

## ITEM ANALYSIS OF BUDGET BILL LEGISLATURE

Items 1-11 from the General Fund	Budget p. 1
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Requested 1977-78 .....	\$50,717,133
Estimated 1976-77 .....	47,272,675
Actual 1975-76 .....	44,070,146
Requested increase \$3,444,458 (7.3 percent)	
Total recommended reduction .....	None
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### 1977-78 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
1	Salaries of Senators	General	\$965,000
2	Mileage of Lieutenant Governor, Senators and Officers	General	1,800
3	Expenses of Senators	General	345,800
4	Senate Contingent Expenses (staff salaries, etc.)	General	13,414,341
5	Salaries of Assemblymen	General	1,977,000
6	Mileage of Assemblymen and Officers	General	4,000
7	Expenses of Assemblymen	General	691,600
8	Assembly Contingent Expenses (staff salaries, etc.)	General	23,394,592
9	Penal Code Revision Committee	General	153,000
10	Legislative Printing	General	3,850,000
11	Expenses of Joint Committees	General	5,920,000
			\$50,717,133

### 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, 9 percent of expenditures (\$5.1 million of the \$55.8 million proposed) will

**LEGISLATURE—Continued**

be funded from carry-over balances.

**Table 1**  
**Budget Summary**

<i>Source of Funding</i>	<i>Current Year</i>	<i>Proposed</i>	<i>Amount Change</i>
General Fund (appropriation) .....	\$45,740,714	\$50,717,133	\$4,976,419
General Fund (carry-over) <sup>a</sup> .....	1,531,961	2,880,814	1,348,853
Total General Fund .....	\$47,272,675	\$53,597,947	\$6,325,272
Carry-over balances in Assembly and Senate Contingent Funds .....	\$2,561,993	\$2,204,390	\$ - 357,603
Grand Total .....	\$49,834,668	\$55,802,337	\$5,967,669
<i>Program</i>			
Senate .....	\$13,425,661	\$15,928,707	\$2,503,046
Assembly .....	24,768,027	26,079,816	1,311,789
Joint Expenses .....	11,640,980	13,793,814	2,152,834
Total Expenditures .....	\$49,834,668	\$55,802,337	\$5,967,669

<sup>a</sup> From prior appropriations for printing.

The total proposed legislative expenditure of \$55,802,337 represents an increase of \$5,967,669 or 12 percent over the current year. This increase consists of \$2,503,046 for the Senate, \$1,311,789 for the Assembly and \$2,152,834 for joint expenses.

The increase for the Senate consists of \$1,708,374 for salaries and employee benefits, \$522,426 for communications and various other increases totaling \$272,246. The Assembly's \$1,311,789 increase consists of \$1,066,400 for communications and various other charges which, in net, increase the Assembly's proposed expenditures by an additional \$245,389. The joint expense increase of \$2,152,834 mainly consists of \$1,698,853 for legislative printing and \$443,981 for joint contingent fund expenditures. The joint expense category includes the expenditures for the offices of the Auditor General and the Legislative Analyst.

**Penal Code Revision**

Expenditures for support of the Joint Committee on Revision of the Penal Code will increase by \$10,000 or seven percent (from \$143,000 to \$153,000), primarily as a result of price increases and salary adjustments. The committee has produced reports on three new codes (Corrections, Criminal, and Criminal Procedures). During the budget year, committee staff will be engaged in updating the Corrections Code to reflect changes made by Chapter 1139, Statutes of 1976, (SB 42) and in processing amendments to the three codes after their introduction in bill form.

## LEGISLATIVE COUNSEL BUREAU

Item 12 from the General Fund

Budget p. 5

Requested 1977-78 .....	\$4,588,367
Estimated 1976-77 .....	4,225,969
Actual 1975-76 .....	3,701,686
Requested increase \$362,398 (8.6 percent)	
Total recommended increase .....	\$478,000

## SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis  
page

1. *Additional Computing Equipment. Augment by \$450,000.* Recommend acquisition of an additional mini-computer. 3
2. *Political Reform Act Duties. Increase by \$28,000.* Recommend authorization of one additional deputy legislative counsel and related operating costs (\$28,000) and a like reduction in "amount payable from Political Reform Act" Governor's Budget, page 5, line 53. 4

## 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

The requested increase of \$362,398 (8.6 percent) over estimated current-year expenditures will provide the bureau a total budget of \$4,588,367 (excluding reimbursements) for the 1977-78 fiscal year. The increase reflects price increases, merit salary adjustments, and a net increase of four positions after adjusting for nine new positions partially offset by two position deletions and estimated salary savings equivalent to three positions.

The nine proposed positions include an additional chief deputy legislative counsel and eight positions (four law indexers, three computer operators, and one data processing trainee) to continue implementation of automated data processing for bill drafting and other operations of the office.

The budget request also includes \$28,000 to upgrade seven attorney positions commensurate with the experience of the individuals involved and the level of services performed.

## Additional Minicomputer Required

*We recommend an augmentation of \$450,000 to acquire an additional minicomputer for installation at the Office of State Printing (OSP) in order to provide an integrated system for the preparation and printing of bills and other legislative publications.*

The Legislative Counsel is currently engaged in an automation project

**LEGISLATIVE COUNSEL BUREAU—Continued**

which will improve the process by which bills and other legislative publications are prepared and printed. A new minicomputer system has been installed in the Counsel's office and bills are prepared in machine readable form using computer terminals rather than typewriters. This eliminates further processing of the material at OSP, permitting direct entry of the text into the electronic photocomposition system. According to the Legislative Counsel, savings of approximately \$1.5 million will occur in this activity within five years of installation of the system.

The Governor's Budget contains \$250,000 for an additional minicomputer at the state printing plant to be connected to the Legislative Counsel's system over a high-speed telephone line. In our discussion of this request in the analysis of the Office of State Printing (Item 115), we recommend that these funds be deleted and suggest that the Legislative Counsel should acquire this minicomputer for installation at the printing plant so the development and management of this system can be the responsibility of a single office. The Legislative Counsel agrees with this approach. The \$450,000 augmentation would fund the acquisition of the minicomputer by the Legislative Counsel and also provide \$200,000 for associated equipment, computer programming and data communications costs.

In our analysis of Item 115, we also state that the OSP spending authority should be reduced by an additional \$250,000 because of savings accruing from installation of the minicomputer resulting from reduced utilization of the Teale Data Center for transmission of data for bill preparation and printing between the bureau and OSP.

**Political Reform Act Duties**

*We recommend the addition of one deputy legislative counsel position plus related operation costs for a total of \$28,000 and the elimination of a like amount of reimbursements from the Political Reform Act.*

The Governor's Budget proposes to transfer \$28,000 to the Legislative Counsel Bureau from the funds available under the Political Reform Act of 1974 to provide a deputy legislative counsel (and related operating costs) to attend meetings of the Fair Political Practices Commission. Such attendance would be desirable in implementing the counsel's duties relating to preparation of ballot measures as required by the Political Reform Act of 1974 and rendering opinions relative to this act as requested by the commission. Because, the act does not require the attendance of the Legislative Counsel or his representative at Commission meetings, it is appropriate that this function be a direct General Fund obligation rather than being provided from the funds statutorily provided for administration of the reform act.

**CALIFORNIA LAW REVISION COMMISSION**

Item 13 from the General Fund

Budget p. 6

Requested 1977-78 .....	\$274,017
Estimated 1976-77 .....	265,215
Actual 1975-76 .....	247,104
Requested increase \$8,802 (3.3 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. The commission now has 23 topics to be studied. It plans to submit five recommendations for legislation at the 1977 session—the major one concerning a new nonprofit corporation law.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

The proposed expenditure of \$274,017 reflects cost inflation and merit salary adjustments plus a net increase of one-half clerical position for workload increases.

**COMMISSION ON UNIFORM STATE LAWS**

Item 14 from the General Fund

Budget p. 8

Requested 1977-78 .....	\$38,750
Estimated 1976-77 .....	34,700
Actual 1975-76 .....	30,080
Requested increase \$4,050 (11.7 percent)	
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

**COMMISSION ON UNIFORM STATE LAWS—Continued**

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 (\$33,000) for the support of the National Conference of Commissioners on Uniform State Laws, plus travel expenses (\$5,750) for the state's commissioners.

**CONTRIBUTIONS TO LEGISLATORS' RETIREMENT FUND**

Item 15 from the General Fund	Budget p. 8
Requested 1977-78 .....	\$1,708,982
Estimated 1976-77.....	1,234,759
Actual 1975-76 .....	1,291,788
Requested increase \$474,223 (38.4 percent)	
Total recommended increase .....	\$2,443,652

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

*Analysis page*

1. *Full Funding. Augment by \$2,443,652.* Recommend policy to fund fully the Legislators' Retirement System. 7

**GENERAL PROGRAM STATEMENT**

This system provides retirement and death benefits for legislators, constitutional officers (except judges) and legislative statutory officers with a minimum active membership of four years. Contributions from active members of 8 percent of salary (4 percent for members elected prior to 1972), interest earnings plus annual General Fund contributions pay the benefit obligations each fiscal year. The General Fund contributions increase in direct proportion to the number of annuitants, cost-of-living adjustments in pensions and base salary increases. For instance, the increase in General Fund contribution for the budget year reflects an anticipated increase in the number of retirees, cost-of-living adjustments of pensions and recent salary increases for members of the system which raises the state's (employer's) contribution as a percent of payroll.

The system is "unfunded" in that its assets are adequate to pay only the annual benefit costs, but not the accruing (i.e., future) benefit cost for the active and retired membership.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend an augmentation of \$2,443,652 as the first step of a policy to amortize the unfunded liability and fully fund 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 valuation indicated an unfunded liability (the current value of accrued 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 amortized.

We recommend that the system be funded on the basis of one such recommendation consisting of (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.

The \$2,443,652 proposed augmentation represents the difference between \$4,152,634 (35.7 percent of the projected 1977-78 payroll plus the \$3 million proposed appropriation) and the \$1,708,982 appropriation proposed in the Governor's Budget for 1977-78.

These proposed contribution rates should be periodically reviewed and adjusted, if necessary, in light of future actuarial experience in the system, as reflected in the quadrennial valuations.

**JUDICIAL**

Items 16 and 18 from the General Fund and Item 17 from the Motor Vehicle Account, State Transportation Fund

Budget p. 9

Requested 1977-78 .....	\$18,502,647
Estimated 1976-77 .....	17,843,169
Actual 1975-76 .....	16,314,703
Requested increase \$659,478 (3.7 percent)	
Total recommended increase .....	\$150,000

**1977-78 FUNDING BY ITEM AND SOURCE**

Item	Description	Fund	Amount
16	Judicial	General	\$18,411,808
17	Judicial	State Transportation	35,839
18	Legislative Mandates	General	55,000
			<u>\$18,502,647</u>