

demic employees should be treated equitably in relation to other state employees. To provide nonacademic salary increases commensurate with those recommended for state civil service employees would require an additional General Fund cost of \$20,124,000.

#### Judges' Salaries Frozen

Judicial salaries formerly were, by law, adjusted annually as of September 1, based on the increase in the California Consumer Price Index (CCPI) of the prior calendar year.

Chapter 1183, Statutes of 1976 (AB 3844) eliminates the CCPI adjustment factor for 1977 and freezes judicial salaries on January 1, 1977 for a period of 18 months. Consequently, no funds are proposed in 1977-78 for this item. Beginning July 1, 1978 and each July 1 thereafter, the new law restores the annual CCPI adjustment for judicial salaries, but limits it to a maximum of five percent.

### RESERVE FOR CONTINGENCIES—EMERGENCY FUND

Item 382 from the General  
Fund

Budget p. 1027

Requested 1977-78 .....	\$1,500,000
Appropriated by the 1976-77 Budget Act .....	1,500,000

#### ANALYSIS AND RECOMMENDATIONS

*We recommend approval.*

This item appropriates \$1,500,000 for expenditure from the Emergency Fund. The Emergency Fund provides a source from which the Department of Finance can allocate funds to state agencies for expenses resulting from unforeseen contingencies not covered by specific appropriations.

Also, this item appropriates an additional \$1,500,000 to provide for temporary loans to state agencies whose operations would be curtailed because of delayed receipt of reimbursements or revenue. These loans are returned or accrued for return by the end of the fiscal year in which they are made.

The Emergency Fund request of \$1,500,000 is a token amount which has been substantially less than the actual deficiencies realized in every year since 1959-60. To meet the actual requirements, a deficiency appropriation has been necessary toward the end of each fiscal year.

Table 1 details the amounts budgeted and allocated along with the deficiency appropriations since 1970-71.

**Table 1**  
**Emergency Fund, Appropriations and Allocations**  
**1970-71 to 1977-78**

<i>Fiscal year</i>	<i>Appropriated</i>	<i>Allocated to agencies</i>	<i>Deficiency appropriation</i>
1970-71 .....	1,000,000	4,919,594	4,375,000
1971-72 .....	1,000,000	4,993,871	4,918,009

**RESERVE FOR CONTINGENCIES—EMERGENCY FUND—Continued**

1972-73 .....	1,000,000	8,076,724	7,500,000
1973-74 .....	1,500,000	5,644,554	10,900,000
1974-75 .....	1,500,000	15,112,367	14,700,000
1975-76 .....	1,500,000	24,918,959	30,520,089
1976-77 .....	1,500,000	2,389,124	2,000,000 (est)
1977-78 .....	1,500,000	N/A	N/A

For 1976-77, the department anticipates a deficiency appropriation of \$2 million. Compared with recent experience, the estimate of \$2,389,124 for emergency allocation to agencies during 1976-77 represents a significant decrease. The \$2 million deficiency appropriation, when combined with the \$1.5 million base previously budgeted minus the estimated \$2,389,124 scheduled for allocation to agencies, would provide a balance of \$1,110,876 for meeting unforeseen contingencies during the balance of 1976-77.

**Other Deficiencies**

We pointed out last year that the deficiency appropriation in support of this item does not represent the total amount of deficiency appropriations proposed in the budget. These additional deficiencies are properly reported in their related agency budgets.

However, for information purposes we requested the Department of Finance to aggregate and report all these additional deficiencies and show them in one place. This has been accomplished. Additional agency deficiencies shown in the Governor's Budget for 1976-77 total \$45,728,077. The agencies and amounts of deficiencies are listed on page 1029 of the Governor's budget.

**AUGMENTATIONS FOR PRICE INCREASES**

Items 383-385 from various funds

Budget p. 1031

Requested 1977-78 .....	\$12,450,000
Estimated 1976-77.....	19,440,000
Actual 1975-76 .....	892,058
Requested reduction \$6,990,000 (36.0 percent)	
Total recommended reduction .....	Pending

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

Item	Description	Fund	Amount
383	Price Increase Augmentations	General	\$7,803,000
384	Price Increase Augmentations	Special	1,979,000
385	Price Increase Augmentations	Nongovernmental cost funds <sup>a</sup>	2,668,000
			<u>\$12,450,000</u>

<sup>a</sup> Appropriated in Budget Bill but not included in budget totals.