative investigative pool to be provided by the department to four agencies in the following amounts:

<i>Agency</i>	<i>Amount of position</i>
Board of Barber Examiners-----	0.1
Board of Cosmetology-----	0.5
Board of Dry Cleaners-----	0.6
Board of Private Investigators and Adjustors-----	0.5
Total positions -----	1.7

We recommend deletion of the two investigator trainee positions.

Inasmuch as these partial investigative positions are not justified by work load increases or offsets in any of the four agencies, and because we have recommended disapproval of the aggregate 1.7 positions in the four agencies concerned, we therefore recommend that a corresponding amount of money be deleted from the departmental administration budget.

Departmental Administration—Continued
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, 1958. These total \$2,404,270. Of this amount, \$1,475,880 is estimated will be on deposit with the State Treasurer.

The balance of \$928,390 represents investments in the Business and Professions buildings by some of the boards. If the estimated repayment to the investing agencies is maintained, this obligation will be liquidated in approximately six years. It is noted that the remaining obligation in the Business and Professions Building as of June 30, 1958, will be \$1,575, and that the remaining amount to be paid on Business and Professions Building Annex is estimated at \$926,815.

We repeat our recommendation from previous analyses, that the Legislature explore the possibility of placing a statutory ceiling on the amount which can be on deposit unbudgeted in each of these special funds at the close 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. It may well be that fees should be reduced above a certain level.

	<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 surpluses as of June 30, 1958</i>
Accountancy -----		\$79,510	\$259,759	\$339,269
Architectural Examiners -----			47,514	47,514
Athletic Commission -----			8,218	8,218
Barber Examiners -----			30,810	30,810
Cemetery -----			16,114	16,114
Chiropractic Examiners -----			70,875	70,875
Civil and Professional Engineers -----		88,611	166,317	254,928
Contractors -----		77,368	17,516	94,884
Cosmetology -----		61,894	44,621	106,515
Dental Examiners -----		19,341	60,959	80,300
Dry Cleaners -----			74,732	74,732
Funeral Directors and Embalmers -----	\$1,575	7,738	10,515	19,828
Furniture and Bedding Inspectors -----		70,000	12,144	82,144
Guide Dogs for the Blind * -----				
Landscape Architects -----			30,716	30,716
Medical Examiners -----		263,171	175,281	438,452
Physical Therapy Fund -----			12,941	12,941
Nurse Examiners -----		174,077	73,951	248,028
Optometry -----			9,679	9,679
Pharmacy -----			95,750	95,750
Pilot Commissioners † -----			6,500	6,500

Departmental Administration—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 surpluses as of June 30, 1958</i>
Private Investigators and Adjustors -----	---	85,105	85,515	170,620
Shorthand Reporters -----	---	---	34,266	34,266
Social Work Examiners -----	---	---	30,575	30,575
Structural Pest Control -----	---	---	27,293	27,293
Veterinary Medicine -----	---	---	12,310	12,310
Vocational Nurse Examiners -----	---	---	32,949	32,949
Yacht and Ship Brokers -----	---	---	28,060	28,060
Totals -----	\$1,575	\$926,815	\$1,475,880	\$2,404,270

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

† Accumulated surplus which is in excess of \$6,500 as of June 30, 1958, reverts to the General Fund in accordance with Section 1159 of the Harbors and Navigation Code.

The above table reflects that the unbudgeted surpluses as of June 30, 1958, are estimated to be \$2,404,270, a decline of \$609,364, or 25.3 percent less than the total estimated unbudgeted surpluses as of June 30, 1957.

In most instances, equipment justifications are quantitatively and qualitatively insufficient in the various agencies in Professional and Vocational Standards.

We repeat our recommendation from last year's analysis, that the Department of Finance implement budget practices in connection with all agencies of Professional and Vocational Standards by requiring that these agencies submit standardized equipment check sheets for all items of equipment.

**Department of Professional and Vocational Standards
DIVISION OF ADMINISTRATIVE PROCEDURE**

ITEM 220 of the Budget Bill

Budget page 855
Budget line No. 14

**FOR SUPPORT OF DIVISION OF ADMINISTRATIVE PROCEDURE
FROM THE GENERAL FUND**

Amount requested -----	\$175,631
Estimated to be expended in 1956-57 Fiscal Year -----	149,960
Increase (17.1 percent) -----	\$25,671

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$33,584	\$33,584	---	857 9
Operating expense -----	21,858	21,858	---	857 10
Equipment -----	2,700	2,700	---	857 11
Less increased reimbursements -----	—32,471	—32,471	---	857 15
Total increase -----	\$25,671	\$25,671	---	857 18

Departmental Administration—Continued

RECOMMENDATIONS

Amount budgeted	\$175,631
Legislative Auditor's recommendation	159,929
Reduction	\$15,702

GENERAL SUMMARY OF REDUCTIONS

The recommended reduction of \$15,702 consists of the following amounts in the category indicated:

	<i>Amount</i>	<i>Budget</i>	
<i>Salaries and wages</i>		<i>Page</i>	<i>Line</i>
1 Hearing officer	\$8,520	855	59
1 Hearing reporter	5,496	855	60
0.5 Intermediate stenographer-clerk	1,686	855	61
<hr/>			
2.5 positions, reducing the totals for salaries and wages by	\$15,702		

GENERAL SUMMARY

The Division of Administrative Procedure has three major functions, 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 various state agencies.
2. To furnish trained hearing officers for the purpose of conducting quasi-judicial disciplinary proceedings, when requested by any state agency.
3. To compile and publish the rules and regulations for the various state agencies.

Table of Increases

	1950-51	1956-57	<i>Percent increase</i>
Work index:			
Cases heard	865	1,100	27.2
Number of employees	15.6	19.5	25.0
Total expenditures	\$82,436	\$157,079	90.5

ANALYSIS

The Division of Administrative Procedure is composed of two sections. Expenditures for each of these sections are supported as follows: expenditures for the codification section are supported from the General Fund; and expenditures for the administrative section are supported by reimbursements on a cost basis from the agencies that use the services of the division, and from the General Fund, which makes up the difference between reimbursements and expenditures.

Proposed expenditures for administration for 1957-58 are \$232,667 (Budget page 856, line 25) of which \$123,316, or 53.0 percent, is estimated reimbursements. The General Fund cost is \$109,351. The proposed expenditures for codification for the 1957-58 Fiscal Year are \$66,280 (Budget page 856, line 58).

The agency's total proposed expenditures from the General Fund are \$175,631 (Budget page 856, line 18), an increase of \$25,671, or 17.1 percent, over the estimated expenditures for 1956-57.

General Fund revenue amounting to \$5,000 is estimated from the sale of administrative codes and regulations, which is the same amount estimated for the current year.

Division of Administrative Procedure—Continued

2 Hearing officer I (Budget page 855, line 59).....	\$17,040
2 Hearing reporter (Budget page 855, line 60).....	10,992

The request by the agency for two additional hearing officers, to increase the total number of positions in this category to eight, and for two additional hearing reporters, to increase the total number of hearing reporters to eight, is based on an estimated work load increase and the agency's desire to reduce the backlog of pending hearings, hence, reducing the waiting period for cases to be heard.

We recommend that one position of hearing officer I and one position of hearing reporter be deleted, reducing these items by \$14,016.

The agency states that each hearing officer is able to complete an average of one case per day or an annual average of 225 cases per hearing officer. However, the agency's work load data shows that each hearing officer has, on the average, completed 185 cases per year in recent years. The agency currently has a total backlog of 411 cases. This delays the time of hearing cases beyond the 45-day period from the date of filing which the budget indicates is the goal of the request for two additional hearing officers.

On the basis of the agency's demonstrated ability to dispose of 185 cases annually per hearing officer, each officer can dispose of 25 cases in the approximately 31 working days in any 45-day calendar period. With six hearing officer positions authorized for 1956-57, the agency should have 150 cases in process at the end of 1956-57, to approximate the 45-day period between the filing of a case and the hearing. The agency expects that it will have 399 backlog cases, and consequently is concerned with 249 backlog cases which would have to be heard during 1957-58 in addition to its estimated increase of 103 new filings.

While this total of 352 cases over and above what the agency can hear with six positions in 1957-58 at its average rate of 185 cases per year would appear to justify two positions, the allowance of two positions would have the effect of reducing the backlog to less than normal backlog in the budget year, thus shortening the time between filing and hearing to less than 45 days, and ultimately eliminating all time lag. The elimination of all time lag between filing and hearing is unrealistic simply because some time is necessary for filing, notice, scheduling, and other administrative matters connected with the hearing process. The elimination of all time lag as contemplated by the agency's request for two hearing officer positions, would result in there not being enough cases to assign to hearing officers so as to maintain the average annual rate of hearings of 185 cases per hearing officer in 1958-59 and again in 1959-60 if the increases in the numbers of cases filed for those years approximate the rate of increase experienced by the agency in recent years.

Division of Administrative Procedure—Continued

The following table reflects what the agency's work load and backlog situation would be if two positions were allowed in 1957-58:

	Actual		Estimated		
	1955-56	1956-57	1957-58	1958-59	1959-60
Backlog (as of July 1st)* _____	411	411	399	120	—60
Cases filed _____	893	1,098	1,201	1,300	1,400
Total docketed _____	1,304	1,509	1,600	1,420	1,320
Cases heard _____	—893	1,110	1,480	1,480	1,480
Backlog (as of June 30)* _____	411	399	120	—60	—160

* Includes cases in process or normal backlog.

Normal backlog on a 45-day processing schedule with eight positions would be 200 cases. Thus, it appears that the agency would be short 80 cases, or 10 cases per hearing officer, of having enough cases to maintain its present rate of completion in the budget year. It would be 260 cases, or 32.5 per hearing officer, short of having enough cases in 1958-59 to maintain the 185 per officer rate, and would be 360 cases, or 45 per hearing officer, short in 1959-60. The net result of this would be to shorten the processing time to the minimum administratively necessary and thereafter to reduce completions per hearing officer.

The agency is experiencing some difficulty in securing the maximum benefit from the new hearing positions authorized last year and has not been able as yet to make full case assignments to its staff. When this is accomplished, it can be expected that the rate of completions per hearing officer will rise. We believe that future staffing requirement estimates should be based on this increased rate when it is achieved and not based on the existing rate which is admittedly too low. We, therefore, suggest that the agency avoid overstaffing at this time; however, it should be prepared to request additional staff in the 1958-59 Budget if a higher completion rate has failed to develop, or if estimates of new cases should prove to be too low.

1 Intermediate stenographer-clerk (Budget page 855, line 61) — \$3,372

The agency requests one position of intermediate stenographer-clerk, increasing the total number of positions in this category to 3.5, on a ratio basis to hearing officers and reporters.

We recommend that 0.5 position of intermediate stenographer-clerk be deleted, effecting a reduction of \$1,686 from this item, and that 0.5 position of intermediate stenographer-clerk be allowed at a cost of \$1,686.

There are 2.5 positions of intermediate stenographer-clerk to six positions of hearing reporter currently authorized to the agency, reflecting a ratio of 1 to 2.40. The addition of 0.5 position of intermediate stenographer-clerk position will increase the total number of intermediate stenographer-clerk positions to 3.0, for a ratio of 1 to 2.33.

Department of Professional and Vocational Standards

BOARD OF ACCOUNTANCY

ITEM 221 of the Budget Bill

Budget page 858

Budget line No. 7

FOR SUPPORT OF BOARD OF ACCOUNTANCY FROM THE
ACCOUNTANCY FUND

Amount requested-----	\$177,788
Estimated to be expended in 1956-57 Fiscal Year-----	179,381
Decrease (0.9 percent)-----	\$1,593

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages-----	-\$695	-\$695	--	858 49
Operating expense-----	-898	-898	--	858 73
Equipment-----	--	--	--	858 76
Total increase-----	-\$1,593	-\$1,593	--	858 78

RECOMMENDATIONS

Amount budgeted-----	\$177,788
Legislative Auditor's recommendation-----	177,788
Reduction-----	None

GENERAL SUMMARY

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 prescribes rules of professional conduct appropriate to the maintenance of a high standard of integrity in the profession.

Table of Increases

Work Index:	1949-50	1956-57	Percent increase
Licenseses-----	20,200	24,250	20.0
Number of employees-----	9.5	10.0	5.2
Total expenditures-----	\$123,624	\$179,381	45.1

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$177,788, a decrease of \$1,593, or 0.9 percent, below the estimated expenditures for 1956-57. The Board of Accountancy allocated \$30,000 to the University of California in 1956-57 for the purpose of research in the field of public accounting. Provision is made in the proposed budget to allocate another \$30,000 to this research program in 1957-58.

Revenues for the 1957-58 Fiscal Year are estimated at \$172,550, which is the same amount of estimated revenues for the current year.

The accumulated surplus as of June 30, 1958, is estimated to be \$339,269, a decrease of \$40,152 or 10.6 percent under the estimated accumulated surplus for 1956-57. This continuing decline in the surplus results from the \$30,000 expenditure for research and an increased support cost of approximately \$10,000.

Athletic Commission—Continued

RECOMMENDATIONS

Amount budgeted	\$141,156
Legislative Auditor's recommendation	141,156
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Reduction	None

GENERAL SUMMARY

The Athletic Commission was created for the purposes of directing, managing and controlling professional and amateur boxing and wrestling matches held within the State. It is also charged with the responsibility for licensing clubs holding such matches, as well as all participants and officials.

Table of Increases

	1947-48	1956-57	Percent increase
Work index :			
Licensees	2,000	1,874	-11.3
Number of employees	10.9	10	-8.3
Total expenditures	\$140,237	\$148,254	5.7

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$141,156, a decrease of \$330, or 0.2 percent, below the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$123,000, an increase of \$7,000, or 6.0 percent, above the estimated revenues for 1956-57.

The accumulated surplus in the Athletic Commission Fund as of June 30, 1958, is estimated to be \$7,968, a decline of \$25,433, or 76.1 percent, below the estimated accumulated surplus of \$33,401 for the current fiscal year. The accumulated surplus has decreased to a point where it does not appear that the agency will have a reserve sufficient to cover one month's operating costs on June 30, 1958.

The Budget for the current year has been augmented by an emergency authorization in the amount of \$10,600. This was for the following:

Salary—Enforcement officer	\$8,300
Report—Boxing and wrestling investigation	2,300

This authorization resulted from the creation of a chief enforcement officer position, replacing the terminated position of secretary, and was based on the findings of a report on the boxing and wrestling investigation.

We note that the budget does not reflect the \$2,300 as a proposed expenditure for the boxing and wrestling investigation in 1956-57. The fact of the matter is that the entire \$10,600 emergency authorization stems from the investigation. Without this amount, proposed expenditures for the current year are \$130,886. Therefore, the proposed expenditures for the budget year of \$141,156 are \$10,270 or 7.8 percent over the support costs for the current year, exclusive of the investigation costs. In view of the declining trend in the number of shows indicated in the budget for the last three years for which actual statistics are available, the estimate of 1,600 shows for both 1956-57 and 1957-58

Athletic Commission—Continued

appears to be overly optimistic. To the extent that this is true, the agency will be overbudgeted in these categories directly related to the number of shows, and should give serious consideration to cutting some of its permanent overhead, particularly in view of its financial condition.

There is included in the Budget for the first time a position of chief enforcement officer at a salary of \$15,000. This is apparently a reclassification of the position of secretary at a salary of \$10,992. This is an exempt position, and consequently not subject to Personnel Board regulation. However, we direct attention to the fact that this is the highest paid executive position of any agency in the Department of Professional and Vocational Standards. It is, in fact, a higher salary than the director of the department. The smaller boards and agencies in the department are generally headed by an executive secretary at a salary range of from \$613 to \$745 per month. Many utilize only the part time services of an executive.

We raise the question as to whether the position of chief enforcement officer for the Athletic Commission might not more appropriately be brought under the Civil Service System, so as to permit the Personnel Board to survey the duties and responsibilities of the position in relation to comparable governmental and private pay scales, and to prescribe an appropriate pay scale.

We also point out that Section 18626 of the Business and Professions Code provides for the appointment of a secretary by the Athletic Commission. This position is also an administrative assistant, who together with the usual duties of secretary, is charged with responsibility to coordinate and supervise the activities and duties of whatever other offices the commission may establish. The salary of the secretary is established as being \$11,000 per year by Section 11561 of the Government Code. This section was added by Chapter 1168 of the Statutes of 1955. This raises the question of whether the position of chief enforcement officer shown in the budget is not in fact the secretary provided for by Section 18626 of the Business and Professions Code and whether the salary limitation provided by Section 11561 of the Government Code applies.

The reclassification of the position of secretary to chief enforcement officer apparently resulted from the investigation of boxing and wrestling commenced by the department in 1954-55. Expenditures for the investigation in that year were \$1,885, as reported in the Athletic Commission budget. Costs of the investigation for 1955-56 were estimated for that year at \$48,115 at the time the Budget for 1956-57 was submitted. The 1957-58 Budget reveals that \$78,115 was actually spent.

The 1956-57 Budget shows an emergency authorization in the amount of \$48,115 to cover the estimated cost of the investigation in the then current year. The 1957-58 Budget shows an emergency authorization of \$78,115 to cover the costs of the investigation as they actually developed in 1955-56.

Athletic Commission—Continued

The agency's 1955-56 Budget proposed to transfer \$65,000 for support of the Veterans' Home as provided for by the continuing appropriation of Section 18634 of the Business and Professions Code. This amount was appropriated for the support of the Veterans' Home by Item 268 of the Budget Act of 1955. The 1956-57 Budget continued to propose the transfer of the \$65,000 appropriated the prior year, and further proposed the transfer of \$35,000 in 1956-57 Fiscal Year. This latter amount was appropriated by Item 281 of the Budget Act of 1956. Neither of these appropriations have in fact resulted in transfers of funds for the support of the Veterans' Home. At the start of Fiscal Year 1955-56, the Athletic Commission Fund had a surplus of \$136,468. Revenue for that year amounted to \$130,598. Expenditures for support, exclusive of the \$78,115 spent on the investigation, amounted to \$117,130. Thus, it appears that the money which was appropriated for the support of the Veterans' Home was in fact used for the investigation of boxing and wrestling.

It appears that the total direct cost of this investigation will be \$82,300. A question is raised by the foregoing facts as to the propriety of enlarging the scope of an agency program through emergency authorizations of surplus funds subsequent to the time these funds have been appropriated to another purpose by the Legislature.

The problem presented by this question is dramatized by the fact that the cost of the investigation, coupled with declining revenues and increasing costs, have placed the agency in an acute financial condition, and at the same time, foreclose the possibility of the Veterans' Home receiving any support from the Athletic Commission Fund.

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

ITEM 224 of the Budget Bill

Budget page 864
Budget line No. 7

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

Amount requested	\$139,856
Estimated to be expended in 1956-57 Fiscal Year	127,427
Increase (9.8 percent)	\$12,429

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$6,380	\$6,380	---	864 56
Operating expense	4,494	4,494	---	864 80
Equipment	1,555	1,555	---	865 8
Total increase	\$12,429	\$12,429	---	865 10

Board of Barber Examiners—Continued

RECOMMENDATIONS

Amount budgeted	\$139,856
Legislative Auditor's recommendation	139,094
Reduction	\$762

SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$762 consists of the following amount in the category indicated:

Operating expenses	Amount	Budget	
		Page	Line
Pro rata departmental administration	\$762	864	73

GENERAL SUMMARY

The Board of Barber Examiners was created for the purpose of examination, regulation, inspection, and licensing of barbers, barber apprentices, shops, schools, and instructors throughout the State.

Table of Increases

	1947-48	1956-57	Percent increase
Work index:			
Licensees	26,822	32,200	20.0
Number of employees	14.5	15.5	6.9
Total expenditures	\$89,729	\$132,276	47.4

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$139,856, an increase of \$12,429, or 9.8 percent, over the estimated expenditures for 1956-57.

Revenues for the 1957-58 Fiscal Year are estimated to be \$134,715, an increase of \$4,075, or 3.1 percent, more than the estimated revenues for the current year.

The accumulated surplus as of June 30, 1958, is estimated to be \$30,810, a decrease of \$10,461, or 25.3 percent, less than the estimated accumulated surplus as of June 30, 1957. If the rate of expenditures continues at the same level, as scheduled for 1957-58, the surplus will be depleted in approximately three more years.

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$2,818. This was for the following:

Office and related expenses	\$551
Traveling-in-state	2,894
Automobile mileage	575
Pro rata Attorney General services	250
Equipment	338
Less: budgetary adjustments	-1,790

The above authorization was attributed to increased travel costs, increased costs for an automobile replacement, and increased costs for general administration.

This budget provides for the addition of one inspector position, increasing the total number of positions in this category to eight. The budget also provides for the addition of 0.5 position of intermediate stenographer-clerk, increasing the total number of positions in this category to 3.0.

Board of Barber Examiners—Continued

We believe that the increased work load experienced by this agency during the last several years is sufficient to warrant the addition of the one position of inspector and the 0.5 position of intermediate stenographer-clerk, and therefore recommend approval of these requests.

Pro rata departmental administration (Budget page 864, line 73) \$8,040

Included in this amount is a request for 0.1 position of investigator (inspector) to be provided to the agency by the proposed departmental administration investigative pool. No specific justification for the position has been submitted.

We recommend deletion of the proposed 0.1 position of investigator (inspector) from this item, effecting a reduction of \$762, and recommend approval for the remaining \$7,278.

The budget material submitted to this office by the agency does not include a request for the 0.1 position of investigator. Inasmuch as this office has recommended the approval of one new position of inspector, earlier in this analysis, increasing the total number of positions in this category to eight, and because we believe that these eight positions of inspector will more than adequately meet the inspectional needs for the agency, we therefore cannot support the additional 0.1 position of investigator, and recommend that it not be approved.

We wish to point out, as we have in other agency analyses of the department, that this request for a new position is not set out as a proposed new position in the budget, but is in fact included under operating expenses and not under salaries and wages. Under these circumstances, the budget does not reflect the correct number or kind of positions authorized for the agency.

In future budgets, we recommend that agency requests for authorization to utilize departmental administration pool personnel be presented in the budget in such a manner as to permit the ready identification of the number of position equivalents available to the agency from such pool operations.

Department of Professional and Vocational Standards

CEMETERY BOARD

ITEM 225 of the Budget Bill

Budget page 866

Budget line No. 7

FOR SUPPORT OF CEMETERY BOARD FROM THE CEMETERY FUND

Amount requested	\$37,129
Estimated to be expended in 1956-57 Fiscal Year	36,157
Increase (2.7 percent)	\$972

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$280	\$280	--	866 44
Operating expense	782	782	--	866 68
Equipment	-90	-90	--	866 74
Total increase	\$972	\$972	--	866 76

Cemetery Board—Continued

RECOMMENDATIONS

Amount budgeted	\$37,129
Legislative Auditor's recommendation	37,129
Reduction	None

GENERAL SUMMARY

The Cemetery Board was created for the purpose of issuing licenses and in general, regulating 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.

Table of Increases

Work index:	1949-50	1956-57	Percent increase
Licenseses	1,035	1,859	79.6
Number of employees	1	3	200.0
Total expenditures	\$2,699	\$36,157	1,239.6

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$37,129, an increase of \$972, or 2.7 percent, over the estimated expenditures for the current year.

Revenues to be collected during the 1957-58 Fiscal Year are estimated at \$33,325, an increase of \$1,445 or 4.5 percent over the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated to be \$16,114, a decrease of \$5,456 or 33.9 percent less than the estimated accumulated surplus of \$21,570 for the current year.

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

Comparison—Revenues and Expenditures

	1955-56	1956-57*	1957-58*
Expenditures	\$27,718	\$37,784	\$38,781
Revenues	26,979	31,880	33,325
Deficit	\$739	\$5,904	\$5,456

* Estimated.

The agency states that it has recognized that the proposed budget would reflect an annual operating deficit and that it has considered seeking legislation increasing interment fees. (Section 9765 of the Business and Professions Code.)

The cemetery brokers and cemetery salesmen renewal license fees were placed on a flexible scale at the last general session; however, the agency has not raised these fees. The agency states that if interment fees were increased from 15 cents to 25 cents per interment, the board's revenue would proportionately increase by approximately \$11,750, or in effect, the agency would be able to replace the estimated deficits for 1956-57 and 1957-58 within one year.

The proposed budget is based upon the current license fee rates. At the present deficit rate the estimated surplus for June 30, 1958, will be depleted in three more years. This budget continues the same level of service as currently authorized.

We recommend approval of budget as submitted.

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

ITEM 226 of the Budget Bill

Budget page 868
Budget line No. 7

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

Amount requested	\$74,332
Estimated to be expended in 1956-57 Fiscal Year	63,681
Increase (16.7 percent)	\$10,651

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$1,103	\$1,103	--	868 51
Operating expense	7,930	7,930	--	868 77
Equipment	1,618	1,618	--	869 7
Total increase	\$10,651	\$10,651	--	869 9

RECOMMENDATIONS

Amount budgeted	\$74,332
Legislative Auditor's recommendation	65,960
Reduction	\$8,372

SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$8,372 consists of the following amounts in the categories indicated:

	Amount	Budget	
		Page	Line
<i>Salaries and wages</i>			
Intermediate typist-clerk	\$3,372	868	48
<i>Operating expenses</i>			
Contractual services—consultation	5,000	868	74
Total reduction	\$8,372		

GENERAL SUMMARY

The Board of Chiropractic Examiners was created for the purpose of regulation, examination, and licensing of chiropractors, chiropractic schools, and colleges throughout the State.

Table of Increases

	1947-48	1956-57	Percent increase
Work index:			
Licenses	4,920	5,550	12.8
Number of employees	3.2	4.5	40.6
Total expenditures	\$24,471	\$65,821	168.9

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$74,332, an increase of \$10,651, or 16.7 percent, more than the estimated expenditures for 1956-57.

Revenues for the 1957-58 Fiscal Year are estimated to be \$62,360, an increase of \$1,500, or 2.5 percent, over the estimated revenues for the current year.

Board of Chiropractic Examiners—Continued

The accumulated surplus as of June 30, 1958, is estimated to be \$70,875, a decrease of \$14,252, or 16.7 percent, below the estimated accumulated surplus as of June 30, 1957.

The budget for the current year has been augmented by an emergency fund authorization of \$2,442. This was for the following:

Telephone charges	\$465
Traveling-in-state	1,300
Pro-rata general administrative charges.....	438
Legal advertising, hearings, and evidence.....	200
Equipment	130
Less budgetary adjustments	—91

The authorization is attributed to increased costs for traveling, increased pro-rata general administrative charges, increased costs for additional office equipment, and increased costs in general operating expenses.

1 *Intermediate typist-clerk (Budget page 868, line 48)* \$3,372

The agency requests one position of intermediate typist-clerk, increasing the total clerical staff to two positions. The request is based on increased work load.

We recommend deletion of this position.

The agency has submitted work load data as follows:

	Actual			Estimated	
	1953-54	1954-55	1955-56	1956-57	1957-58
Total number of licensees.....	5,383	5,428	5,374	5,550	5,700
Number of applicants examined.....	253	249	148	300	240
Complaints received	417	544	452	700	700
Special investigations	1,433	1,168	1,094	1,500	1,200

From the above data it is noted that there were more licensees in 1953-54 than there were in 1955-56. Also, there were 253 applicants examined in 1953-54 as compared to 148 in 1955-56. We further note that the number of complaints received in 1955-56 was 16.9 percent less than the previous year figure, and that the number of special investigations of 1955-56 was 23.6 percent less than the number of special investigations of 1953-54.

It is apparent that the work load of this agency has generally been declining since 1953-54. We believe the agency estimates for 1956-57 and 1957-58 are unduly optimistic, in view of the statistics for the last three fiscal years. We point out that anticipated increases in work load, not supported by trends or other substantial evidence of prospective

Board of Chiropractic Examiners—Continued

activity, are inadequate justifications for requesting additions to staff. The agency's anticipated work load is insufficient to justify an additional clerical position, and we therefore recommend that the position be deleted.

Contractual services—consultation (Budget page 868, line 74) —\$5,000

The budget material submitted indicates that the agency proposes "a research and survey of the professional and educational facilities in chiropractic to be made by an independent research team such as the University of Stanford Research Division, that the board may be better equipped to enforce the Chiropractic Act and new rules and regulations."

We recommend deletion of this item.

The proposed research consultation is estimated to cost the agency \$5,000 and is one of the principal items in the 16.7 percent deficit budgeting program proposed for 1957-58. The agency has not clearly indicated the type of information which is sought from this proposed research program, nor the specific objectives to be achieved.

In the absence of a research plan, and in view of this agency's declining surplus, we do not believe the agency should engage in this program. However, if the agency feels that some such program is necessary, it should be prepared to justify the expenditure more fully. For that reason, we do not recommend approval of the item until a fuller presentation is made to the Legislature.

Department of Professional and Vocational Standards

BOARD OF REGISTRATION FOR CIVIL AND PROFESSIONAL ENGINEERS

ITEM 227 of the Budget Bill

Budget page 870

Budget line No. 7

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

Amount requested	\$293,983
Estimated to be expended in 1956-57 Fiscal Year	264,723
Increase (11.1 percent)	\$29,260

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$11,359	\$11,359	--	870 63
Operating expense	15,180	15,180	--	871 20
Equipment	2,721	2,721	--	871 27
Total increase	\$29,260	\$29,260	--	871 29

RECOMMENDATIONS

Amount budgeted	\$293,983
Legislative Auditor's recommendation	268,190
Reduction	\$25,793

Board of Registration for Civil and Professional Engineers—Continued
Summary of Recommended Reductions

The recommended reduction of \$25,793 consists of the following amounts in the categories indicated:

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
<i>Salaries and wages</i>			
1 Senior structural engineer.....	\$10,221	870	41
1 Associate civil engineer.....	7,356	870	45
1 Intermediate typist-clerk	3,216	870	59
<hr/>			
Reducing the totals for salaries and wages by.....	\$20,793		
<i>Operating expense</i>			
Services of special consultants	\$5,000	871	16
<hr/>			
Reducing the totals for operating expenses by.....	\$5,000		
<hr/>			
Total reductions	\$25,793		

GENERAL SUMMARY

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.

Table of Increases

	<i>1947-48</i>	<i>1956-57</i>	<i>Percent increase</i>
Work index:			
Licenseses	8,142	33,640	313.2
Number of employees.....	10	26.3	163.0
Total expenditures	\$96,663	\$274,352	184.0

ANALYSIS

Proposed expenditures for 1957-58 Fiscal Year are \$293,983, an increase of \$29,260, or 11.1 percent over the estimated expenditures for 1956-57.

Revenues for the 1957-58 Fiscal Year are estimated to be \$240,000, an increase of \$40,000, or 20.0 percent more than the estimated revenue for the current year.

The accumulated surplus as of June 30, 1958, is estimated to be \$254,928, a decrease of \$64,611, or 20.2 percent below the estimated accumulated surplus of \$319,539 for June 30, 1957.

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

Comparison—Revenues and Expenditures

	<i>1955-56</i>	<i>1956-57 *</i>	<i>1957-58 *</i>
Expenditures	\$253,135	\$274,352	\$304,611
Revenues	180,236	200,000	240,000
<hr/>			
Deficit	\$72,889	\$74,352	\$64,611

* Estimated.

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$3,496. This was for the following:

Board of Registration for Civil and Professional Engineers—Continued

Printing	\$1,451
Freight, cartage, and express	200
Traveling	3,184
Automobile operation	600
Pro rata general administrative charges	838
Equipment	516
Less budgetary adjustments	—3,293

The above authorization is attributed to increased travel costs, increased pro rata general administrative charges, additional equipment which, according to the Department of Finance, had been omitted in error from the 1956-57 Budget, and increased costs in general for operating expenses.

- 1 Senior structural engineer (extend to permanent)
(Budget page 870, line 41) ----- \$10,221
- 1 Associate civil engineer (to June 30, 1958)
(Budget page 870, line 45) ----- 7,356

The agency requests that one position of senior structural engineer be extended to permanent, and that one associate civil engineer be extended, on a one-year basis, until June 30, 1958.

We recommend that the one position of senior structural engineer not be extended to permanent, and that the one position of associate civil engineer not be extended until June 30, 1958, and that both positions be deleted from the Budget.

These two engineering positions were initially authorized to the agency on a tentative basis, in the 1955-56 Budget, for the purpose of handling the preparation and grading of examinations, because of the difficulty of recruiting trained personnel on an intermittent basis. The positions were extended an additional year in the 1956-57 Budget, because an evaluation of the effect of the positions had not been made.

The two positions were originally justified in the 1955-56 Budget on the premise that the two positions would eliminate the need for the intermittent examination commissioners and reduce the need for the intermittent expert examiners. The elimination of the intermittent examination commissioners and the reduction of the need for intermittent expert examiners effected a total reduction of \$13,600 in the 1955-56 Budget to offset the addition of the two engineering positions at \$15,084.

The following table reflects the changes which have occurred since the two engineering positions were provided on a tentative basis:

Change of Positions and Resulting Costs

	Actual		Estimated	
	1954-55	1955-56	1956-57	1957-58
Engineering positions	--	(2) \$15,084	(2) \$16,843	(2) \$17,577
Examination commissioners	(4.7) \$13,240	--	--	--
Expert examiners	(3.1) 8,145	*(4) 28,753	†(4) 29,000	(4.2) 25,200
Total costs	\$21,385	\$43,837	\$45,843	\$42,777

* When the initial request was submitted for the two engineering positions, the agency estimated (0.9) position of expert examiner at a cost of \$1,200; in addition to this amount the agency had estimated that it would utilize (2.9) positions of examination commissioner at a cost of \$4,500, or a total cost for 1955-56 of \$20,784. The 1956-57 Budget reflects that the examination commissioner positions were not used.

† In the 1956-57 Budget, the agency estimated (3.7) positions of expert examiner at a cost of \$11,500.

Board of Registration for Civil and Professional Engineers—Continued

The data in the above table show that the costs for preparing and grading of examinations in 1955-56 were \$43,837, an increase of \$22,452, or 105 percent over the costs of the previous year, instead of the \$20,784 initially estimated by the agency in justification for the two engineering positions, and on which this office based its recommendation that the two positions be allowed on a trial basis.

In 1956-57, the agency now estimates the cost of examinations at \$45,843, which is \$17,500 more than was estimated for this purpose when the 1956-57 Budget was presented. The table also reveals that despite the fact that full-time positions were allowed, because of unsatisfactory results from intermittent help, the agency has continued to use intermittent help.

In 1957-58, the agency estimates that these costs will be \$42,777, which is \$21,392, or 100 percent more than the cost previous to the time the two engineering positions were authorized.

The following table shows the average costs per examinee before and after the two engineering positions were authorized in lieu of the intermittent examination commissioners:

	Actual			Estimated	
	1953-54	1954-55	1955-56	1956-57	1957-58
Number of applicants-----	4,194	6,037	5,852	8,990	5,190
Number of examinees-----	3,908	5,342	5,358	4,310	9,000
Total costs of preparing and grading-----	\$15,701	\$21,385	\$43,837	\$45,843	\$42,777
Average cost per examinee-----	\$4.01	\$4.00	\$8.18	\$10.64	\$4.75

The above table indicates that the cost of conducting examinations has more than doubled since full-time positions were substituted for intermittent help. The low cost per examinee shown for 1957-58 results from the unusually high number of examinations scheduled for that year. The agency should explain why these excess examinations are scheduled for 1957-58, when they are said to have resulted from a refusal to allow some 3,500 applicants to file in 1955-56. These applicants apparently are being allowed to file in 1956-57, but will not be examined until 1957-58. The agency should also explain why only 4,310 applicants will be examined in 1956-57. This is 1,000 less than were examined in 1955-56, despite the increase in applications.

The two engineering positions were initially authorized to the agency on the premise that the cost for preparing and grading examinations would remain relatively the same per examinee; however, the above table indicates that in 1955-56, with the inclusion of the two engineering positions, in lieu of the examination commissioners, the cost was \$8.18 per examinee, or 105 percent more than the costs for 1954-55. In the current year the estimated costs are \$10.64, or 166 percent more than the 1954-55 costs.

Since the agency apparently can and is able to secure the intermittent help necessary to conduct examinations, we recommend that they revert to the manner of handling examinations which was used previously at substantially lower costs.

Board of Registration for Civil and Professional Engineers—Continued

1 Intermediate typist-clerk (Budget page 870, line 59) ----- \$3,216

The agency requests one position of intermediate typist-clerk, increasing the total number of clerical positions to 18.5. The request is based on increased work load.

We recommend deletion of the position.

The agency is currently authorized 10 administrative positions and 17.5 clerical positions, reflecting a ratio of 1.75 clerical positions to each administrative position. This represents a more favorable ratio than that which applies to most other agencies with a comparable number of licensees.

Included in the budget material submitted to this office in support of the intermediate typist-clerk position was the following agency statement: "With the number of applications and examinees assigned to examinations increasing each year, especially over the last two years, it is imperative that more help be given to handle this increased work load." We note that the agency anticipates an increased number of applications during the current year; however, we further note that the agency has estimated fewer applications will be received during 1957-58 than were received during 1954-55 and 1955-56.

The Governor's Budget reflects that the agency had 32,748 licensees in 1955-56, and that the agency has estimated there will be 35,750 licensees in 1957-58, which represents an increase of 3,002, or 9.1 percent more licensees than there were during 1955-56. The estimated increase in licensees means that each clerical position would be responsible for approximately 171 more licensees than had previously been required. We believe that this nominal increase in work load per clerical position should be absorbed by the existing clerical positions.

Services of special consultant (Budget page 81, line 16) ----- \$5,000

The agency requests \$5,000 in operating expenses for the following reasons: "Many problems have arisen, particularly in Northern California lumber industries, concerning survey disputes. The board needs a qualified 'expert surveyor' to make field investigations to determine fact and make recommendations for board action."

We recommend deletion of the amount requested.

We do not believe that disputes over the ownership of property, even those disputes involving the relative qualifications and ability of land surveyors, are properly a matter for this board to decide. To the extent that the accuracy of surveys made by licensed land surveyors may be a consideration for the board in continuing or renewing the license of particular land surveyors, we do not think that a resurvey of the land by the board is necessary. Such inaccuracies should normally come to the board as the result of complaints, and it would appear to be the complainant's responsibility to support his complaint with the facts of the particular situation.

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

ITEM 228 of the Budget Bill

Budget page 872
Budget line No. 8

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

Amount requested	\$815,585
Estimated to be expended in 1956-57 Fiscal Year.....	759,962
<hr/>	<hr/>
Increase (7.3 percent)	\$55,623

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$54,504	\$54,504	---	873 82
Operating expense	22,681	22,681	---	873 83
Equipment	-21,562	-21,562	---	873 86
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total increase	\$55,623	\$55,623	---	873 86

RECOMMENDATIONS

Amount budgeted	\$815,585
Legislative Auditor's recommendation.....	769,973
<hr/>	<hr/>
Reduction	\$45,612

SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$45,612 consists of the following amount in the category indicated:

<i>Salaries and wages</i>	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
8 Investigators	\$39,840	873	41
1 Supervising investigator	5,772	873	40
	<hr/>		
	\$45,612		

GENERAL SUMMARY

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

Table of Increases

	<i>1947-48</i>	<i>1956-57</i>	<i>Percent increase</i>
Work index:			
Licensees	51,342	80,255	56.3
Number of employees.....	67.1	94.0	40.0
Total expenditures	\$376,348	\$801,014	112.8

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$815,585, an increase of \$55,623, or 7.3 percent more than the estimated expenditures for the current fiscal year.

Revenues for the 1957-58 Fiscal Year are estimated at \$734,690, an increase of \$52,560, or 7.7 percent over the estimated revenues of the 1956-57 Fiscal Year.

Contractors' License Board—Continued

The accumulated surplus as of June 30, 1958, is estimated to be \$94,884, a decrease of \$123,433, or 56.5 percent under the estimated accumulated surplus of \$218,317 as of June 30, 1957.

If the agency continues the rate of expenditures which is scheduled for the current year, and as proposed for the budget year, it will be confronted with the exhaustion of its surplus during Fiscal Year 1958-59.

Comparison—Revenues and Expenditures

	Actual		Estimated	
	1955-56	1956-57	1956-57	1957-58
Expenditures -----	\$678,278	\$801,014	\$858,123	
Revenues -----	656,981	682,130	734,690	
Deficit -----	\$21,297	\$118,884	\$123,433	
Accumulated surplus as of June 1. -----	\$337,201	\$218,317	\$94,884	

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$5,396. This was for the following:

Automobile—additional -----	\$840
Automobile—replacement -----	4,056
Office—additional -----	500

The authorization is attributed to increased costs of equipment.

8 Investigator (Budget page 873, line 41) ----- \$39,840

The agency requests eight positions of investigator, increasing the total number of positions in this category to 60. The request is based on increased work load, resulting from an estimated increase in the number of complaints to be received during the current and budget years.

We recommend deletion of the eight positions of investigator, effecting a reduction of \$39,840.

The agency was authorized two investigator positions in 1955-56, and another five positions of investigator in 1956-57, increasing the current investigator staff to 52 positions.

The agency claims that it had a backlog of 3,507 uncompleted investigations as of July 1, 1956, and despite the fact that five additional positions of investigator were authorized in 1956-57, the agency estimates an increase in this backlog of complaints to 4,170 by July 1, 1957.

The following table shows that the total number of investigations completed during the last three years has continued to increase while the percentage of cases investigated which have been referred to disciplinary action has continued to decrease.

	Actual		
	1953-54	1954-55	1955-56
Total investigations (cases completed) -----	9,453	9,376	9,960
Productivity:			
Licensees referred to disciplinary action -----	941	726	551
Nonlicensees referred to disciplinary action -----	325	425	361
Applicants referred to disciplinary action -----	41	47	45
Total cases referred to disciplinary action -----	1,307	1,198	957
Percentage of cases investigated which were referred to disciplinary action -----	13.8	12.7	9.6

Contractors' License Board—Continued

The above table shows that a greater amount of time is being expended with a lesser amount of results, in terms of disciplinary actions.

Since 1953-54 the agency has engaged in a screening program designed to eliminate from its investigative work load those cases which initially do not indicate the possibility of a violation which would result in disciplinary action. The foregoing table would seem to indicate that despite such screening, the agency is actually finding fewer violations in the cases investigated. This would indicate the desirability of more intensive screening. The following table shows the screening program currently conducted by the agency:

	Actual			Estimated	
	1953-54	1954-55	1955-56	1956-57	1957-58
Complaints received (new) -----	9,854	10,518	12,362	13,157	13,958
Complaints rejected (screened) ---	402	947	1,612	1,561*	1,708
Percentage of complaints rejected .	4.0	9.0	13.0	11.8*	12.2

* The agency, in justification for the five additional investigator positions in 1956-57, had initially estimated it would reject approximately 2,000 cases, or 15.2 percent of the total complaints received. The 1957-58 Budget reflects that the agency now estimates only 1,561 cases, or 11.8 percent will be rejected through the screening program.

Thus, it would appear that instead of eliminating more cases through initial screening, the agency actually contemplates doing less intensive screening.

In view of the very small percentage of investigations which have resulted in referrals to disciplinary actions, we believe that a minimum 25 percent reject factor would be entirely in order. This would eliminate the agency backlog and produce a higher percentage of completed investigations supported by disciplinary actions taken.

If the agency applied a 25 percent reject factor to its screening program, the following results would be achieved during the budget year:

	Actual			Estimated	
	1953-54	1954-55	1955-56	1956-57	1957-58
Backlog (as of July 1) -----	2,523	2,522	2,717	3,507	1,141
Complaints received (new) -----	9,854	10,518	12,362	13,157	13,958
Complaints rejected (screened) ---	402	947	1,612	4,166	3,489
Percentage of complaints rejected	4.0	9.0	13.0	25.0	25.0
Total complaints to be investigated -----	11,975	11,793	13,467	12,498	11,610
Cases investigated (completed) --	9,453	9,376	9,960*	11,357	11,357
Backlog (as of June 30) -----	2,522	2,717	3,507	1,141	253

* In 1955-56, 9,960 cases were completed by 45.6 positions of investigator, indicating that each investigator position completed an average 218.4 investigations during this year. In 1956-57, five additional positions were authorized, increasing the total number of investigator positions to 52.

Each investigator position averaged .97 cases completed per day in 1955-56. On the basis of the agency's demonstrated ability to complete an average of 218.4 cases annually per investigator (.97 × 255 days), the currently authorized 52 positions of investigator can complete a total of 50.44 investigations per day, or 252.2 cases per week (52 investigators × 0.97 cases per day × 5 days).

The above table reflects that the agency would have an approximate one-week backlog at the end of 1957-58, which would be considerably less than a normal backlog.

Contractors' License Board—Continued

1 *Supervising investigator (Budget page 873, line 40)*----- \$5,772

Included in the agency's budget is a request for one supervising investigator, increasing the total number of positions in this category to five.

We recommend that this position be deleted.

If the additional investigative staff discussed heretofore is not allowed, this position should not be allowed.

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

ITEM 229 of the Budget Bill

Budget page 875
Budget line No. 7

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

Amount requested -----	\$243,214
Estimated to be expended in 1956-57 Fiscal Year -----	226,425
Increase (7.4 percent) -----	\$16,789

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$10,809	\$10,809	--	875 61
Operating expense -----	12,700	12,700	--	876 10
Equipment -----	-6,720	-6,720	--	876 18
Total increase -----	\$16,789	\$16,789	--	876 20

RECOMMENDATIONS

Amount budgeted -----	\$243,214
Legislative Auditor's recommendation -----	237,704
Reduction -----	\$5,510

SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$5,510 consists of the following amounts in the categories indicated:

	Amount	Budget	
		Page	Line
Salaries and wages			
0.5 clerical help -----	\$1,699	875	56-57
Operating expenses			
Pro rata departmental administration -----	3,811	876	3
Total reductions -----	\$5,510		

GENERAL SUMMARY

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

Board of Cosmetology—Continued

	Table of Increases		Percent increase
	1947-48	1956-57	
Work index :			
Licensees -----	32,327	71,545	121.3
Number of employees -----	21.3	23.8	11.7
Total expenditures -----	\$139,492	\$235,873	69.1

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$243,214, an increase of \$16,789, or 7.4 percent, over the estimated expenditures of \$226,425 for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$223,910, a decrease of \$180, or 0.1 percent, below the estimated revenues of \$224,090 for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated to be \$106,515, a decrease of \$29,120, or 21.4 percent, below the estimated accumulated surplus of \$135,635 as of June 30, 1957. If the rate of expenditures continues at the level scheduled for 1957-58, the surplus of \$106,515 will be exhausted in approximately three more years.

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$10,571. This was for the following:

Office and related expenses -----	\$1,550
Traveling—in-state -----	5,563
Automobile mileage -----	300
Legal advertising, hearings, and evidence -----	250
Hearing services—Division of Administrative Procedure -----	250
Examinations -----	1,030
Equipment -----	2,752
Less: budgetary adjustments -----	—1,198

The above authorization is attributed to increased travel costs, increased costs for equipment, and general increases in operating costs, resulting from increased work load.

The budget provides for one additional position of cosmetology inspector, increasing the total number of positions in this category to 12. The request is based on increased work load resulting from an additional number of new cosmetology schools.

We recommend approval of the requested position.

In 1955-56, the agency inspected 9,761 shops a total of 21,957 times, effecting a rate of inspections of 2.25. The agency was authorized 11 positions of inspector during this year, which indicated that each inspector was averaging 8.79 shop inspections per day, or a total annual average of 1,996 shop inspections.

During this same year, the agency inspected 62 cosmetology schools a total of 169 times, effecting a rate of inspections for schools of 2.72. A total of 611 days was devoted to the 169 inspections, indicating that it required an average of 3.61 days per inspection, and that each inspector was responsible for an average of 15.3 school inspections.

The agency estimates that there will be 10,000 shops and 75 cosmetology schools in 1957-58.

Board of Cosmetology—Continued

By applying the 1955-56 "rate of inspections" for shops (2.25) and for schools (2.72) to the agency's estimated number of shop and school licensees for 1957-58, we find that there will be approximately 1,750 more inspections to be made in 1957-58 than there were in 1955-56. Inasmuch as during 1955-56 each inspector was able to complete an average of 1,996 shop inspections, plus an average of 15.3 school inspections per year, we believe that the addition of one position of inspector for the purpose of making an additional 1,750 inspections will be adequate for meeting the agency's needs.

Pro rata departmental administration (Budget page 876, line 3) ----- \$17,536

Included in this amount is a request for 0.5 position of investigator to be provided to the agency by the proposed departmental administration investigative pool. No specific justifications for the position have been submitted.

We recommend deletion of 0.5 position of investigator (or inspector) from this item, effecting a reduction of \$3,811, and recommend approval for the remaining \$13,725 of this item.

In the absence of specific justifications of investigative work load, we assume this position would be used to supplement the inspectional program of the agency.

The increased work load of this agency is sufficient to warrant the addition of only one inspector position, which has been recommended for approval. The request for an additional 0.5 position of investigator results in an increased level of service, and therefore we recommend that the 0.5 position of investigator be deleted from the budget.

We wish to point out that this 0.5 position of investigator is not set out as a proposed new position in the budget, but is in fact included under operating expenses and not under salaries and wages. Under these circumstances, the budget does not reflect the correct number or kind of positions to be authorized for the agency. This procedure makes it difficult to reconcile the estimated agency requirements for pool personnel to the departmental pool requests.

In future Budgets, we recommend that agency requests for authorization to utilize departmental administration pool personnel be presented in the Budget in such a manner as to permit the ready identification of the number of position equivalents available to the agency from such pool operations.

1.5 Clerical positions (Budget page 875, lines 56 and 57) ----- \$5,098

The agency is requesting 1.5 clerical positions, consisting of one position of intermediate typist-clerk and 0.5 position of intermediate stenographer-clerk. Both positions are requested on the basis of increased work load.

We recommend deletion of 0.5 position of clerical help from the total of 1.5 clerical positions requested, effecting a reduction of \$1,699, and recommend approval for the remaining one clerical position at \$3,399.

Board of Cosmetology—Continued

In 1955-56, there were 68,550 licensees and 10.5 clerical positions, or a ratio of 6,528 licensees to each clerical position. In 1957-58, the agency has estimated there will be 74,655 licensees, or an increase of 6,105 more licensees than there were in 1955-56. If we use the licensee-clerical ratio of 1955-56, the estimated increase in licensees for 1957-58 is sufficient to justify slightly less than one clerical position, and for this reason we recommend the approval of one full clerical position, and disapproval for the remaining 0.5 clerical position of this item.

Department of Professional and Vocational Standards
BOARD OF DENTAL EXAMINERS

ITEM 230 of the Budget Bill

Budget page 877
Budget line No. 7

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

Amount requested	\$110,455
Estimated to be expended in 1956-57 Fiscal Year	97,701
<hr/>	
Increase (13.1 percent)	\$12,754

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$3,920	\$3,920	---	877 48
Operating expense	8,600	8,600	---	877 73
Equipment	234	234	---	878 6
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Total increase	\$12,754	\$12,754	---	878 8

RECOMMENDATIONS

Amount budgeted	\$110,455
Legislative Auditor's recommendation	109,599
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Reduction	\$856

Summary of Recommended Reductions

The recommended reduction of \$856 consists of the following amount in the category indicated:

	Amount	Budget Page	Line
<i>Equipment</i>			
Office—additional	\$856	878	3

GENERAL SUMMARY

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.

Table of Increases

	1947-48	1956-57	Percent increase
Work index:			
Licensees	7,292	10,056	37.9
Number of employees	4.9	7.6	55.1
Total expenditures	\$51,550	\$101,162	96.3

Board of Dental Examiners—Continued

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$110,455, an increase of \$12,754, or 13.0 percent, over the \$97,701 estimated to be expended for the current year.

Revenues for the 1957-58 Fiscal Year are estimated to be \$118,840, an increase of \$21,863, or 22.6 percent, over the estimated revenues of \$96,977 for 1956-57.

The accumulated surplus estimated for June 30, 1958, is \$80,300, an increase of \$4,842 or 6.4 percent, over the current year's estimate.

Office—additional (Budget page 878, line 3).....\$1,153

Included in this item are requests for one Verifax copier, one Edison electronic dictation machine, and one Edison electronic transcribing machine.

The agency has submitted justification for the Verifax copier on the basis of contemplated savings in both time and labor, and further savings to be realized in performing their own photo-copying work.

The request for the electronic dictating and transcribing equipment is for its San Francisco office and is based upon the following justifications: (1) "that it is impossible to employ stenographic help in the San Francisco area"; (2) "the use of dictation equipment is more efficient"; (3) "it is a time and labor saver"; (4) "equipment has been in use on a rental basis for several months and has proven satisfactory."

We recommend the deletion of the Verifax copier amounting to \$148 and the electronic dictating and transcribing equipment amounting to \$708, for a total deduction of \$856, and recommend approval for the remaining \$297 of this item.

In cases where an agency requests additional equipment on the grounds that the use of such equipment will result in savings in time and labor, such savings should either be reflected by a reduction in authorized positions in the budget, or the justification should show increased work load sufficient to warrant a request for additional positions which are not included in the budget request.

This agency has submitted no data supporting its claim of contemplated savings in time and labor for any of this equipment, and the proposed budget does not reflect any reductions in salaries and wages or operating expenses as a result of this proposed equipment purchase.

The nominal increase in this agency's work load does not justify any additional stenographic help, nor does it justify the additional equipment. This agency was authorized 6.6 positions in the 1955-56 Budget, and 6.2 positions were actually utilized, which does not substantiate a claim of "impossibility" of hiring stenographic help in the San Francisco area. The agency's second claim, "the use of dictation equipment is more efficient," is self-evident, but if stenographic help is "impossible to hire" and the agency's real problem is a shortage of clerical help, then the question is raised as to who would operate this equipment. The agency's third claim, "it is a time and labor saver," is also axiomatic, but again no data has been submitted to show specifically what man-

Board of Dental Examiners—Continued

power "savings" would occur to offset the purchase of this equipment and the budget does not reflect any reductions in authorized positions or temporary help. The fact that this equipment has been in use on a "rental" basis for several months does not indicate a necessity for this dictating equipment, nor does it tend to show what problems, if any, the agency has experienced for which the use of dictating equipment is the solution. The question of the source and authorization for expenditures of the funds used for such rental is also raised inasmuch as no such item was budgeted last year.

Department of Professional and Vocational Standards

BOARD OF DRY CLEANERS

ITEM 231 of the Budget Bill

Budget page 879
Budget line No. 7

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

Amount requested	\$201,862
Estimated to be expended in 1956-57 Fiscal Year	228,719
Decrease (11.7 percent)	<u>\$26,857</u>

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New serv.ces	
Salaries and wages	—\$3,243	—\$3,243	—	879 58
Operating expense	—21,394	—21,394	—	880 16
Equipment	—2,220	—2,220	—	880 24
Total increase	<u>—\$26,857</u>	<u>—\$26,857</u>	—	880 26

RECOMMENDATIONS

Amount budgeted	\$201,862
Legislative Auditor's recommendation	<u>197,139</u>
Reduction	\$4,723

SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$4,723 consists of the following amount in the category indicated:

<i>Operating expenses</i>	<i>Budget</i>	
	<i>Amount</i>	<i>page line</i>
Pro rata departmental administration	\$4,723	880 5

GENERAL SUMMARY

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 throughout the State.

Table of Increases

	1947-48	1956-57	Percent increase
Work index:			
Licenses	18,882	21,961	16.3
Number of employees	15.7	21.9	37.5
Total expenditures	<u>\$125,678</u>	<u>\$238,068</u>	89.4

Board of Dry Cleaners—Continued
ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$201,862, a decrease of \$26,857, or 11.7 percent, below the estimated expenditures for the current year. This decrease results from the nonrecurrence of special appropriations in the amount of \$25,000 to the State Fire Marshal and \$10,000 to the University of California for research, offset by an increase in support costs of approximately \$8,000.

Revenues for the 1957-58 Fiscal Year are estimated to be \$198,242, an increase of \$11,947, or 6.4 percent over the estimated revenues for the 1956-57 Fiscal Year.

The accumulated surplus as of June 30, 1958, is estimated to be \$74,732, a decrease of \$12,764, or 14.6 percent, below the estimated accumulated surplus as of June 30, 1957. This continuing decline in surplus, despite the decrease in expenditures for research, results from the increase in expenditures for support, and the continuing impact of the appropriation of \$60,000 a year for support of the State Fire Marshal.

Estimated revenues for the budget year are still below the level of estimated expenditures. If this trend is allowed to continue, surplus will be still further depleted. The current surplus is only approximately one-third of the present annual level of expenditures. We recommend that during the budget year the agency and the Department of Finance study the problem of the financing of this agency's function as it relates to the schedule of fees and the propriety of this industry supporting the Office of the Fire Marshal to the extent of \$60,000 a year.

The budget for the current year has been augmented by an emergency authorization in the amount of \$3,530. This was for the following:

Travel	\$642
Equipment	338
Repairs	2,550

The emergency authorization was attributed to increased travel costs, increased costs for equipment, and the replacement of a boiler in the examination room.

The principal augmentation in this agency's budget is an \$8,190, or 79.1 percent, increase in pro-rata departmental administration. A proposal for departmental administration to furnish 0.6 investigator position and related costs account for \$4,723 of this amount, and the remaining \$3,467 is attributed by the Department of Finance, to normal increased costs of departmental administration.

*Pro-rata departmental administration (Budget page 890,
line 5)* \$18,542

Included in this amount is a request for 0.6 position of investigator to be provided to the agency by the proposed departmental administration investigative pool. No specific justification for the position has been submitted.

Board of Dry Cleaners—Continued

We recommend deletion of the proposed 0.6 position of investigator from this item, reducing the total for this item by \$4,723, and recommend approval for the remaining \$13,819.

The budget material submitted to this office by the agency does not include a request for any additional positions; however, we have been informed that the Governor's Budget does reflect an additional 0.6 position of investigator, and that this position has been included in the pro rata departmental administration (Budget page 880, line 5) item, partially accounting for the substantial increase in this item. The data in the following tables is based on workload data by the agency.

The following table reflects the number of "plant and shop" licenses and the "rate of inspections" per year for this category.

Table I

	Actual		Estimated		
	1953-54	1954-55	1955-56	1956-57	1957-58
Plant and shop licenses.....	10,162	10,484	10,691	10,811	10,925
Plant and shop inspections.....	32,707	35,451	29,310	24,324	24,656
Rate of inspections.....	3.22	3.38	2.74	2.25	2.25

The following table reflects the total number of "plant and shop" inspections and the "average number of inspections per inspector."

Table II

	Actual		Estimated		
	1953-54	1954-55	1955-56	1956-57	1957-58
Plant and shop inspections.....	32,707	35,451	29,310	24,324	24,656
Number of inspectors.....	10.8	11	10.8	10.8	10
Average number of inspections per inspector.....	3,028	3,223	2,714	2,252	2,465

Table I shows that during 1956-57, the agency estimates the "rate of inspections" will be 2.25, a decrease of .49 inspections, or 17.8 percent below the "rate of inspections" of 2.74 for 1955-56.

Table II reflects the agency estimate of the 1956-57 figure for "average number of inspections per inspector" will be 2,252, a decline of 462 inspections per inspector, or 17 percent below the 2,714 inspections per inspector in 1955-56.

The question is raised as to why inspectors who have made 2,714 actual inspections in one year are now estimated to be able to accomplish only 2,252.

In the following table, Table III, we have replaced the agency's estimated figures of 2,252 and 2,465 with the 1955-56 "average number of inspections per inspector" of 2,714. Table III reflects the resulting changes in "plant and shop inspections" and "rate of inspections."

Table III

(Compare Table III with Tables I and II)

	Actual		Estimated	
	1954-55	1955-56	1956-57	1957-58
Plant and shop licenses.....	10,484	10,691	10,811	10,925
Number of inspectors.....	11	10.8	10.8	10
Average number of inspections per inspector.....	3,223	2,714	2,714	2,714
Plant and shop inspections.....	35,451	29,310	29,310	27,140
Rate of inspections.....	3.38	2.74	2.71	2.48

Board of Dry Cleaners—Continued

The data in Table III shows that if the inspectors maintain the same productivity as 1955-56 (2,714) during the next two fiscal years, the resulting changes would indicate that the agency has underestimated its "plant and shop inspections" and "rate of inspections" (in Table I).

It is pointed out that the number of inspections in 1954-55 per inspector was 3,223. The estimated number for 1957-58 is 971 fewer inspections or a decline of 30.1 percent in three years.

The workload data submitted by the agency does not warrant any additions of staff.

We wish to point out that this request for a new position is not set out as a proposed new position in the budget, but is in fact included under Operating Expenses and not under Salaries and Wages. Under these circumstances, the budget does not reflect the correct number or kind of positions authorized for the agency. This procedure would make it difficult, if not impossible, to reconcile the estimated agency requirements for pool personnel to the department's pool requests.

Further, the necessity to justify additional requests requires that they be identified in the budget.

We recommend that in future budgets, agency requests for authorization to utilize departmental administration pool personnel be presented in the budget in such a manner as to permit the ready identification of the number of position equivalents available to the agency from such pool operations.

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

ITEM 232 of the Budget Bill

Budget page 881
Budget line No. 8

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

Amount requested	\$54,287
Estimated to be expended in 1956-57 Fiscal Year	53,168
Increase (2.1 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	\$499	\$499	--	881 50
Operating expense	2,135	2,135	--	881 75
Equipment	-1,515	-1,515	--	882 6
Total increase	\$1,119	\$1,119	--	882 8

RECOMMENDATIONS

Amount budgeted	\$54,287
Legislative Auditor's recommendation	48,515
Reduction	\$5,772

Board of Funeral Directors and Embalmers—Continued
SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$5,772 consists of the following amount in the category indicated:

<i>Salaries and wages</i>	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
1 Field representative -----	\$5,772	881	45

GENERAL SUMMARY

The Board of Funeral Directors and Embalmers was created for the purpose of issuing licenses, conducting examinations and in general regulating the activities of embalmers, funeral directors and apprentice embalmers in the State.

Table of Increases

	1947-48	1956-57	Percent increase
Work index:			
Licenses -----	3,108	3,772	21.3
Number of employees -----	3.6	4.6	27.7
Total expenditures -----	\$27,845	\$55,544	90.9

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$54,287, an increase of \$1,119, or 2.1 percent, over the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$46,606, an increase of \$2,176, or 4.9 percent, over the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated to be \$19,828, a decrease of \$10,157, or 33.9 percent, below the estimated accumulated surplus for the current year. If the rate of expenditures continues at the present level as scheduled for 1957-58, the surplus of \$19,828 will be exhausted in approximately two years. The agency will soon be forced to either curtail expenditures or increase its revenues.

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$2,559. This was for the following:

Office, printing and telephone charges -----	\$790
Traveling-in-state -----	1,073
Pro-rata general administration charges -----	485
Equipment -----	588
Less: budgetary adjustments -----	—377

The authorization is attributed to general price increases for related office expenses, traveling-in-state, and pro-rata general administrative charges.

1 Field representative (extend to permanent) (Budget page 881, line 45) ----- \$5,772

The agency is requesting that one position of field representative, currently authorized until June 30, 1957, be extended to permanent. Approval of this request would continue the total number of positions in this category at two.

We recommend that the position of field representative not be extended to permanent, and that it be allowed to terminate on June 30, 1957, as presently scheduled.

Board of Funeral Directors and Embalmers—Continued

The additional position of field representative, or "inspector," was initially authorized on a one-year basis in the 1954-55 Budget, based upon the agency's claim that it had a backlog of 600 uncompleted inspections, and that the board was desirous of accomplishing semi-annual inspections of mortuaries, for the purpose of determining whether sanitary and ethical conditions were being maintained by these licensees.

The 1957-58 Budget material submitted by this agency indicates that the initial backlog of 600 inspections are now completed, and that the agency has no existing backlog of uncompleted inspections. The data further indicates that the agency is accomplishing two inspections per year per establishment, and that the results of these inspections reflect that sanitary and ethical conditions are comparatively the same as they were when only one inspection was being accomplished by this agency. It is evidenced in the agency's data, that of the 1,422 inspections accomplished during 1955-56, three inspections, or 0.21 percent of the total inspections resulted in formal disciplinary actions. In 1953-54, with only one inspector, a total of 612 inspections were accomplished, and of this total, two inspections, or 0.32 percent resulted in formal disciplinary actions. Thus, with only one inspector, the agency was accomplishing 0.11 percent more disciplinary actions from the total inspections than the agency accomplished with two inspectors. These results, in and of themselves, are insignificant, but they do point out that the relative conditions in the mortuaries during 1955-56 were no better, or no worse, than the conditions of 1953-54, and that the semi-annual inspection of these establishments is not resulting in a better state of compliance than the one inspection was accomplishing.

From an enforcement standpoint, the fact that less than one-half of 1 percent of the total inspections resulted in formal disciplinary action clearly indicates that the general state of compliance is apparently good. Further, it is illustrative of the fact that a substantial portion of the inspectional activities are relatively non-productive.

If the state of compliance is actually as good as has been indicated, certainly there is no need to have more than one inspection per year to cope with a non-existent problem.

If the agency wished to accurately resolve whether the general sanitary and ethical conditions were being maintained by the licensees, it would be necessary for the agency to have one inspector at each mortuary 365 days out of the year, which means that an actual determination as to the general state of compliance cannot be achieved by merely inspecting an establishment once, twice, or three times a year.

In our opinion, the agency could well reduce the number of routine inspections being made at the present time, and by reducing the number of these inspections, one inspector could adequately accomplish the "required" number of inspections.

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

ITEM 233 of the Budget Bill

Budget page 883
Budget line No. 7

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

Amount requested	\$287,417
Estimated to be expended in 1956-57 Fiscal Year	237,725
Increase (20.9 percent)	\$49,692

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$34,700	\$13,220	\$21,480	884	66
Operating expense	14,264	14,264	---	884	67
Equipment	728	728	---	884	68
Total increase	\$49,692	\$28,212	\$21,480	884	70

RECOMMENDATIONS

Amount budgeted	\$287,417
Legislative Auditor's recommendation	263,165
Reduction	\$24,252

The recommended reduction of \$24,252 consists of the following amounts in the category indicated:

	Amount	Budget	
		Page	Line
<i>Salaries and wages</i>			
5 Furniture and bedding inspectors	\$21,480	883	54
1 Filling materials analyst trainee	2,772	884	33

Reducing the total for salaries and wages by

GENERAL SUMMARY

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

Table of Increases

	1947-48	1956-57	Percent increase
Work index :			
Licenses	13,653	17,142	25.5
Number of employees	30.3	35.2	16.1
Total expenditures	\$158,786	\$251,969	59.6

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$287,417, an increase of \$49,692, or 21.0 percent, over the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$216,112, an increase of \$36,812 or 21.0 percent, more than the estimated revenues for 1956-57.

Bureau of Furniture and Bedding Inspection—Continued.

The accumulated surplus as of June 30, 1958, is estimated to be \$82,144, a decrease of \$86,601, or 51.3 percent, under the estimated accumulated surplus of \$166,745 for the current year.

This office has pointed out in previous analyses, that if the rate of expenditures continued to increase as they have for the last several years that the agency would soon be confronted by the exhaustion of its surplus. The proposed rate of expenditures scheduled for 1957-58 indicates that the accumulated surplus will be depleted in approximately one more year.

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

	Comparison—Revenues and Expenditures					
	Actual			Estimated		
	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58
Expenditures	\$190,619	\$208,933	\$204,344	\$229,819	\$251,969	\$302,713
Revenue	85,947	166,629	170,424	174,129	179,300	216,112
Deficit	\$104,672	\$42,304	\$33,920	\$55,690	\$72,669	\$86,601

6 Furniture and bedding inspectors (Budget page 883, line 54) \$25,776

The proposed six positions of furniture and bedding inspectors would increase the total number of positions in this category to 24. The request is based upon an estimated increase in work load.

We recommend the deletion of five positions of furniture and bedding inspector, effecting a total reduction of \$21,480 for this item, and recommend approval for the remaining one position of furniture and bedding inspector with a salary of \$4,296.

The work load figures reflected in the Governor's Budget (Budget page 883, line 29) entitled "total licentiates" indicate the total number of licenses issued by the agency, and not the total number of establishments which must be inspected. Some establishments possess more than one type of a license, i.e., repairer—renovator—sterilizer and retail furniture or bedding, which means that the actual inspectional work load for the agency is more accurately reflected by the total number of licensed establishments and not the total number of licenses. The total number of establishments or licensees is as follows:

	Actual			Estimated	
	1953-54	1954-55	1955-56	1956-57	1957-58
Licenses (establishments)	13,289	14,361	14,927	15,251	15,696
Number of inspectors (authorized)	18	18	18	18	24
Ratio : Licensees to inspector	738	798	829	847	654

Table I shows the agency's work index with the inclusion of the requested six positions of inspector and that the addition of six inspectors would decrease the ratio of "licensees to inspectors" from 829 in 1955-56 to 654 in 1957-58, effecting a decline of 21.1 percent, or an average decrease of 175 licensees per inspector.

Bureau of Furniture and Bedding Inspection—Continued

It should be pointed out that the agency has three supervising inspectors currently authorized, in addition to 18 inspectors, or a total inspectional staff of 21.

If the same level of service existing for 1955-56 is maintained by the agency, one additional position of inspector, increasing the total number of positions in this category to 19, would result in the following:

Table II
(Compare with Table I)

	1953-54	Actual 1954-55	1955-56	Estimated 1956-57	1957-58
Licensees (establishments) -----	13,289	14,361	14,927	15,251	15,696
Number of inspectors (authorized) ---	18	18	18	18	19
Ratio: licensees to inspector-----	738	798	829	847	826

Table II indicates that the addition of one inspector position in 1957-58, would maintain approximately the 1955-56 level of service.

1 *Filling materials analyst trainee (Budget page 884, line 33) -- \$2,772*

This position is requested on the basis of an anticipated increase in the number of samples which would be submitted for analysis, resulting from the request for six additional inspector positions.

We recommend that the position be deleted.

With the nominal increase in numbers of licensees from whom samples analysis work will be derived, it does not appear that an additional laboratory technician is required. We do not believe that simply dividing the inspection work among a larger number of inspectors should result in increasing the amount of laboratory work to be done.

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

ITEM 234 of the Budget Bill

Budget page 886
Budget line No. 7

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

Amount requested -----	\$798
Estimated to be expended in 1956-57 Fiscal Year-----	508
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Increase (57.1 percent)-----	\$290

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$250	\$250	--	886 29
Operating expense -----	97	97	--	886 39
Equipment -----	-57	-57	--	886 42
<hr/>		<hr/>		
Total increase -----	\$290	\$290	--	886 44

RECOMMENDATIONS

Amount budgeted -----	\$798
Legislative Auditor's recommendation-----	798
<hr/>	
Reduction -----	None

Board of Medical Examiners—Continued

SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$3,216 consists of the following amount in the category indicated:

Medical Practice Act (Budget Item 236)	Amount	Budget	
		Page	Line
Salaries and wages			
Intermediate typist-clerk -----	\$3,216	890	12

GENERAL SUMMARY

The Board of Medical Examiners was created for the purpose of regulating the medical profession. The board examines, licenses, and regulates physicians, dispensing opticians, midwives, and registered and licensed physical therapists. The Board of Medical Examiners and the Registered Physical Therapists are supported from the Medical Examiners' Contingent Fund; and the Licensed Physical Therapists are supported from the Physical Therapy Fund.

Table of Increases

Work index:	1947-48	1953-54	1956-57	Percent increase
Licensees:				
Medical Practice Act -----	19,568	--	32,551	66.3
Registered Physical Therapists -----	--	700	1,400	100.0
Licensed Physical Therapists -----	--	1,200	1,600	33.3
Totals -----	19,568		35,551	81.7
Number of employees:				
Medical Practice Act -----	14.3	--	21.1	47.5
Registered Physical Therapists -----	--	0.1	0.8	700.0
Licensed Physical Therapists -----	--	0.1	1.2	1100.0
Totals -----	14.3		23.1	61.5
Total expenditures:				
Medical Practice Act -----	\$140,764	--	\$258,428	83.6
Registered Physical Therapists -----	--	\$1,841	9,253	402.6
Licensed Physical Therapists -----	--	2,821	13,342	373.0
Totals -----	\$140,764		\$281,023	99.6

ANALYSIS

Medical Practice Act

Proposed expenditures for the 1957-58 Fiscal Year are \$269,890, an increase of \$11,462, or 4.4 percent above the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$216,525, an increase of \$4,100, or 19.5 percent over the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated to be \$438,452, a decrease of \$64,666, or 12.9 percent below the estimated accumulated surplus of \$503,118 as of June 30, 1957. A substantial deficit as between revenue and expenditures is reflected in the following table:

Board of Medical Examiners—Continued

Comparison—Revenues and Expenditures

	1955-56	1956-57*	1957-58*
Expenditures -----	\$227,727	\$258,428	\$269,890
Revenues -----	221,721	212,425	216,525
Deficit -----	\$6,006	\$46,003	\$53,365

* Estimated.

A steadily increasing deficit, as between revenue and expenditures, is reflected in this agency's budget, and is attributed to the fact that the agency's expenditures have continued to increase, while the amount of revenues has remained relatively constant. We point out that it will be necessary for this agency to either curtail its expenditures or increase its revenues, if it hopes to eliminate the depletion of its accumulated surplus.

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$676 for equipment. This authorization was attributed to the increased costs for automobile replacements.

1 Intermediate typist-clerk (Budget page 890, line 12) ----- \$3,216

The requested position of one intermediate typist-clerk would increase the total number of positions in the clerical category to 12.5.

The agency states there has been an increase in "dictating and transcribing" activities resulting from the assignment of two additional special investigators in the Los Angeles office.

We recommend deletion of this position.

This agency has been clerically staffed according to its over-all workload needs, and any inequalities in clerical help existing between the agency's offices, should be administratively remedied, and not by requesting additional clerical positions. This agency's clerical staff was supplemented in the 1956-57 Budget by the addition of one intermediate typist-clerk position. The agency is presently authorized 11.5 clerical positions to 9.6 administrative and investigative positions. This reflects a ratio of 1.2 clerical positions to each administrative position. This indicates a more favorable ratio than for most other similar type agencies.

There have been seven special investigators authorized for this agency since 1955-56 prior to the addition of the last clerical position; consequently, the assignment of two additional special investigators to the Los Angeles office must result from a relocation of existing staff. Inasmuch as clerical assistance for these investigators has been previously provided in another location, we suggest that the agency's problem can be best solved by a relocation of that clerical help.

Registered Physical Therapists

(Supported from the Medical Examiner's Contingent Fund)

Proposed expenditures for the 1957-58 Fiscal Year are \$9,339, an increase of \$86, or 0.9 percent, above the estimated expenditures for the current year.

Board of Medical Examiners—Continued

Revenues for the 1957-58 Fiscal Year are estimated to be \$7,625, an increase of \$300, or 4.1 percent, over the estimated revenues for the 1956-57 Fiscal Year.

The accumulated surplus as of June 30, 1958, is estimated to be \$19,558, a decrease of \$2,009, or 9.3 percent, below the estimated accumulated surplus for the current fiscal year.

We recommend approval of the budget as submitted.

Licensed Physical Therapists
(Supported from the Physical Therapy Fund)

Proposed expenditures for the 1957-58 Fiscal Year are estimated at \$13,387, an increase of \$45, or 0.3 percent, over the estimated expenditures for 1956-57.

Revenues for the 1957-58 Fiscal Year are estimated at \$9,300, which is the same amount estimated for the current year.

The accumulated surplus as of June 30, 1958, is estimated to be \$12,941, a decrease of \$4,619, or 26.3 percent, below the estimated accumulated surplus for 1956-57. The substantial deficit as between revenue and expenditures indicates that this agency must either curtail its expenditures or increase its revenues in order to avoid the exhaustion of its surplus.

We recommend approval of the budget as submitted.

Department of Professional and Vocational Standards

BOARD OF NURSE EXAMINERS

ITEM 239 of the Budget Bill

Budget page 893
Budget line No. 7

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

Amount requested	\$188,107
Estimated to be expended in 1956-57 Fiscal Year	170,203
Increase (10.5 percent)	\$17,904

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$15,544	\$15,544	--	893 62
Operating expense	6,596	6,596	--	894 15
Equipment	-4,236	-4,236	--	894 23
Total increase	\$17,904	\$17,904	--	894 25

RECOMMENDATIONS

Amount budgeted	\$188,107
Legislative Auditor's recommendation	188,107
Reduction	None

Board of Nurse Examiners—Continued

GENERAL SUMMARY

The Board of Nurse Examiners was created for the purpose of examining, licensing, and regulating the practice of nursing, and for setting the curriculum of schools of nursing throughout the State.

Table of Increases

	1947-48	1956-57	Percent increase
Work index:			
Licenseses -----	56,983	88,500	55.3
Number of employees -----	12.9	19.4	50.3
Total expenditures -----	\$82,562	\$178,134	115.7

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$188,107, an increase of \$17,904, or 10.5 percent over the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$147,220, an increase of \$2,800 or 1.9 percent above the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958 is estimated to be \$248,028, a decrease of \$49,903, or 16.7 percent below the estimated accumulated surplus as of June 30, 1957. A growing and continuing deficit as between revenues and expenditures is noted on the agency's budget. The agency will soon be forced to either curtail its expenditures or increase its revenues.

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$6,258. This was for the following:

Office -----	\$200
Printing -----	395
Telephone and telegraph charges -----	175
Automobile operation -----	650
Traveling -----	4,050
Examinations -----	1,150
Equipment -----	676
Less: budgetary adjustments -----	—1,038

The above authorization is attributed to increased costs for traveling, increased costs for additional examinations due to an increase in examinees not previously anticipated, and increased costs in operating expenses.

The agency's budget includes a request for one additional position of special investigator (Budget Page 893, Line 59), increasing the total number of positions in this category to three. The request is based on the board's desire to substantially reduce its backlog of investigations, and thereby reduce the waiting period between the time a complaint is filed with the agency and the time the complaint is actually investigated.

Justification for the proposed position is based on a backlog of 154 uncompleted investigations. The following table reflects the data pertinent to investigative work load for the last five years.

Board of Nurse Examiners—Continued

	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
Backlog from prior year (cases pending as of July 1st) ---	145	145	154	146	120	154
Cases received (new) -----	137	137	154	174	182	181
Cases completed -----	128	128	137	200	148	181
Number of investigators ----	1	1	1	2	2	2
Average number of cases completed per investigator ----	128	128	137	100	79	91
Backlog (cases pending as of June 30th) -----	145	154	146	120	154	154
Corrected backlog -----			(171)	(145)	(179)	(179)

It is noted in the above table that during 1952-53, the agency had 154 cases pending as of July 1, 1952, and during that fiscal year received an additional 154 cases, or a total case work load of 308 complaints. During this same year, it is shown that the agency completed 137 cases, which, at the end of 1952-53, should have effected a backlog of 171 cases instead of 146. This 1952-53 discrepancy has not been reconciled and consequently it appears that the agency's backlog on June 30, 1956, should be 179 cases.

This discrepancy of 25 cases in the agency's stated backlog is probably not too significant since it would appear to represent a reasonable figure for normal backlog; that is, the number of cases actually having work done on them at any given time. A calculation of such normal backlog should be included in the agency's investigative work-load statistics.

It is noted in the above table that the average number of cases completed per investigator in 1955-56 was 91 cases. In 1952-53, the cases completed by one investigator were 137 cases. This decline in the rate of completions per investigator is contrary to what could have been expected when the second investigator was added in 1953-54. *However, we recommend the approval of the one position of special investigator on a one-year basis for the purpose of reducing the backlog of 154 cases.*

We further recommend that the agency make future requests for investigative staff increases on the basis of a work load calculation as follows: total backlog plus new investigations assigned, minus normal backlog, minus investigations completed. The result of this calculation will show the true backlog; that is, the number of investigations not worked on for lack of time available to assigned staff. The calculation will also show the total work load to be accomplished if the agency is to keep its backlog to a minimum, and how many investigations are needed for that purpose.

We recommend approval as budgeted.

Department of Professional and Vocational Standards
BOARD OF OPTOMETRY

ITEM 240 of the Budget Bill

Budget page 895
Budget line No. 7

FOR SUPPORT OF BOARD OF OPTOMETRY FROM THE OPTOMETRY FUND

Amount requested -----	\$39,950
Estimated to be expended in 1956-57 Fiscal Year -----	37,725
Increase (5.9 percent) -----	\$2,225

Item 241

P. & V. Standards

Board of Optometry—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Operating expense -----	\$2,294	\$2,294	---	895 68
Equipment -----	—69	—69	---	895 71
Total increase -----	\$2,225	\$2,225	---	895 73

RECOMMENDATIONS

Amount budgeted -----	\$39,950
Legislative Auditor's recommendation -----	39,950
Reduction -----	None

GENERAL SUMMARY

The Board of Optometry was created for the purpose of examining, licensing, and regulating the profession of optometry throughout the State.

Table of Increases

	1948-49	1956-57	Percent increase
Work Index:			
Licensees -----	1,900	2,422	27.5
Number of employees -----	3	3	---
Total expenditures -----	\$24,742	\$37,725	52.5

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$39,950, an increase of \$2,225 or 5.9 percent, over the \$37,725 estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$42,108, an increase of \$2,068 or 5.2 percent, over the estimated revenues for the 1956-57 Fiscal Year.

The accumulated surplus as of June 30, 1958, is estimated to be \$9,679, an increase of \$573, or 6.3 percent, over the estimated surplus for June 30, 1957.

This budget continues the same level of service currently authorized. We recommend approval of the budget as submitted.

Department of Professional and Vocational Standards

BOARD OF PHARMACY

ITEM 241 of the Budget Bill

Budget page 897
Budget line No. 7

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

Amount requested -----	\$246,600
Estimated to be expended in 1956-57 Fiscal Year -----	235,941
Increase (4.5 percent) -----	\$10,659

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$5,568	\$5,568	---	897 58
Operating expense -----	8,105	8,105	---	898 10
Equipment -----	—3,014	—3,014	---	898 18
Total increase -----	\$10,659	\$10,659	---	898 20

Board of Pharmacy—Continued

RECOMMENDATIONS

Amount budgeted	\$246,600
Legislative Auditor's recommendation	241,337
Reduction	\$5,263

The recommended reduction of \$5,263 consists of the following amounts in the categories indicated:

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
<i>Salaries and wages:</i>			
1 Temporary help position	\$3,216	897	54
<i>Equipment:</i>			
Office—replacement	2,047	898	13
Total reductions	\$5,263		

GENERAL SUMMARY

The Board of Pharmacy was created for the purpose of examining and regulating pharmacists and pharmacies, manufacturers and wholesalers of drugs, general dealers and itinerant vendors; to issue permits for hypodermics, and to license and regulate the sale of poisons, hypnotic, and dangerous drugs throughout the State.

Table of Increases

	<i>1949-50</i>	<i>1956-57</i>	<i>Percent increase</i>
<i>Work index:</i>			
Licenseses	29,424	20,030	—31.9*
Number of employees	17	23	35.2
Total expenditures	\$146,976	\$235,941	60.5

* The decrease in the number of licenses is attributed to a change in the licensing procedure, whereby several of the old "special type" licenses are now consolidated into one "general type" license. The comparable number of licenses in 1949-50 cannot be determined from the data submitted by the agency.

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$246,600, an increase of \$10,659, or 4.5 percent, above the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$262,250, an increase of \$17,750, or 7.3 percent, over the estimated revenues for the 1956-57 Fiscal Year.

The accumulated surplus as of June 30, 1958, is estimated to be \$95,750, an increase of \$4,697, or 5.2 percent, over the estimated accumulated surplus for the current year.

The budget for the current year has been augmented by an Emergency Fund authorization in the amount of \$6,226. This was for the following:

Office, printing, and telephone charges	\$500
Postage	500
Traveling-in-state	3,692
Automobile operation and mileage	900
Hearing Services—Division of Administrative Procedure	300
Equipment	1,790
Less: Budgetary adjustments	—1,456

Board of Pharmacy—Continued

The above authorization is attributed to increased costs of traveling, increased costs for equipment, and according to the Department of Finance, necessary adjustments in the agency's over-all operating expenses, not previously estimated by the agency, but consistent with the 1955-56 level of operating expenses.

i Temporary help position (Budget page 897, line 55)----- \$3,216

We do not believe that there is a position classification of "Temporary help" although this term has been used previously in the budget as the designation for an item providing a lump sum from which to pay for temporary help in a variety of position classifications. It is not clear whether the agency is seeking an increase in its temporary help appropriation (Budget page 897, line 51) or whether a new position in an established position classification is sought.

We recommend deletion of this item.

The data submitted by the agency in support of its budget request, indicates that one position of intermediate typist-clerk was utilized by the agency for six months during 1955-56 and has been on a full-time basis during the current year. This position was provided by the agency out of the authorization for temporary help, in the Los Angeles office. It should be pointed out that temporary help funds are provided to assist the agency during peak work load periods, and not for the purpose of budgeting full-time positions. It is not clear from this data whether the budget request for one position of temporary help is for the purpose of continuing this position. If so, the position should be requested and justified as a position of one intermediate typist-clerk. It should be pointed out that the agency is currently authorized eight clerical positions plus an allowance for 1.4 positions of temporary help. In addition, there are 15 executive and inspector positions reflecting a ratio of 1.87 executive or inspector positions to each clerical position.

In the absence of justification for the position requested in the budget, and in the absence of general work load data supporting an increase in clerical positions, we cannot recommend approval of the request.

Office—replacement (Budget page 898, line 14)----- \$2,047

The agency has submitted the following statement in support of this request:

"Replacement of obsolete furniture (is requested) in the San Francisco office preparatory to moving quarters to be provided upon completion of the new State Office Building."

We recommend deletion of this item.

The agency submitted no data in support of its claim of "obsolescence." It is not clear whether the equipment is functionally or aesthetically obsolete.

Board of Pharmacy—Continued

The agency should submit data relative to the condition and the age of the equipment; the cost of repairs made heretofore, and the estimated cost of repairs (if any are needed) to make this equipment usable; the present turn-in value; and, any disabilities suffered by the agency's program as a result of the condition of the present equipment.

Without such justification, it is impossible for this office to support an agency request for replacement of equipment. In no event, will the mere fact that an agency is moving into new quarters, even a new state-owned office building, justify the replacement of usable equipment.

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

ITEM 242 of the Budget Bill

Budget page 899
Budget line No. 8

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

Amount requested	\$36,738
Estimated to be expended in 1956-57 Fiscal Year	34,783
<hr/>	
Increase (5.6 percent)	\$1,955

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New serv.ces	
Salaries and wages	—\$170	—\$170	--	899 45
Operating expense	4,763	4,763	--	899 67
Equipment	—2,638	—2,638	--	899 73
<hr/>		<hr/>		
Total increase	\$1,955	\$1,955	--	899 75

RECOMMENDATIONS

Amount budgeted	\$36,738
Legislative Auditor's recommendation	32,927
<hr/>	
Reduction	\$3,811

SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$3,811 consists of the following amount in the category indicated.

<i>Operating expenses</i>	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Pro rata departmental administration	\$3,811	899	60

GENERAL SUMMARY

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

Bureau of Private Investigators and Adjusters—Continued
Table of Increases

	1949-50	1956-57	Percent increase
Work Index:			
Licensees -----	782	1,125	43.9
Number of employees -----	3.5	3.5	--
Total expenditures -----	\$22,019	\$34,783	58.0

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$36,738, an increase of \$1,955, or 5.6 percent, over the estimated expenditures of \$34,783 for 1956-57.

Revenues for the 1957-58 Fiscal Year are estimated at \$35,915, an increase of \$75, or 0.2 percent, over the estimated revenues for the current year.

The accumulated surplus as of June 30, 1958, is estimated to be \$170,620, a decrease of \$2,475, or 1.4 percent, below the estimated accumulated surplus for the current fiscal year.

The budget for the current year has been augmented by an emergency authorization in the amount of \$676. This was for equipment.

This authorization is attributed to the increased costs for automobile replacements.

The principal increase in this agency's budget is a \$4,359, or 266 percent, increase in pro rata departmental administration. A proposal for departmental administration to provide the agency with 0.5 of a position of investigator and related expenses account for \$3,811 of this amount, and the remaining \$548 is attributed to normal increased costs of departmental administration.

*Pro rata departmental administration (Budget page 899,
line 60)* ----- \$5,998

Included in this amount is a request for 0.5 position of investigator to be provided to the agency by the proposed departmental administration investigative pool. Increased work load is stated to be the reason for the request.

We recommend deletion of the proposed 0.5 position of investigator from this item, reducing the total for this item by \$3,811, and recommend approval for the remaining \$2,187.

The following table reflects the agency's actual and estimated work load and investigative staff:

	Actual			Estimated	
	1953-54	1954-55	1955-56	1956-57	1957-58
Total licensees -----	978	1,083	1,092	1,125	1,145
Number of investigators -----	2.0	2.0	1.8	2	2.5
Number of licensees per investigator	489	542	607	562	458

It is noted from the above table, that in 1955-56 the total number of licensees for this agency was 1,092, and that this figure represented an actual gain of nine licensees, or an increase of 0.8 percent over the total number of licensees for 1954-55.

During the current year, the agency estimates that it will have 33 more licensees, a 3.0 percent increase over the 1955-56 total. In the

Bureau of Private Investigators and Adjusters—Continued

1957-58 Fiscal Year, the agency estimates it will have an additional 20 licensees, for a 1.8 percent increase over the current year. The agency anticipates that during the current and proposed fiscal years, it will experience a total increase of 4.8 percent, or 53 more licensees than it had in 1955-56. A 25 percent increase in authorized positions is not justified by a 4.8 percent increase in work load.

In 1955-56, there were 1.8 positions of investigator actually utilized by this agency. This was a ratio of one investigator to 607 licensees. If the agency's estimated increase in licensees is realized in the budget year, the ratio of investigators to licensees would be only one to 458, representing a substantial decrease in the ratio, as compared to 1955-56. Even without the requested increase of 0.5 investigator position, the agency will experience a ratio of one investigator to 572 licensees, which is a more favorable ratio than it had in 1955-56.

The justification for investigative positions generally should include: the number of investigations made; tabulation of the results of such investigations; complaints received; the backlog, if any, of uncompleted complaints; disciplinary actions taken as a result of investigations undertaken; formal hearings, and the results from these hearings. Data of this kind has a bearing on the quantity and quality of investigative work load of the agency. The number of licensees in an agency is a very rough index of the agency's investigative work load; however, these were the only work load figures submitted by the agency in justification of this request, and we have of necessity analysed the request in those terms.

We wish to point out that this request for a new position is not set out as a proposed new position in the budget but is in fact included under operating expenses and not under salaries and wages. Under these circumstances, the budget does not reflect the correct number, or kind, of positions authorized for the agency. This procedure would make it difficult, if not impossible, to reconcile the estimated agency requirements for pool personnel to the department's pool requests.

We recommend that in future budgets, agency requests for authorization to utilize departmental administration pool personnel be presented in the budget in such a manner as to permit the ready identification of the number of position equivalents available to the agency from such pool operations.

Department of Professional and Vocational Standards

CERTIFIED SHORTHAND REPORTERS BOARD

ITEM 243 of the Budget Bill

Budget page 901
Budget line No. 7

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

Amount requested -----	\$16,082
Estimated to be expended in 1956-57 Fiscal Year -----	14,718
Increase (9.3 percent) -----	<u>\$1,364</u>

Certified Shorthand Reporters Board—Continued
Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	—\$25	—\$25	—	901	43
Operating expense -----	1,059	1,059	—	901	66
Equipment -----	330	330	—	901	72
Total increase -----	\$1,364	\$1,364	—	901	74

RECOMMENDATIONS

Amount budgeted -----	\$16,082
Legislative Auditor's recommendation -----	16,082
Reduction -----	None

GENERAL SUMMARY

The Certified Shorthand Reporters Board was created for the purpose of administering the Shorthand Reporters Act which provides for the regulation, licensing or examination and certification of shorthand reporters with the designation of certified shorthand reporter.

Table of Increases

Work Index:	1951-52	1956-57	Percent increase
Licensees -----	637	797	25.1
Number of employees -----	0.6	1.4	133.3
Total expenditures -----	\$5,166	\$14,718	185.0

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$16,082, an increase of \$1,364, or 9.3 percent, over the estimated expenditures for 1956-57.

Revenues for the 1957-58 Fiscal Year are estimated at \$19,100, an increase of \$1,365, or 7.7 percent, over the estimated revenues for the current year.

The accumulated surplus as of June 30, 1958, is estimated at \$34,266, an increase of \$2,665, or 8.4 percent, over the estimated accumulated surplus for 1956-57.

This budget continues the same level of services as currently authorized.

We recommend approval of the budget as submitted.

Department of Professional and Vocational Standards

BOARD OF SOCIAL WORK EXAMINERS

ITEM 244 of the Budget Bill

Budget page 903
Budget line No. 7

FOR SUPPORT OF BOARD OF SOCIAL WORK EXAMINERS FROM THE REGISTERED SOCIAL WORKERS' FUND

Amount requested	\$25,128
Estimated to be expended in 1956-57 Fiscal Year	21,668
Increase (16 percent)	\$3,460

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$866	\$866	--	903 43
Operating expense	2,279	2,279	--	903 64
Equipment	315	315	--	903 70
Total increase	\$3,460	\$3,460	--	903 72

RECOMMENDATIONS

Amount budgeted	\$25,128
Legislative Auditor's recommendation	25,128
Reduction	None

GENERAL SUMMARY

The Board of Social Work Examiners was created for the purpose of administering the registration and certification of social workers throughout the State.

Table of Increases

	1947-48	1956-57	Percent increase
Work index:			
Licenses	3,850	3,950	2.5
Number of employees	2	2	--
Temporary help	0.4	0.7	75.0
Total expenditures	\$14,524	\$21,668	49.2

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$25,128, an increase of \$3,460, or 16 percent, over the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$16,600, an increase of \$300, or 1.8 percent, over the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated to be \$30,575, a decrease of \$9,617, or 23.9 percent, below the \$40,192 estimated accumulated surplus for the current year.

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

Item 245

P. & V. Standards

Board of Social Work Examiners—Continued

Comparison—Revenues and Expenditures

	1955-56	1956-57 *	1957-58 *
Expenditures -----	\$20,653	\$22,666	\$26,217
Revenues -----	16,013	16,300	16,600
Deficit -----	\$4,640	\$6,366	\$9,617

* Estimated.

If the rate of expenditures continues at the same level as scheduled for 1957-58, the surplus of \$30,575 will be exhausted in approximately three years. This agency will soon have to either curtail expenditures or increase revenue.

The budget for the current year has been augmented by an emergency authorization in the amount of \$912, as follows:

Salaries and wages -----	\$162
Operating expense -----	\$750

This authorization is attributed to an increase in temporary help, the increased cost of travel, and increased cost of automobile mileage and operation.

We recommend approval of the budget as submitted.

Department of Professional and Vocational Standards

STRUCTURAL PEST CONTROL BOARD

ITEM 245 of the Budget Bill

Budget page 905

Budget line No. 7

FOR SUPPORT OF STRUCTURAL PEST CONTROL BOARD FROM THE STRUCTURAL PEST CONTROL FUND

Amount requested -----	\$60,472
Estimated to be expended in 1956-57 Fiscal Year -----	56,890
Increase (6.3 percent) -----	\$3,582

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$1,414	\$1,414	---	905 50
Operating expense -----	2,143	2,143	---	905 74
Equipment -----	25	25	---	905 77
Total increase -----	\$3,582	\$3,582	---	905 79

RECOMMENDATIONS

Amount budgeted -----	\$60,472
Legislative Auditor's recommendation -----	60,472
Reduction -----	None

GENERAL SUMMARY

The Structural Pest Control Board was created for the purpose of regulation, examination, registration, and licensing of persons engaged

Structural Pest Control Board—Continued

in the practice of structural pest control, and for the protection of the public in the practice of structural pest control.

Table of Increases

	1947-48	1956-57	Percent increase
Work index:			
Licenses -----	1,443	2,047	41.8
Number of employees -----	3	5	66.6
Total expenditures -----	\$30,151	\$59,222	96.4

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$60,472, an increase of \$3,582, or 6.3 percent, over the estimated expenditures of \$56,890 for the current year.

Revenues for the 1957-58 Fiscal Year are estimated at \$65,000, an increase of \$2,059, or 3.3 percent, over the estimated revenues of \$62,941 for 1957-58.

The accumulated surplus as of June 30, 1958, is estimated to be \$27,293, an increase of \$2,034, or 8 percent, over the accumulated surplus of \$25,259 as of June 30, 1957.

The budget for the current year was augmented by an Emergency Fund authorization in the amount of \$130. The authorization was attributed to increased costs of equipment.

1 Investigator (extend to permanent) (Budget page 905,
line 44) ----- \$5,726

The proposed addition of one position of inspector will increase the total number of positions in this category to three. Justification for the position is based upon increased work load. The position is currently authorized on a one-year basis until June 30, 1957.

We recommend approval of this item.

During the last three years, since 1953-54, there has been an annual average increase of 4.1 percent in the total number of licensees for this agency. Inasmuch as the agency estimates a 6.7 percent increase in licensees during 1956-57 over 1955-56, and in 1957-58 estimates a 17.8 percent increase over 1956-57, we believe that the agency's estimates are unduly optimistic, and that the average annual 4.1 percent increase experienced in prior years should reflect a more realistic estimate for the current and budget years.

The agency's investigative work load is determined by the number of complaints that are received against both licensees and nonlicensees. Since 1952-53, the annual average number of these complaints has been 18 percent of the total number of licensees.

The position of investigator was initially authorized for the purpose of depleting a backlog of complaints. The data submitted by the agency indicates that the original backlog has been gradually decreasing during the last two years; however, a gradual increase in the number of new

Structural Pest Control Board—Continued

licensees and the number of new complaints has increased the over-all work load to proportions sufficient to justify the additional investigator position.

In previous budget analyses, we recommended that this agency initiate a more rigorous policy of screening complaints. The results are apparent from data submitted in support of this budget request, wherein it appears that 75 percent more complaints were rejected after screening in 1955-56 than had been rejected in 1954-55.

Department of Professional and Vocational Standards

BOARD OF EXAMINERS IN VETERINARY MEDICINE

ITEM 246 of the Budget Bill

Budget page 907
Budget line No. 8

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

Amount requested	\$22,393
Estimated to be expended in 1956-57 Fiscal Year	19,987
	\$2,406
Increase (12.0 percent)	\$2,406

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$1,060	\$1,060	--	907 45
Operating expense	1,624	1,624	--	907 68
Equipment	-278	-278	--	907 71
	\$2,406	\$2,406	--	907 73

RECOMMENDATIONS

Amount budgeted	\$22,393
Legislative Auditor's recommendation	22,393
	None
Reduction	None

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

Table of Increases

	1949-50	1956-57	Percent increase
Work Index:			
Licensees	1,120	1,550	38.4
Number of employees	1.1	1.2	9.0
Total expenditures	10,675	19,987	87.2

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$22,393, an increase of \$2,406, or 12.0 percent, over the estimated expenditures of the current year.

Board of Examiners in Veterinary Medicine—Continued

Revenues for the 1957-58 Fiscal Year are estimated to be \$15,920, an increase of \$255, or 1.6 percent, over the estimated revenues for the 1956-57 Fiscal Year.

The accumulated surplus as of June 30, 1958, is estimated to be \$12,310, a decrease of \$6,948 or 36.0 percent below the estimated accumulated surplus for the current year. A continuing deficit as between revenue and expenditures is reflected in this agency's budget. If the rate of expenditures continues at the level scheduled for 1957-58, the surplus of \$12,310 will be exhausted in approximately two years. It will be necessary for this agency to either curtail its expenditures or increase its revenues if a deficit is to be avoided in the Veterinary Examiner's Fund.

The budget for the current year has been augmented by an emergency authorization in the amount of \$1,063, for increased travel allowances.

This budget continues the same level of service as currently authorized.

We recommend approval of budget as submitted.

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

ITEM 247 of the Budget Bill

Budget page 909
Budget line No. 8

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

Amount requested	\$47,227
Estimated to be expended in 1956-57 Fiscal Year	44,954
<hr/>	
Increase (5.1 percent)	\$2,273

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$647	\$647	--	909 47
Operating expense	1,351	1,351	--	909 72
Equipment	275	275	--	909 75
<hr/>		<hr/>		
Total increase	\$2,273	\$2,273	--	909 77

RECOMMENDATIONS

Amount budgeted	\$47,227
Legislative Auditor's recommendation	45,352
<hr/>	
Reduction	\$1,875

Board of Vocational Nurse Examiners—Continued
SUMMARY OF RECOMMENDED REDUCTIONS

The recommended reduction of \$1,875 consists of the following amount in the category indicated:

<i>Operating expenses</i>	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Fingerprint reports -----	\$1,875	909	70

GENERAL SUMMARY

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.

Table of Increases

	<i>1952-53</i>	<i>1956-57</i>	<i>Percent increase</i>
Work index:			
Licenseses -----	2,417	11,505	376.0
Number of employees -----	3	5	66.6
Total expenditures -----	\$29,562	\$46,914	58.7

ANALYSIS

Proposed expenditures for the 1957-58 Fiscal Year are \$47,227, an increase of \$2,273 or 5.1 percent over the estimated expenditures of \$44,954 for 1956-57.

Revenues for the 1957-58 Fiscal Year are estimated at \$48,275, a decrease of \$5,234 or 9.8 percent less than the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated at \$32,949, a decrease of \$1,014 or 3.0 percent under the estimated accumulated surplus for the current year.

The budget for the current year has been augmented by an emergency authorization in the amount of \$1,287. This was for the following:

Operating expenses -----	\$1,287
--------------------------	---------

The authorization was attributed to an increase in the cost of travel in the amount of \$412, and for the increased costs of processing fingerprint reports in the amount of \$875.

Fingerprint reports (Budget page 909, line 70) ----- \$1,875

The agency is requesting that the checking of fingerprint reports by the Division of Criminal Identification and Investigation of the Department of Justice be included as a continuing item in the budget. The board desires to check the fingerprints of all potential licensees.

We recommend deletion of this item.

The agency initially requested \$1,000 in the 1955-56 Budget for the purpose of having the Bureau of Criminal Identification and Investigation check the fingerprints of approximately 1,000 (10 percent) of the agency's existing licensees. The fingerprint check was to be on a trial basis and for the purpose of determining whether a sufficient number of these 1,000 licensees had criminal records so as to warrant a further checking of fingerprints of the remaining approximately 9,000 licensees.

Board of Vocational Nurse Examiners—Continued

In the 1956-57 Budget the agency requested another \$1,000 for another 1,000 fingerprint checks of active licensees, stating that the checking of the first 1,000 sets of prints had not been completed at the time the 1956-57 Budget was presented, and that consequently a report of the results could not be made. The agency further set forth that it desired to continue the program pending submission of such a report. This office recommended against the approval of the additional checking of fingerprints until the results of the initial study had been completed, on the grounds that the information obtained from the first 1,000 checks would permit a decision to be made as to the merits of the procedure. However, the request was approved by the Legislature for an additional year pending an evaluation of the results obtained.

In the agency's 1957-58 Budget request for fingerprint reports as a continuing item, the agency states the funds are to be used for checking the fingerprints of all potential licensees, and that checking fingerprints of applicants was commenced in January of 1956. The agency's statement is as follows:

“As a result of this study (fingerprint), at its meeting in December of 1955, the board voted to check the fingerprints of all potential licensees, beginning January 1, 1956.”

Thus, it is apparent that prior to the time the Legislature approved the agency's request to continue its program of checking the fingerprints of existing licensees in the 1956-57 Budget, the agency had already abandoned that program, and substituted a program of checking the fingerprints of applicants. The present budget reveals that the original appropriation of \$1,000 in the 1955-56 Budget for a 10 percent sample of reports of fingerprints of existing licensees, was augmented by an emergency authorization of \$793 to permit the agency to check the fingerprint reports of applicants. The 1956-57 appropriation of \$1,000 for a continuation of the original program has also been augmented by an emergency authorization in the amount of \$875 to permit the agency to continue its program of checking applicants' fingerprints. The agency's present request is to continue the latter program on a permanent basis, despite the fact that the results of the original pilot program have not been furnished to the Legislature, nor have any reasons been advanced justifying the change to a program of checking only applicants. The original purpose of this program was to determine whether the checking of fingerprints would enable the agency to more effectively protect the general public through the elimination of undesirable licensees. We believe that this determination can be made on the basis of the number of fingerprint checks which will be available to the agency at the end of the current fiscal year. A thorough evaluation of the program to that time should be made on the basis of the numbers of licenses revoked and applications denied in relation to the numbers of fingerprints checked. Further, it should be possible to make comparisons of complaints received and investigated and disciplinary actions accomplished for both periods during which fingerprints were

Board of Vocational Nurse Examiners—Continued

checked and periods when they were not checked. Until the results of such an evaluation are available to support a continuation of this program, we do not believe additional fingerprint checks should be made.

**Department of Professional and Vocational Standards
YACHT AND SHIP BROKERS COMMISSION**

ITEM 248 of the Budget Bill

Budget page 911
Budget line No. 7

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

Amount requested	\$18,588
Estimated to be expended in 1956-57 Fiscal Year	17,942
Increase (3.6 percent)	\$646

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$5	\$5		911 42
Operating expense	511	511		911 63
Equipment	130	130		911 66
Total increase	\$646	\$646		911 68

RECOMMENDATIONS

Amount budgeted	\$18,588
Legislative Auditor's recommendation	18,588
Reduction	None

GENERAL SUMMARY

The Yacht and Ship Brokers Commission was created for the purpose of examining, classifying and regulating brokers and salesmen of yachts and ships.

Table of Increases

	1948-49	1956-57	Percent increase
Work Index:			
Licensees	372	345	-7.3
Number of employees	2	2	—
Total expenditures	\$14,559	\$17,942	23.2

ANALYSIS

The proposed expenditures for the 1957-58 Fiscal Year are \$18,588, an increase of \$646, or 3.6 percent, more than the estimated expenditures for the current year.

Revenues for the 1957-58 Fiscal Year are estimated to be \$18,000, an increase of \$93, or 0.5 percent, over the estimated revenues for 1956-57.

The accumulated surplus as of June 30, 1958, is estimated to be \$28,060, a decrease of \$1,471, or 5.0 percent, under the estimated accumulated surplus as of June 30, 1957.

This agency proposes to continue the same level of service as currently authorized.

We recommend approval of the budget as submitted.

PUBLIC UTILITIES COMMISSION

ITEM 249 of the Budget Bill

Budget page 913
Budget line No. 7

FOR SUPPORT OF PUBLIC UTILITIES COMMISSION FROM THE GENERAL FUND

Amount requested -----	\$2,600,067
Estimated to be expended in 1956-57 Fiscal Year -----	2,348,792
Increase (10.7 percent) -----	\$251,275

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$301,643	\$268,211	\$33,432	920 41
Operating expense -----	40,092	40,092	--	920 42
Equipment -----	32,241	32,241	--	920 43
Less increased reimbursements ---	<u>—122,701</u>	<u>—122,701</u>	<u>--</u>	920 48
Total increase -----	\$251,275	\$217,843	\$33,432	920 53

RECOMMENDATIONS

Amount budgeted -----	\$2,600,067
Legislative Auditor's recommendation -----	2,600,067
Reduction -----	None

GENERAL SUMMARY

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.

Table of Increases 1947-48 to 1956-57

Work index:

Utilities Division	1947-48	1956-57	Percent increase
Utility plant of major utilities in California in thousands:			
Electric -----	\$1,172,130	\$2,686,547	129.2
Gas -----	430,046	1,038,148	141.4
Steam -----	2,458	2,855	11.6
Telephone -----	718,614	1,828,393	154.4
Water -----	75,522	178,001	135.7
Total -----	\$2,398,770	\$5,733,944	139.0
Formal decisions rendered -----	224	380	69.6

Public Utilities Commission—Continued

Utilities Finance and Accounts			
Division			
Securities authorized:			
Plant addition -----	\$642,797,379	\$489,687,149	—23.8
Other -----	100,193,157	235,869,627	135.4
Total -----	\$742,990,536	\$725,556,776	—2.3
Transportation Division			
Permits in force -----	22,164	22,230	0.3
Permitted carriers -----	15,645	15,060	—3.7
Turnover in permitted carriers (excluding transfers):			
Carriers licensed -----	8,764	3,150	—64.1
Carriers revoked -----	9,728	2,954	—69.6
Number of employees -----	473.5	567.5	19.9
Total expenditures -----	\$2,175,698	\$4,261,855	95.9

All of the data in the 1956-57 column in the foregoing table, except number of employers and total expenditures is for the year 1955-56, the latest year for which such figures are available, so that comparisons as to these items are for a nine-year rather than a 10-year period.

The Public Utilities Commission is one of the few major state agencies which maintains its headquarters office in San Francisco pursuant to Section 306 of the Public Utilities Code which reads:

“The office of the commission shall be in the City and County of San Francisco . . .” (This section dates back to Chapter 641, Statutes of 1877-78.)

We recommend that this code section be amended to provide for transfer of the headquarters office to Sacramento in accordance with the required practice for other state agencies, since the maintenance of headquarters away from the State Capitol tends to make less effective the exercise of appropriate over-all administrative control.

ANALYSIS

The total amount requested is \$2,600,067, as compared with \$2,348,792 estimated to be expended for 1956-57, or an increase of \$251,275, for the General Fund's share of the operation of the agency. In addition there is an increase of \$226,713 in the expenditure requested for additional support out of the Transportation Rate Fund, Item 250, making a total increase of \$477,988. The principal items in the General Fund increase of \$251,275 in Item 249 are as follows:

Salaries:	
Merit salary increases -----	\$23,882
48 proposed new positions -----	281,856
Increase in salary savings -----	—4,095
Total -----	\$301,643
Travel, in-state -----	\$22,675
Travel, out-of-state -----	7,100
Contract services, Department of Finance -----	10,710
All other, net -----	—393
Total -----	40,092

Public Utilities Commission—Continued

Equipment:	
Office replacements -----	\$10,411
Additional office equipment -----	20,281
Auto replacement -----	1,550
Total -----	32,241
Gross increase -----	\$373,976
Transportation Rate Fund's share -----	—122,701
Net increase -----	\$251,275

The 48 new positions are distributed as follows, by divisions

Division	Number	Amount	Budget	
			Page	Line
Utilities -----	14	\$88,884	915	42-45
Utilities finance and accounts -----	5	33,360	916	28
Transportation -----	17	90,324	917	42-56
Legal -----	5	35,916	918	39-41
Examiner -----	7	33,372	919	27-28
Total -----	48	\$281,856		

All of the foregoing are for increased work load with the exception of six positions in the transportation division which are for an augmented truck safety inspection program.

In general, the increases in travel expense and in additional office equipment are related to the increase in personnel.

The \$10,710 in operating expenses is for administrative analyst services from the Division of Administration and Cost Control in the Department of Finance, and appears in the budget under General Administration, Budget page 914, line 61. It is to provide funds for an organizational study of the two principal operating divisions of the agency, the Utilities Division and the Transportation Division.

Utilities Division

The Utilities Division conducts studies and does other work relating to the regulation of electric, gas, telephone, telegraph, water, steam heat and pipeline companies.

The 14 additional positions requested include two senior engineers, five associate engineers, five assistant statisticians and two clerical, a total of \$88,884, and are for work load increases.

The work load increases are due to out-of-state natural gas matters, regulatory and safety problems relating to nuclear energy generation, rates for telephone service and establishment of, or extension of, service of water companies, brought about by rapid growth within the State, particularly in suburban areas.

We recommend approval of the positions as requested.

Public Utilities Commission—Continued

Utilities Finance and Accounts Division

This division reviews applications for authorization to issue securities, participates in the financial aspects of rate proceedings, obtains and analyzes financial reports of utilities and carriers and supervises the application of accounting procedures prescribed by the commission.

Five additional examiners III are requested, three for increased work load due to increased volume and complexity of the records involved and two to audit tax returns, for a total of \$33,360.

We recommend approval of the positions as requested.

As to the tax return audit work our recommendation is conditional on the maintenance of records as to the accomplishments in terms of amount and nature of errors disclosed, and costs of doing the auditing, and upon a review of the level of position needed for this type of work at the time the positions are established.

Transportation Division

This division regulates rates, service and safety requirements of privately owned certificated carriers of persons and property for hire, by rail, highway and water, and to a limited extent by air. Over half of its activities are supported by the Transportation Rate Fund on a reimbursable basis as indicated on budget page 918, line 13.

The following additional positions are requested for the traffic engineering section on a work load basis:

<i>Class</i>	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
1 Associate transportation engineer.....	\$7,008	917	42
1 Junior accountant-auditor	4,296	917	43
1 Senior clerk	3,900	917	44
Total	\$15,204		

The first position is requested to speed up processing of passenger fare increase requests, the second to make time and motion studies of operations of carriers of property by truck, and the third to relieve engineers of clerical work.

We recommend approval of the request as submitted.

The following positions are requested for the safety section:

<i>Class</i>	<i>Number</i>	<i>Amount</i>	<i>Budget</i>	
			<i>Page</i>	<i>Line</i>
Truck operations supervisor.....	4	\$26,688	917	41
Intermediate stenographer-clerk	2	6,744	917	42
Total	6	\$33,432		

These positions are requested to expand the existing program for inspection of the preventative maintenance programs of truck operators at their terminals, including sample inspection of vehicles. At present only 56.5 percent of the terminals are inspected and 4.76 percent of the total vehicles. With the additional positions it is contemplated that 100 percent of the terminals and 18.09 percent of the total of 18,000 vehicles will be inspected.

We recommend approval of the positions requested.

Public Utilities Commission—Continued

The following additional positions are requested for the rate section.

Class	Number	Amount	Budget	
			Page	Line
Senior transportation rate expert.....	1	\$7,728	917	49
Associate transportation rate expert.....	1	6,672	917	51
Assistant transportation rate expert.....	2	10,992	917	53
Junior transportation rate expert.....	2	9,024	917	54
Senior clerk	1	3,900	917	55
Intermediate stenographer-clerk	1	3,372	917	56
Total	8	\$41,688		

Of these positions, four are to process an increased work load resulting from formal proceedings involving transportation rates and related matters, one, an assistant, for increased work load in examination of tariffs, and the remaining three, an associate, a junior and a clerk to handle increased work load in connection with rate enforcement.

We recommend approval of the positions requested.

Legal Section

This section provides legal assistance to the commission and participates in proceedings involving the State before federal regulatory bodies.

The following additional positions are requested:

Class	Number	Amount	Budget	
			Page	Line
Senior counsel	2	\$19,704	918	39
Assistant counsel	2	12,120	918	40
Senior legal stenographer.....	1	4,092	918	41
Total	5	\$35,916		

These positions are requested because of increased work resulting from participation in proceedings before the Federal Power Commission on natural gas matters and the Interstate Commerce Commission on freight rate matters.

We recommend approval of the positions requested.

Examiner Division

This division provides the hearing examiners who preside with or in the stead of a commissioner at formal hearings.

The following additional positions are requested on a work load basis:

Class	Number	Amount	Budget	
			Page	Line
Legal examiner I	3	\$19,884	919	27
Intermediate stenographer-clerk	4	13,488	919	28
Total	7	\$33,372		

We recommend approval of the positions requested.

Public Utilities Commission—Continued

Efficiency and Economy

In answer to a request by this office for information as to steps taken during the last fiscal year to secure greater efficiency and economy in operation the agency, in its reply, listed 41 separate items which it considered to be in these categories. Some of the more representative of these are the following:

1. "The State Merit Award Board authorized its maximum cash award to a staff member who developed portable equipment for testing truck air brakes without removing any of the brake system from the vehicle. The device saves about 30 minutes per vehicle in inspection time otherwise required."

2. "A staff member recently developed a portable electric timing device affording accurate measurement of the distribution of air in air lines from front to rear of motor vehicles equipped with air brakes. It provides a quick, accurate answer in truck safety work. The exact time saving per vehicle is being developed with the use of this device."

3. Use of tabulating equipment in research studies on accident prevention.

4. Handling negotiations for the installation of protective devices at less important grade crossings by correspondence instead of by personal conferences with all interested parties.

5. Development of work standards for tariff examinations by staff members.

6. Answering of routine written requests for information as to rates in San Francisco Bay area by telephone instead of correspondence.

7. Use of photo-copy machines for making copies of carriers records for use in cost studies, etc., instead of manual copies.

8. Substitution of registered mail notifications for personal calls on truck operators who fail to secure proper license plates.

9. Consolidation of like complaints from the public against several carriers for collective instead of individual investigation.

10. Expansion of in-service training program on problems of utility regulation.

11. Use of photo-copy machines to make copies of work papers.

12. Consolidation of tariff schedules for majority of multidistrict water utilities.

13. Use of mimeographed check lists instead of individual letters to secure information needed for review of annual reports of utilities.

14. Revision of annual report forms in the interest of simplicity.

PUBLIC UTILITIES COMMISSION

ITEM 250 of the Budget Bill

Budget page 913

Budget line No. 21

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

Amount requested	\$2,139,776
Estimated to be expended in 1956-57 Fiscal Year	1,913,063
Increase (11.9 percent)	\$226,713

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$71,632	\$18,298	\$53,334	922 35
Operating expense	139,221	139,221	--	922 36
Equipment	15,860	15,860	--	922 37
Total increase	\$226,713	\$173,379	\$53,334	922 39

RECOMMENDATIONS

Amount budgeted	\$2,139,776
Legislative Auditor's recommendation	2,139,776
Reduction	None

GENERAL SUMMARY

Activities of the Public Utilities Commission relating to the regulation of rail, truck and water carriers engaged in the transportation of property for compensation are supported 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 is as follows for current years:

July 1, 1955	\$466,977 (actual)
June 30, 1956	634,980 (actual)
June 30, 1957	851,075 (estimated)
June 30, 1958	1,036,295 (estimated)

Personnel whose activities relate exclusively to the foregoing activities are budgeted separately under Item 250, while those who work jointly on this function and other matters are budgeted under Item 249 and charges for their time and related expenses are made to this fund under a plan of financial settlement. These charges appear under operating expenses on Budget page 921, lines 72 to 79, inclusive, and total \$1,110,381 for 1957-58.

ANALYSIS

The amount requested for 1957-58 is \$2,139,776, an increase of \$226,713 over the estimated expenditures of \$1,913,063 for 1956-57. The increase may be summarized as follows:

Public Utilities Commission—Continued

Salaries:	
Merit salary increases -----	\$5,562
15.5 new positions -----	76,994
Increases in salary savings -----	—10,924
Total -----	\$71,632
Operating expenses:	
Printing -----	\$1,030
Travel in State -----	7,450
Automobile operation -----	3,750
Rent, building space -----	1,500
Charges for services rendered by General Fund, Item 249 -----	125,401
All other (net) -----	90
Total -----	\$139,221
Equipment	
Office replacement -----	3,766
Office additional -----	12,094
Total -----	\$15,860
Total increase -----	\$226,713

The following additional positions are requested for the permits and fees section:

Class	Number	Amount	Budget	
			Page	Line
Assistant transportation rate expert -----	3	\$16,388	921	46
Senior clerk -----	1	3,900	921	47
Intermediate stenographer-clerk -----	1	3,372	921	48
Total -----	5	\$23,660		

The three assistant positions are for increased work load in processing applications for permits as to financial responsibility and ability to perform, while the clerical positions are for work load increases in connection with surety bonds required of subhaulers.

We recommend approval of the positions as requested.

The following additional positions are for an intensified field enforcement program in the field section:

Class	Number	Amount	Budget	
			Page	Line
Associate transportation representative -----	6	\$38,160	921	51
Intermediate stenographer-clerk -----	4.5	15,174	921	52
Total -----	10.5	\$53,334		

The six associates are to constitute two mobile squads of three each, operating out of Los Angeles and San Francisco for undercover enforcement work in connection with various types of violations by truckers, while 2.5 of the additional clerical personnel are to provide half-time clerks at field offices which do not now have clerical help in order to free technical personnel from clerical duties. The offices involved are Eureka, El Centro, Santa Ana, Santa Barbara, and San Diego. The other two clerks are for Los Angeles and San Francisco and are related to the increased technical personnel requested for these offices.

Public Utilities Commission—Continued

We recommend approval of the positions as requested.

The distribution of the presently authorized staff of 78, of the Field Division shown on Budget page 921, lines 27 to 40, inclusive, by office and class is as follows:

	Present Staff						Total
	Chief	Senior	Associate	Assistant	Junior	Clerical	
San Francisco -----	1	3	4	7	3	9	27
Eureka -----	--	--	--	1	--	--	1
Fresno -----	--	--	1	2	--	1	4
Sacramento -----	--	--	1	2	--	1	4
San Jose -----	--	--	1	3	--	1	5
Santa Rosa -----	--	--	--	2	--	1	3
Stockton -----	--	--	--	2	--	1	3
Redding -----	--	--	--	1	--	1	2
Los Angeles -----	--	1	4	9	--	5	19
Bakersfield -----	--	--	1	1	--	1	3
El Centro -----	--	--	--	1	--	--	1
Santa Ana -----	--	--	--	1	--	--	1
Santa Barbara -----	--	--	--	1	--	--	1
San Bernardino -----	--	--	--	2	--	1	3
San Diego -----	--	--	--	1	--	--	1
Total -----	1	4	12	36	3	22	78

We recommend approval of the amount budgeted.

DEPARTMENT OF SOCIAL WELFARE

ITEM 251 of the Budget Bill

Budget page 924
Budget line No. 41

FOR SUPPORT OF DEPARTMENT OF SOCIAL WELFARE FROM THE GENERAL FUND

Amount requested -----	\$2,480,034
Estimated to be expended in 1956-57 Fiscal Year -----	2,434,035
Increase (1.9 percent) -----	\$45,999

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$64,501	—\$22,032	\$86,533	934 69
Operating expense -----	—517	—517	--	934 70
Equipment -----	19,076	19,076	--	934 71
Less increased reimbursements -----	—24,500	—24,500	--	934 79
Less increased federal fund support -----	—12,561	—12,561	--	924 60
Total increase -----	\$45,999	—\$40,534	\$86,533	and 62

RECOMMENDATIONS

Amount budgeted -----	\$2,480,034
Legislative Auditor's recommendation -----	2,474,626
Reduction -----	\$5,408