

ITEM ANALYSIS OF THE BUDGET BILL LEGISLATURE

Items 1-11 from the General
Fund

Budget p. 1

Requested 1976-77	\$44,802,714
Estimated 1975-76.....	44,933,347
Actual 1974-75	43,248,743
Requested decrease \$130,633 (0.3 percent)	
Total recommended reduction	None

1976-77 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
1	Salaries of Senators	General	\$926,000
2	Mileage of Lieutenant Governor, Senators and Officers	General	1,800
3	Expenses of Senators	General	296,400
4	Senate Contingent Expenses (staff salaries, etc.)	General	12,001,461
5	Salaries of Assemblymen	General	1,900,000
6	Mileage of Assemblymen and Officers	General	4,000
7	Expenses of Assemblymen	General	592,800
8	Assembly Contingent Expenses (staff salaries, etc.)	General	20,337,253
9	Penal Code Revision Committee	General	143,000
10	Legislative Printing	General	3,500,000
11	Expenses of Joint Committees	General	5,100,000
			<u>\$44,802,714</u>

GENERAL PROGRAM STATEMENT

The adoption of Proposition 4 on the November 1972 ballot amended the California Constitution to provide for two-year legislative sessions and made several related changes in legislative procedures. Under the terms of this measure, the Legislature convenes in even-numbered years on the first Monday in December and remains in session, except for recess, until November 30th of the following even-numbered year.

Bills may be introduced in either the first or second year, and bills introduced in the first year and not enacted are automatically carried over to the second, except in the case of bills which have not been passed by their house of origin by January 30th of the second year. However, the Budget Bill will continue to be introduced and enacted annually.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Table 1 outlines the sources and uses of funds for legislative expenses. As reflected in Table 1, legislative appropriations historically have been augmented by carry-over balances from prior years. In the budget year, 12 percent of expenditures (\$6.1 million of the \$50.9 million proposed) will be funded from carry-over balances.

LEGISLATURE—Continued

Table 1
Budget Summary

<i>Source of Funding</i>	<i>Current Year</i>	<i>Proposed</i>	<i>Amount Change</i>
General Fund (appropriation)	\$42,800,648	\$44,802,714	\$2,002,066
General Fund (carry-over) ^a	2,132,699	3,805,174	1,672,475
Total General Fund	\$44,933,347	\$48,607,888	\$3,674,541
Carry-over balances in Assembly and Senate Contingent Funds.....	\$4,977,807	\$2,314,132	\$-2,663,675
Grand Total	\$49,911,154	\$50,922,020	\$1,010,866
<i>Program</i>			
Senate	\$13,468,135	\$13,425,661	\$-42,474
Assembly.....	23,146,450	23,383,185	236,735
Joint Expenses	13,296,569	14,113,174	816,605
Total Expenditures.....	\$49,911,154	\$50,922,020	\$1,010,866

^a From prior appropriations for printing.

The total proposed legislative expenditure of \$50,922,020 represents an increase of \$1,010,866 or 2 percent over the current year. The increase consists of \$236,735 for the Assembly and \$816,605 for joint expenses offset by a reduction of \$42,474 for the Senate.

The net increase for the Assembly consists of a \$780,295 increase for staff salaries and employee benefits and various other increases totaling \$267,779 offset by a \$811,339 reduction for communications. Comparable data which account for the net decrease of \$42,474 in Senate expenditures are not shown in the Governor's Budget. The joint expense increase of \$816,605 mainly consists of \$372,475 for legislative printing and \$464,359 for joint contingent fund expenditures. The joint expense category includes the expenditures for the offices of the Auditor General and the Legislative Analyst.

Chapter 1219, Statutes of 1975, (Senate Bill 610) increased the annual salary of legislators by 10 percent (from \$21,120 to \$23,232) effective December 6, 1976. This measure will increase General Fund costs by about \$144,000 in the budget year.

Penal Code Revision

Expenditures for support of the Joint Committee on Revision of the Penal Code will decline by \$20,229 or 12.4 percent (from \$163,229 to \$143,000), representing lower expenditures for printing of committee reports. The committee has produced reports on three new codes. One of these reports, relating to the Criminal Code, has been introduced as SB 565, which has been adopted by the Senate. The committee's other reports, pertaining to a new Corrections Code and a new Criminal Procedures Code, are not currently before the Legislature in bill form.

LEGISLATIVE COUNSEL BUREAU

Item 12 from the General Fund

Budget p. 5

Requested 1976-77	\$3,942,215
Estimated 1975-76	3,696,786
Actual 1974-75	3,379,002
Requested increase \$245,429 (6.6 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Legislative Counsel Bureau provides legal assistance to the Legislature. It renders legal opinions, drafts bills and amendments, provides legal counsel at committee hearings, and represents the Legislature in litigation.

In addition to providing direct legal services, the bureau is responsible for indexing all legislation introduced and for editing and compiling all state-published codes for the State Printer on a reimbursable basis.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

The requested increase of \$245,429 (6.6%) over estimated current-year expenditures will provide the bureau a total budget of \$3,942,215 (excluding reimbursements) for the 1976-77 fiscal year. The increase reflects price increases, merit salary adjustments and 30 proposed new positions. The new positions include three attorneys, one senior legal typist and an associate data processing analyst to develop an automated data processing system for bill drafting and other operations of the office.

Temporary Help

The remaining 25 positions, classified as temporary help, consist of stenographers, typists and messengers who are utilized primarily on weekends and evenings during the peak workload periods of the legislative session. The existing budget authorizes a total of 30 such positions, but by utilizing, with Department of Finance approval, salary savings derived from vacancies in regular staff positions the bureau has been able to employ a larger number of temporary positions to meet workload requirements. As a result of this budgetary arrangement, 55.5 temporary help positions were used in 1974-75. The 25-position increase provides an authorized staffing level of 55 temporary help positions, thereby conforming to the bureau's actual staffing pattern. The budget proposes a total of \$456,056 for temporary help, which is an increase of approximately \$75,000 over estimated current-year expenditures for this purpose.

CALIFORNIA LAW REVISION COMMISSION

Item 13 from the General Fund

Budget p. 6

Requested 1976-77	\$256,087
Estimated 1975-76.....	248,489
Actual 1974-75	220,673
Requested increase \$7,598 (3.1 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Law Revision Commission is composed of 10 members, 7 appointed by the Governor, plus 1 from each house of the Legislature, and the Legislative Counsel who serves as an ex officio, nonvoting member. The commission is headquartered in rental space on the Stanford University campus.

Under the commission's direction, its full-time staff of eight employees (including five professional positions) researches various topics of law assigned by concurrent resolution of the Legislature for the purpose of noting deficiencies and outdated provisions in the law and identifying policy issues for legislative attention. Topics currently under study include nonprofit corporations, enforcement of judgments, and child custody and adoption. The commission plans to submit 10 recommendations for legislation at the 1976 session.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The proposed expenditure of \$256,087 reflects cost inflation and merit salary adjustments.

COMMISSION ON UNIFORM STATE LAWS

Item 14 from the General Fund

Budget p. 7

Requested 1976-77	\$34,700
Estimated 1975-76.....	34,700
Actual 1974-75	31,897
Requested increase—None	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The commission sponsors in California the enactment of uniform codes or statutes developed by the National Conference of Commissioners on matters in which compatibility with the laws of other jurisdictions is considered desirable. The California commissioners attend the annual conference of the national body, at which time the various uniform codes developed or modified by it in the past year are reviewed and submitted to the total membership for consideration and recommendation. The

recommended uniform codes deemed by the California members to be appropriate for implementation are then presented to the Legislature for consideration.

The California commission consists of seven members, four appointed by the Governor, two selected by the respective houses of the Legislature, and the Legislative Counsel, a nonvoting, ex officio member. All seven members must belong to the California State Bar.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The amount requested consists of California's contribution (\$28,950) for the support of the National Conference of Commissioners on Uniform State Laws, plus travel expenses (\$5,750) for the state's commissioners.

LEGISLATORS' RETIREMENT SYSTEM

Item 15 from the General Fund Budget p. 8

Requested 1976-77	\$1,234,759
Estimated 1975-76	1,291,788
Actual 1974-75	1,143,538
Requested \$57,029 (4.6 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Full Funding. Recommend legislation to fund fully the Legislators' Retirement System. 5

GENERAL PROGRAM STATEMENT

Established in 1947, the Legislators' Retirement System has as its objective the provision of retirement and death benefits for legislators, constitutional officers (other than judges), and legislative statutory officers who, during their tenure in office, have enrolled and remained in the system for at least four years.

The Legislators' Retirement System is an "unfunded system" in that it has inadequate cash reserves to meet its annual benefit payments and the accruing liabilities for active and inactive members. In addition to member contributions and interest earnings, a General Fund appropriation is needed annually to provide the benefits payable each fiscal year.

ANALYSIS AND RECOMMENDATIONS

We recommend that legislation be enacted to fund fully the Legislators' Retirement System.

Chapter 539, Statutes of 1972, declared legislative intent that after January 1, 2002, the Legislators' Retirement System be fully funded and actuarially sound. Chapter 1192, Statutes of 1972, required a quadrennial actuarial valuation of the system commencing June 30, 1973. A consulting actuary completed the first such valuation early in 1974. The results of this

LEGISLATORS' RETIREMENT SYSTEM—Continued

valuation indicated an unfunded liability (the current value of benefits for which there are no assets) of \$19,303,000. The consulting actuary made several recommendations as to how this unfunded liability could be covered.

We recommend that legislation be enacted which would fund the system on the basis of one such recommendation (1) an annual General Fund appropriation of \$3 million for five fiscal years to fund the liabilities for retired and inactive members and (2) a state (employer) contribution of 35.7 percent of member payroll until January 1, 2002, and 25.5 percent thereafter to fund the accrued liabilities for active members.

These amounts may be subject to modification after the next quadrennial valuation due to commence on June 30, 1977.

Administrative Expenses

Pursuant to a recommendation made in our 1975-76 Analysis, legislation was enacted (Chapter 655, Statutes of 1975) which provided for the cost of administration of the system to be paid from earnings of the Legislators' Retirement Fund. Chapter 655 appropriated \$20,000 for the last half of the current fiscal year. The Governor's Budget proposes the expenditure of \$40,000 for administrative expenses for the 1976-77 fiscal year. The Legislators' Retirement System is administered by the Board of Public Employees' Retirement System (PERS).

JUDICIAL

Item 16 from the General Fund
and Item 17 from the Motor
Vehicle Account, State Transportation Fund.

Budget p. 9

Requested 1976-77	\$17,041,929
Estimated 1975-76.....	16,885,830
Actual 1974-75	13,294,012
Requested increase \$156,099 (0.9 percent)	
Total recommended reduction	None

1976-77 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
16	Judicial	General	\$17,009,159
17	Judicial	State Transportation	32,770
			<u>\$17,041,929</u>

GENERAL PROGRAM STATEMENT

Court Structure

Section 1, Article VI, of the California Constitution vests the state judicial power in the Supreme Court, the courts of appeal and the superior, municipal and justice courts. The Supreme Court and the five courts of