

GOVERNOR'S OFFICE

Items 26-29 from the General
Fund

Budget p. 15

Requested 1978-79	\$3,560,736
Estimated 1977-78.....	3,559,731
Actual 1976-77	2,951,711
Requested increase \$1,005	
Total recommended reduction	None

1978-79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
26	Governor's office—Support	General	\$3,178,336
27	Residence—Support (primarily for security and housekeeping)	General	17,400
28	Contingency expenses	General	15,000
29	Governor's Budget—Printing	General	350,000
			<u>\$3,560,736</u>

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Under the California Constitution, the Governor is chief executive of the state and responsible for seeing that the law is executed.

The Governor's Budget request consists of four elements as shown above. The budget contains information only on broad expenditure categories with no supporting detail. Increases for general expenses, rent, and automotive costs are largely offset by a reduction in personal services, resulting in a net increase of \$1,005.

Governor's Office**SECRETARY FOR STATE AND CONSUMER SERVICES**

Item 30 from the General Fund

Budget p. 16

Requested 1978-79	\$405,329
Estimated 1977-78.....	431,135
Actual 1976-77	391,964
Requested decrease \$25,806 (6.0 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Secretary for State and Consumer Services, as one of four agency secretaries in the Governor's Cabinet, is responsible for providing leadership and policy guidance to the following boards and departments:

- Department of Consumer Affairs
- Department of Veterans' Affairs
- Department of General Services

State Fire Marshal
Franchise Tax Board
State Personnel Board
Public Employees' Retirement System
State Teachers' Retirement System
Museum of Science and Industry
California Public Broadcasting System

In addition, the secretary is responsible for (1) administering the state's federally-funded program for improving personnel management in state and local government through education and training under the Federal Intergovernmental Personnel Act and (2) coordinating the Governor's safety and rehabilitation program for state employees.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The Secretary for State and Consumer Services is requesting \$405,329 from the General Fund in the budget year, a decrease of \$25,806 (6.0 percent) below anticipated General Fund expenditures for the current year. The decrease is attributable primarily to the termination of one professional position and associated funding that was added in the current year to conduct a public education campaign relative to the Governor's Executive Order on Privacy (Executive Order B-22-76).

The budget also reflects receipt of reimbursements of \$47,589 under a federal Title II grant for expenditures during the 1978 calendar year (\$23,795 is estimated to be expended in the budget year). These funds provide for one professional and one clerical position to support the Governor's Labor/Consumer Task Force on Energy Retrofit and Solar Activities. A stated objective of the project is to initiate a model program under which 500 to 1,000 residences are to be retrofitted and monitored for energy and cost savings.

One of the two deputy secretary positions in the agency's budget is occupied by the Department of General Services' planning officer on a reimbursement basis. We are advised that the purpose of this arrangement is to enable the agency to fill the position with an employee who is exempt from state civil service. This exempt appointment is in addition to the two such exempt appointments authorized under existing law. We believe that a better approach would be for the administration to propose legislation to authorize additional exempt entitlements, if they are needed.

Governor's Office
SECRETARY FOR BUSINESS AND TRANSPORTATION

Item 31 from the General Fund
 and Item 32 from the Motor
 Vehicle Account

Budget p. 18

Requested 1978-79	\$505,552
Estimated 1977-78.....	769,171
Actual 1976-77	427,720
Requested decrease \$263,619 (34.3 percent)	
Total recommended reduction	None

1978-79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
31	Support	General	\$66,240
32	Support	Motor Vehicle	439,312
			\$505,552

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Electronic Funds Transfer System. Reduce reimbursements \$100,000. Recommend deletion of two positions and related operating expenses.

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GENERAL PROGRAMS STATEMENT

The Secretary for Business and Transportation, as one of four agency secretaries in the Governor's Cabinet, administers the Office of the Business and Transportation Agency. As the title implies, the organization of this agency includes two distinct groupings of departments, those oriented toward business regulatory activities and those related to various transportation activities. The agency consists of the following departments:

- California Highway Patrol
- Department of Motor Vehicles
- Department of Transportation
- Office of Traffic Safety
- Department of Alcoholic Beverage Control
- Department of Banking
- Department of Corporations
- Department of Housing and Community Development
- Department of Insurance
- Department of Real Estate
- Department of Savings and Loan
- Department of Economic and Business Development
- Housing Finance Agency

ANALYSIS AND RECOMMENDATIONS

The budget proposes an expenditure of \$910,442 which, in addition to the proposed appropriations from the General Fund and Motor Vehicle Account (\$505,552), includes reimbursements in the amount of \$404,890. The proposed budget includes funding for 14.4 authorized positions which is an addition of 3 positions above the current year. The reimbursement item includes \$249,890 which is derived from charging constituent departments a pro-rata share of using 7 additional exempt positions on a contractual basis from selected departments in the agency. In addition the reimbursement item includes \$100,000 for the continuing study of electronic funds transfer systems. The item also includes \$55,000 to partially support the 3 additional authorized positions which will be used for anti-redlining (fair lending practice) activities pursuant to Chapter 1140, Statutes of 1977. The reimbursement consists of charges to the Departments of Real Estate (\$20,000), Banking (\$10,000), and Savings and Loan (\$25,000).

The substantial reduction in proposed expenditures is the result of a one time outlay of \$103,682 from the Transportation Planning and Research Account in the current year for a transportation demonstration project pursuant to Chapter 1130, Statutes of 1975. In addition, during the current year the agency expended \$218,237 in federal funds under the Employment Development Act for planning grants. Federal funds are not included in the proposed budget.

Electronic Funds Transfer Systems Task Force (EFTS)

We recommend that \$100,000 budgeted as reimbursement for the EFTS task force be deleted.

The agency's budget contains \$100,000 in reimbursements as the second year costs of an interagency task force on electronic funds transfer systems (EFTS). Funding is provided through the budgets of departments included on the task force as follows: Banking (\$40,000), Savings and Loan (\$40,000), Corporations (\$20,000), and Consumer Affairs (service-in-kind contribution). Task force activities are coordinated by the Business and Transportation and State and Consumer Services Agencies, and two positions are budgeted for this purpose.

Electronic Funds Transfer Systems rely on electronic communications networks which enable the automatic debiting and crediting of an account through such devices as automatic bank tellers and so-called point-of-sale terminals located in retail business establishments. As did the advent of major bank credit card systems, EFTS will have a potential impact on financial transactions with significant implications for business, financial institutions and consumers. When it appeared that there was going to be a rapid and dramatic installation of EFTS networks and devices, the agency established the task force. However, the anticipated growth has not materialized.

The tangible products of the task force to date are some seminars and research contracts. These efforts have occurred without the benefit of any formal planning. Although we understand that a plan is now under preparation, we note that the task force has operated for approximately a year

SECRETARY FOR BUSINESS AND TRANSPORTATION—Continued

without one. Two research contracts have been granted and two more are pending (60 percent of task force funds are allocated for research). These contracts were apparently awarded in the absence of an attempt to obtain competitive proposals in accordance with state policy as contained in the State Administrative Manual. Further, one contract which we examined did not incorporate (or even reference) the proposal which provided the basis for the contract award, and the proposal itself was not specific.

Therefore, we recommend a reduction of \$100,000 in reimbursements with corresponding budget reduction as follows: delete one special consultant (\$-19,200), one senior steno (\$-10,980) and two staff benefits (\$-6,941) for a total reduction in personnel services of \$37,121. General operating expenses should be reduced by \$2,879, and \$60,000 for consultant and professional services should be eliminated.

Governor's Office

SECRETARY FOR HEALTH AND WELFARE

Item 33 from the General Fund Budget p. 20

Requested 1978-79	\$2,092,552 ^a
Estimated 1977-78.....	2,065,798
Actual 1976-77	624,252
Requested increase \$26,754 (1.3 percent)	
Total recommended reduction	\$207,267

^a Item 33 \$1,892,552
 Available from Appropriations 200,000

1978-79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
33	Secretary for Health and Welfare	General	\$1,892,552
	Chapter 754, Statutes of 1977	General	150,000
	Chapter 755, Statutes of 1977	General	50,000
			\$2,092,552

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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| 1. <i>New Positions for Civil Rights. Reduce by \$207,267. Recommend deletion of six positions for civil rights duties.</i> | 27 |
| 2. <i>Report on Child Care. Recommend the agency comply with a previous legislative directive and submit a report.</i> | 28 |

GENERAL PROGRAM STATEMENT

The Secretary for Health and Welfare provides the administrative and policy direction for state departments providing health, welfare, manpower, and correctional services. These responsibilities include coordinating both interdepartmental planning and the activities of the departments in the agency with those of other state, federal, and local agencies. Chapter 1252, Statutes of 1977, reorganizes the Health and Welfare Agency, effective July 1, 1978, into the following departments:

- Department of Health Services
- Department of Social Services
- Department of Mental Health
- Department of Developmental Services
- Department of Rehabilitation
- Department of Alcohol and Drug Abuse
- Department of Aging
- Department of Corrections
- Department of the Youth Authority
- Employment Development Department
- Office of Statewide Health Planning and Development

The Departments of Corrections and Youth Authority are to be removed from the Health and Welfare agency on or before July 1, 1979, pursuant to a Governor's reorganization plan to be formulated and submitted to the Legislature in January 1979.

ANALYSIS AND RECOMMENDATIONS

The budget proposes an expenditure of \$2,092,552 from the General Fund for the support of the Secretary of the Health and Welfare Agency. This amount is \$26,754 more than is estimated to be expended during the current year. The funds for the current and budget years include \$900,000 to implement Chapter 1199, Statutes of 1977, which provides for integration of services to seniors at the local level through formation of multipurpose senior services centers. This statute will expire on December 31, 1980, unless extended by new legislation.

Civil Rights Positions

We recommend the deletion of six positions for civil rights duties for a savings of \$207,267.

The budget proposes the establishment of six positions in the current year to be continued in the budget year to perform the responsibilities assigned to the Health and Welfare Agency under the provisions of Chapter 972, Statutes of 1977 (AB 803). Chapter 972 prohibits discrimination in the distribution of benefits under state-funded programs on the basis of "ethnic group identification, religion, age, sex, color, or physical or mental disability." Responsibility for the adoption of regulations necessary to carry out this law is delegated to each state agency. These regulations are to be based on guidelines established by the Secretary of the Health and Welfare Agency. Additionally, the secretary will assist the other state agencies in the coordination of their responsibilities so that consistent policies are followed.

SECRETARY FOR HEALTH AND WELFARE—Continued

The proposal to establish the six positions in the current year was made by a Section 28 letter of December 1977 in which the Department of Finance requested a waiver of the 30-day waiting period so that the Health and Welfare Agency could begin the expenditure of \$107,068 from the Emergency Fund for the six positions.

The Joint Legislative Budget Committee denied the requested waiver for the following reasons:

- (1) The Legislature had not had an opportunity to review the fiscal impact of implementing the legislation at the proposed funding level, because when AB 803 was scheduled for a hearing in the Senate Finance Committee, the Health and Welfare Agency indicated the bill "would result in an unknown but probably minor additional cost." On the basis of this estimate, AB 803 did not receive a hearing in the Senate Finance Committee, but was sent to second reading pursuant to Senate Rule 28.8.
- (2) Neither the Health and Welfare Agency nor the Department of Finance provided any basis for considering the proposal as an emergency item; consequently, there was no basis for using emergency funds.
- (3) The Section 28 letter failed to justify the need for the proposed staffing level of six new positions.

As of mid-January, the agency has not provided our office with information identifying the particular workload needs in the areas prescribed in Chapter 972. Due to the insufficient information available to us, we are not able to determine how many positions, if any, are needed for this function. Therefore, we recommend the deletion of the six proposed positions.

Increased Clerical Support

The budget proposes to establish two clerical positions and two personnel-years of temporary help. The legislation reorganizing the Health and Welfare Agency includes provisions granting to the Governor the authority to appoint three new deputies to the Secretary of the Health and Welfare Agency. In view of this, we believe it is appropriate to fund additional positions to provide clerical support.

Child Care Report

We recommend that the Health and Welfare Agency submit to the Joint Legislative Budget Committee, the fiscal subcommittees, and the appropriate policy committees, at the earliest possible date, the report on the effectiveness of child care in reducing economic dependency.

Supplemental language for the Budget Act of 1976 required the agency to submit a report on the effectiveness of child care in reducing economic dependency to the Legislature by August 1, 1977. However, as of mid-January the report had not been submitted. It is necessary that the department submit this report at the earliest possible date so the fiscal subcommittees can discuss this item.

Governor's Office
SECRETARY FOR RESOURCES

Item 34 from the General Fund

Budget p. 22

Requested 1978-79	\$937,104
Estimated 1977-78.....	905,457
Actual 1976-77	768,597
Requested increase \$31,647 (3.5 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Secretary for Resources, as the administrative head of the Resources Agency, is responsible directly to the Governor for the state's activities relating to the management, preservation and enhancement of California's air, water and land; its natural, wildlife, and recreational resources; and general coordination of environmental programs. The Secretary is a member of the Governor's Cabinet. The Secretary also is responsible for liaison between the Governor's office and the agency's commissions and boards, coordination of state and federal programs, and supervision of departmental fiscal affairs.

The Resources Agency is composed of the following units:

Department of Conservation

Energy Resources Conservation and Development Commission

Department of Fish and Game

Department of Forestry

Department of Navigation and Ocean Development

Department of Parks and Recreation

Department of Water Resources

Air Resources Board

California Coastal Commission

Colorado River Board

State Coastal Conservancy

State Lands Division

State Water Resources Control Board and nine regional water quality control boards

Solid Waste Management Board

In addition, the Resources Secretary has been designated in the Governor's Budget as the coordination point in the administration for the San Francisco Bay Conservation and Development Commission. By statute the Secretary is also responsible for allocating open-space subventions among cities and counties on the basis of those prime and nonprime lands which are found eligible.

The Secretary issues the state guidelines for preparation of environmental impact reports and designates the classes of activities which receive blanket exemptions from the preparation of environmental impact reports. The Waterways Management Planning Program and several miscellaneous programs including certain activities in the Lake Tahoe basin are budgeted to the Secretary's office.

OFFICE OF EMPLOYEE RELATIONS—Continued

made in the Analysis last year which were adopted by the Legislature. The first recommendation requested that OER, in conjunction with the State Personnel Board, take steps to preclude managerial personnel from belonging to employee organizations which represent nonsupervisory organizations, in order to eliminate potential conflicts of interests among state managers. We noted that there were several examples throughout state service of managers holding positions of responsibility in employee organizations and representing employees in "meet and confer" sessions and grievance proceedings. The other recommendation requested OER and the State Personnel Board to develop an alternative group benefit program for managerial personnel to replace the benefits, such as life insurance, which they would lose by discontinuing their membership in employee organizations.

Reports Late

These recommendations were adopted by the Legislature in the Supplemental Report of the Committee of Conference on the Budget Bill for the fiscal year 1977-78 which required OER to report to the Joint Legislative Budget Committee by November 1, 1977. To date, we have not received these reports.

**Governor's Office
OFFICE OF PLANNING AND RESEARCH**

Item 36 from the General Fund

Budget p. 25

Requested 1978-79	\$2,781,191
Estimated 1977-78.....	1,319,704
Actual 1976-77	536,155
Requested increase \$1,461,487 (110.7 percent)	
Total recommended reduction	Pending

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Office of Appropriate Technology. Withhold recommendation on \$370,984 for three demonstration projects and recommend inclusion of economics and cost engineering expertise on design team.

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GENERAL PROGRAM STATEMENT

The Office of Planning and Research (OPR) is responsible for developing recommendations to the Governor on statewide policies relating to land use, development, environmental protection, and planning. OPR is also responsible for reviewing and coordinating a variety of state and local agency activities in terms of consistency with these state policies. Related responsibilities include (1) serving as research staff to the Governor on a wide range of subjects, (2) administering federal financial assistance pro-

grams directed toward improving local planning, (3) acting as a clearinghouse for environmental impact reports and grant applications, (4) assisting in improving California Environmental Quality Act procedures, and (5) coordinating state permit granting processes.

ANALYSIS AND RECOMMENDATIONS

The 1978-79 budget for OPR contains a major shift in financing from federal funds to the General Fund. The General Fund request is \$2,781,191 which is an increase of \$1,461,487 over the current year. OPR has relied heavily in the past on federal funds, particularly Section 701 Comprehensive Planning funds from U.S. Department of Housing and Urban Development (HUD) to support its various programs. In 1977-78, the 701 funds received by OPR were reduced and OPR was given an increase in General Fund and Public Works Employment Act (Title II) money (\$174,000 from each) in order to maintain existing levels of program activities.

For the budget year OPR anticipates an additional reduction of \$304,594 in federal contributions for its ongoing operations and its budget proposal reflects a General Fund increase to cover that reduction. The programs receiving increases and decreases in General Fund Financing are shown in Table 1. (General Fund costs of the Office of Appropriate Technology are discussed separately below.)

Table 1
OPR General Fund Expenditures
Changes in General Fund Financing

<i>Program Title</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>
State planning and policy development.....	\$282,349	\$427,425
Local planning assistance	114,710	129,908
State clearinghouse	146,152	348,003
Research	529,069	340,876
Executive and administration	247,424	322,055
Office of Appropriate Technology.....	-	1,212,924
Total.....	\$1,319,704	\$2,781,191

The HUD 701 grant to support OPR for 1978-79 is expected to be \$900,000. The only other federal funding anticipated for 1978-79 is \$64,958 from the National Aeronautics and Space Administration for support of an Environmental Data Center. In contrast, during the current year OPR had a variety of small grants from the Department of Health, Education and Welfare, the Federal Energy Administration, the National Science Foundation and the Energy Research and Development Administration, in addition to the HUD funds. OPR's budget for 1978-79 also shows HUD pass-through funds of \$65,000 which will go to state agencies and \$2,600,000 which will be passed through to local agencies.

Another significant change in the 1978-79 budget for OPR is the decrease in reimbursements. In 1977-78, reimbursements are estimated at \$1,141,443, whereas for 1978-79 expected reimbursements amount to \$169,082. Several projects for the Energy Commission and various service projects for state agencies have been completed. Two reimbursements remain for 1978-79. One is \$52,082 in Public Works Employment Act (Title

OFFICE OF PLANNING AND RESEARCH—Continued

II) funds for continuation of an industrial siting study which is an important part of the Urban Development Strategy discussed below. The other reimbursement is \$117,000 from the California Coastal Commission for assistance provided by OPR.

Last year our Analysis criticized OPR because the Agency was spreading itself too thinly over many activities and was having difficulty achieving solid results from its diverse efforts. We noted that part of the problem was caused by OPR's tendency to accept federal grants and thereby let the federal government influence some of its priorities through the grant in aid system. The office has undertaken projects in areas where federal grants were available, while giving inadequate attention to areas of greater state importance for which federal grants could not be secured. We also noted that OPR's proliferation of activities and lack of focus on priorities could be due in part to the office's acceptance of such a wide variety of grants and reimbursements. The 1978-79 budget indicates some success in developing a program focused on priorities.

Our Analysis also pointed out last year the need for the state to fund the prime state responsibilities assigned to OPR rather than relying on federal funding with all of its uncertainties. The Legislature agreed and directed that OPR's prime responsibilities be financed from the General Fund. The 1978-79 budgeted reduction in federal grant funds and the shift to General Fund financing is in accord with the Legislature's directive.

Urban Development Strategy

The Urban Development Strategy is this administration's update of the Environmental Goals and Policy Report. We believe this is an area which deserves priority attention. This is because the development and implementation of state goals and policies through updates of the statutorily mandated Environmental Goals and Policies Report is central to OPR's other missions and to the functioning of many other state programs and departments. For example, a principal purpose of OPR's review and coordination of the planning and budgeting programs of state and local agencies is to ensure that development decisions of these agencies are consistent with adopted state policies. However, the Urban Development Strategy has not yet been officially adopted by the Governor, and therefore the review function cannot operate at this time as effectively as expected.

The draft of the Urban Development Strategy was released for public review in May 1977, approximately two and one-half years after work on the document began. The draft focuses on three selected problem areas: urban sprawl, the deterioration of central cities, and the competition for tax base among local jurisdictions. Public review of the draft has been encouraged through 13 workshops held throughout the state during the summer and fall. Based on comments received at the workshops, OPR has revised the May draft and submitted it to the Governor for approval. As of mid-January, OPR was working on another set of revisions and the Governor had not yet adopted the Urban Development Strategy.

OPR has requested \$464,870 next year to implement the Urban Devel-

opment Strategy and to continue land use policy development. This is an increase of \$98,630 over the amount for the current year.

Absence of Alternatives

The Urban Development Strategy consists of 13 policy statements and 46 recommendations for action which are organized according to the three problem areas mentioned above. The policies and recommendations constitute an integrated coherent approach to urban problems and are a major advance over prior state efforts in terms of explicitness, relevance to real problems, and dedication to problem-solving. These policies and recommendations are controversial, however, and may be revised by the Governor and the Legislature before being adopted.

In the development of the recommendations, a variety of alternatives were no doubt analyzed. The range of alternatives, however, are not sketched out in the report. The Urban Development Strategy presents only one selected or recommended action for each problem considered. Consequently, neither the Legislature nor the public is given an opportunity to assess the benefits, detriments and costs of alternative solutions. While this approach is consistent with OPR's statutory directive, the document should play an educational role in addition to stating planning conclusions, particularly because many of the recommendations represent important departures from conventional thinking. This role could be accomplished by advising the public of the alternative public policies and actions available and the consequences of these alternatives.

At least half of the 46 recommendations in the report would require changes in the law. Consequently, many alternatives to the recommendations will likely be considered by the Legislature in the process of acting on bills that presumably will be introduced to implement the recommendations.

The Governor's Budget indicates that OPR's attention will shift next year to implementation of the Urban Development Strategy. We believe it would be desirable, and may be unavoidable for OPR to delay implementation work in order to develop and present some of the alternatives to its proposals. When implementation begins, OPR may also find that it will have difficulty in drafting, or coordinating other state agencies in drafting and implementing legislation. More expertise than OPR now has on its staff will probably be required to draft legislation in several program areas. Consequently, next year may produce less implementation of the Urban Development Strategy than the budget suggests. Meanwhile, OPR has started work on a parallel undertaking, the Rural Strategy, as proposed in last year's budget.

OFFICE OF APPROPRIATE TECHNOLOGY

The Office of Appropriate Technology (OAT) was established in the Office of Planning and Research by Executive Order B-18-76 in May 1976. OAT was charged with the responsibility of assisting and advising state agencies in developing and implementing less costly and less energy intensive technologies for recycling, waste disposal, transportation, agriculture, energy uses and building design. OAT also provides advisory and technical services to local agencies and community groups, and performs

OFFICE OF PLANNING AND RESEARCH—Continued

educational and coordinating roles.

OAT's 1976-77 budget was \$264,001 for a staff of 7.8. For 1977-78 its estimated budget is \$637,307 for a staff of 23.4. During these first two years, OAT has been funded entirely by reimbursements from other state agencies and by federal funds. For 1978-79 OAT is proposing a support budget of \$1,212,924 for a staff of 30, funded entirely from the General Fund. The rationale for General Fund support is that federal funds and reimbursements are too restrictive and make OAT too dependent for funds on the agencies it is trying to influence. It should be noted that OAT was established without legislative action and initially funded by reimbursements and federal money. Now that OAT has become established, it is changing to support from the General Fund.

Some of OAT's work in the current year is relatively short-term and is scheduled to be taken over by other agencies in a year or two. These programs include the state bicycle program, to be taken over by the Fleet Administration Division of General Services; the drought tolerant garden, to be taken over by the Department of Water Resources; and the community gardens program which is to become a community responsibility.

Another OAT responsibility which will be continued into the budget year is publicizing appropriate technologies and providing forums for educating the public in alternatives to conventional technology. In the budget year \$310,441 and 10.5 positions are proposed to carry out this responsibility.

The third OAT program area, technical assistance and program evaluation, is an area of increasing emphasis. OAT's request last year for this work was \$111,943 for 3.4 positions. Changes have taken place in the interim, including receipt of additional Public Works Employment Act (Title II) funds, which have brought the current year expenditure to \$234,345 for 10.2 positions. The 1978-79 proposal is for \$440,554 and 14.8 positions. Of this amount, \$267,940 or 9 positions are for support of an Advanced Concepts Design Team.

The nucleus of the Advanced Concepts Design Team was put together during the current year, in conjunction with the Office of the State Architect. Currently, four positions are filled: an architect, a solar designer, a wastewater specialist, and a wind-aquaculture specialist. The purpose of the team is to promote the demonstration of innovative resource conserving projects by working with various state agencies in the preparation of their capital outlay projects.

Projects which the design team has been working on during the current year include a hostel at Natural Bridges State Park which is to demonstrate integrated shelter, waste, and life support systems; a revised preliminary design package for Salt Point State Park; and a proposed community resource center in the Capital Area Plan. A list of "Alternative Energy Technology" projects appears on pages 204 and 205 of the Governor's Budget. The design team will be working with other state agencies during 1978-79 on about half of these projects.

OAT Design Team Projects

We withhold recommendation on \$370,984 for 3 design team demonstration projects and recommend inclusion of economics and cost engineering expertise on the design team.

In the 1978-79 year, OAT will be working on 3 projects for which the design team and related OAT staff will have the full responsibility. OAT has not had sufficient time to prepare justifications for these projects, and has undertaken to supply the needed material. The first of these projects is \$200,000 for an aquaculture development program to provide for contracts or grants to fund a number of small scale, aquatic food-raising demonstration projects. Examples of possible projects include raising crustaceans for food in urban areas, small scale rearing of edible fish in fresh water streams, management of farm ponds, and fresh water clam culture in the aquaducts of the State Water Project. OAT intends that the projects should demonstrate opportunities for low-capital, small businesses. The proposal at present lacks any showing of economic feasibility. The methods of financing a large number of the pools and the means of constructing the community pools are unknown. There may also be public health problems from mosquitoes and hazards of drowning for infants.

The second of the projects is for pilot applications of solar energy for agricultural uses in three community colleges. These projects would use solar energy to dry crops, for space heating in dairy barns, and for heating water to wash dairy cattle and structural surfaces which require sanitary conditions. The design team would supervise and offer technical assistance in the construction of the pilot projects and would evaluate the results. It is proposed that \$167,462 be spent on this project.

The brief background material submitted for these projects and reviews of other projects on which the design team is working have demonstrated a lack of consideration for economic feasibility. Showing that a particular technology would work for a particular application is relatively easy. It is difficult to persuade a prospective user that a particular technology is economical for his specific application. We therefore recommend that the design team use a portion of the increase in its funds to add economics and cost engineering expertise to the team to initiate meaningful and persuasive cost and economic analyses.

The third project involving the design team is for \$3,522 to pay for some undefined work related to OPR's capital outlay project contained in Item 432. The project involves installation of solar panels to heat water in a dairy at the California Correctional Facility in Chino. The discussion of this project is covered in the Analysis as part of Item 432. Because our recommendation is to delete the \$199,900 request for the capital outlay portion of the project, we expect to recommend deletion of the \$3,522 when our final recommendation is made.

OAT's 1978-79 budget has presented the first opportunity for meaningful review and analysis. The effort to stimulate applications of appropriate technology is difficult. Innovative ideas need to be carefully developed if they are to be practically demonstrated and if cost competitive, realistic applications are to be secured. Furthermore, if individuals are to be influenced to accept and implement ideas in their own self-interest, they

OFFICE OF PLANNING AND RESEARCH—Continued

must be convinced. Simplified technology needs to be approached by means which will reach the large number of skeptical people rather than being accepted by the small number of followers of appropriate technology.

We are recommending approval of the 5 new positions requested. This will bring the Advanced Concepts Design Team to 9 positions. The team has not been given sufficient time to prepare a program and a set of sound projects to demonstrate appropriate technology. With more time, the team should be able to come back next year with better projects than those presented this year.

**Governor's Office
OFFICE OF EMERGENCY SERVICES**

Items 37 and 38 from the
General Fund

Budget p. 31

Requested 1978-79	\$4,474,180
Estimated 1977-78.....	3,584,696
Actual 1976-77	2,478,584
Requested increase \$889,484 (24.8 percent)	
Total recommended reduction	\$30,000

1978-79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
37	Program Support	General	\$2,474,180
38	Natural Disaster Assistance	General	2,000,000
			<u>\$4,474,180</u>

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. *Heavy-duty Rescue Equipment. Reduce Item 37 by \$30,000. Recommend elimination of heavy-duty rescue truck.* 42

GENERAL PROGRAM STATEMENT

The Office of Emergency Services coordinates emergency activities necessary to save lives and reduce property losses arising from natural or other disasters in the state. Its mission is carried out under two programs, administration and emergency mutual aid services. The latter has four elements.

1. *Provision and Coordination of Mutual Aid.* This program encourages and coordinates mutual aid agreements among various state and local agencies having fire, rescue, law enforcement and communication capabilities and equipment. It also distributes federal surplus equipment and federal and state disaster aid funding.

State aid to local governments for replacing or repairing public real property damaged by a natural disaster is provided from the Natural

Disaster Assistance Fund established by the Natural Disaster Assistance Act (Chapter 290, Statutes of 1974). The fund consists of two accounts: (1) the Street and Highway Account, which derived its funding from a special one-cent tax per gallon of gasoline imposed for one year only in 1969 under the Highway Users' Tax program, and (2) the Public Facilities Account, which in past years derived its funding from special General Fund appropriations. Appropriations for the latter account were made in the past in response to disaster situations and often resulted in the carry-over of substantial unexpended balances because of difficulties in estimating funding needs. In order to minimize such surpluses and consolidate program expenditures for review in one document, the Governor's Budget proposes, and we concur, that the funding requirements of this account be met by an annual General Fund appropriation through the Budget Act.

2. *Development and Utilization of Emergency Communications Systems.* This program maintains a statewide disaster warning system on a 24-hour basis with major control exercised at the Sacramento headquarters. It assists in the development of local communication networks to permit interconnections among state and local fire and law enforcement agencies as well as local civil defense agencies.

3. *Development and Implementation of Emergency Plans.* This program maintains a statewide emergency plan and assists other agencies and local jurisdictions in the development and periodic updating of compatible local plans. It also administers the dam safety program established by Chapter 780, Statutes of 1972, which required owners of certain dams throughout the state to file maps of the downstream areas showing various levels of possible inundation in the event of a dam failure.

4. *Management and Maintenance of State Resources.* Finally, the state owns a substantial inventory of fire pumper trucks and equipment; communications trucks or vans and portable equipment; and medical, radiation detection, and training equipment, most of which is deployed to local governmental jurisdictions and other state agencies.

ANALYSIS AND RECOMMENDATIONS

The Office of Emergency Services (OES) proposes a total General Fund appropriation of \$4,474,180, consisting of \$2,474,180 (Item 37) for program support and \$2,000,000 (Item 38) for transfer to the Public Facilities Account of the Natural Disaster Assistance Fund. This represents an increase of \$889,484 or 24.8 percent above estimated current-year expenditures. Federal funds and reimbursements produce a total proposed expenditure program of \$26,540,299. Funding sources, dollar and personnel-year expenditures by program are shown in Table 1.

As reflected in Table 1, OES proposes a total support budget of \$4,392,511, consisting of \$2,474,180 from the General Fund (Item 37), a prior-year balance of \$25,000, federal funds in the amount of \$1,868,748 and reimbursements of \$24,583. The budget-year increases, which total \$516,502, are partially offset by a \$51,195 reduction in reimbursements for a net increase of \$465,307. This reflects merit salary adjustments, general price inflation, and a major equipment expenditure of \$470,000 consisting of an equal amount of state and federal funds. The federal government contrib-

OFFICE OF EMERGENCY SERVICES—Continued

Table 1
Office of Emergency Services
Budget Summary

<i>Funding—Support</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>	<i>Change from Current Year</i>	
			<i>Amount</i>	<i>Percent</i>
General Fund (Item 37)	\$2,192,699	\$2,474,180	\$281,481	12.8%
Prior year balance available budget act of 1977 (Item 35)	-0-	25,000	25,000	-
Federal funds	1,658,727	1,868,748	210,021	12.7
Reimbursements	75,778	24,583	-51,195	-67.6
Subtotal	<u>\$3,927,204</u>	<u>\$4,392,511</u>	<u>\$465,307</u>	<u>11.8%</u>
<i>Local Assistance</i>				
Federal funds	\$17,691,973	\$19,043,388	\$1,351,415	7.6%
1. Public facilities expenditures	1,391,997	2,104,400	712,403	51.2
General Fund (Item 38)	(-0-)	(2,000,000)	(2,000,000)	-
Government Code Section 8690.4	(1,391,997)	(104,400)	(-1,287,597)	-
2. Streets and highways expenditures Gov- ernment Code 8690.4	1,271,000	1,000,000	-271,000	21.3
Subtotal	<u>\$20,354,970</u>	<u>\$22,147,788</u>	<u>\$1,792,818</u>	<u>8.8%</u>
Grand total	<u>\$24,282,174</u>	<u>\$26,540,299</u>	<u>\$2,258,125</u>	<u>9.3%</u>
<i>Program</i>				
Administration	(\$720,760)	(\$725,699)	(\$4,939)	(0.7%)
Personnel-years	(27.7)	(26.7)	(-1.0)	
Provisions and coordination of mutual aid	\$18,471,900	\$19,882,062	\$1,410,162	7.6
Personnel-years	21.3	21.3	-	
Development and utilization of emer- gency communications systems	1,079,780	1,162,379	82,599	7.7
Personnel-years	14.2	14.7	0.5	
Development and implementation of emergency plans	1,431,126	1,235,601	-195,525	-13.7
Personnel-years	33.9	30.7	-3.2	
Management and maintenance of state mutual aid resources	636,371	1,155,857	519,486	81.6
Personnel-years	14.2	14.2	-	
Subtotal	<u>\$21,619,177</u>	<u>\$23,435,899</u>	<u>\$1,816,722</u>	<u>8.4%</u>
Personnel-years	83.6	80.9	-2.7	
<i>Natural Disaster Assistance</i>				
Public facilities	\$1,391,997	\$2,104,400	\$712,403	51.2%
Streets and highways	1,271,000	1,000,000	-271,000	21.3
Subtotal	<u>\$2,662,997</u>	<u>\$3,104,400</u>	<u>\$441,403</u>	<u>16.6%</u>
Total expenditures	<u>\$24,282,174</u>	<u>\$26,540,299</u>	<u>\$2,258,125</u>	<u>9.3%</u>

utes up to 50 percent of the cost of certain federally approved OES functions. It also provides full support for certain other programs where OES provides services under contract for the federal government. Examples of these are the maintenance of radiological instruments and the nuclear civil protection programs.

The \$24,583 reimbursement consists primarily of a grant from the Law

Enforcement Assistance Administration matched with state funds from the Office of Criminal Justice Planning to conduct a statewide mutual aid training program. The overall decline in reimbursements reflects the expiration of the grant in October 1978.

Table 1 shows that \$19,043,388 in federal disaster assistance will be distributed to local government agencies, although the amount of such aid cannot be determined precisely because the cost of damages caused by natural disasters cannot be forecast. Approximately \$15.8 million in such aid was distributed in 1976-77 and an estimated \$17.7 million will be allocated in the current year.

Budget-year estimated expenditures from the Public Facilities Account, consisting of a proposed \$2.0 million appropriation (Item 38) from the General Fund and \$104,400 income from surplus money investments, are \$712,403 or 51.2 percent above estimated current-year expenditures of \$1,391,997. This increase is requested to cover an estimated \$700,000 deficiency for current-year claims arising from damages caused by storms, principally the September 1977 losses caused by Hurricane Doreen in Imperial County. Thus, payment of these claims from the budget-year appropriation would leave approximately \$1.4 million for covering costs resulting from future disasters. The Governor's Budget also estimates that \$1.0 million will be spent in the budget year from the Street and Highway Account, leaving a balance of approximately \$12.9 million at the end of the budget year.

New Positions

OES expects to utilize 2.7 fewer *total* personnel-years in the budget year, largely because of the decline in federally funded projects. However, as shown in Table 2, 17 new positions are proposed for the budget year, 9.8 of which were established administratively in the current year.

Table 2
Office of Emergency Services
New Positions

Function	Number of New Positions	Salary Costs	Funding	
			Percent General Fund	Percent Federal Funds
Development and implementation of emergency plans				
a. Maintenance of the state emergency plan..	1	\$18,672	50%	50%
b. Nuclear civil protection planning contract	4	79,350	-	100
c. Emergency medical mutual aid planning ..	2	45,024	50	50
Management and maintenance of state resources				
a. Radiological instrument maintenance contract	9	158,661	-	100
b. FIRESCOPE manager	1	22,512	50	50
Total.....	17	\$324,219		

A senior emergency operations planner is requested for continuation in the budget year with funding to be shared equally by the state and federal government. This position will work on the State Emergency Plan, which is currently being updated pursuant to a 30-month federal contract. Two

OFFICE OF EMERGENCY SERVICES—Continued

current, limited-term emergency service coordinator positions, which expire June 30, 1978, are proposed for continuation in the budget year to continue development of the Emergency Medical Mutual Aid Plan. The cost of these positions is also shared equally with the federal government.

A fire and rescue division coordinator is proposed to manage the FIRESCOPE facility in southern California. The position was established in the current year pursuant to Chapter 791, Statutes of 1977, which appropriated \$50,000 to provide minimal state support for the federally funded, research and development FIRESCOPE program. This program is designed to improve the management of resources in areas which are susceptible to large, multijurisdictional, wild land fire disasters in southern California.

OES also proposes to establish on a permanent basis, 13 federally funded positions to administer the Nuclear Civil Protection Planning and Radiological Instrument Maintenance contracts. In past years, these positions have been established on a temporary basis, terminated at the end of each contract and routinely reestablished as new positions when the contracts are renewed.

Proposed New Equipment

As noted earlier, OES proposes a \$470,000 expenditure (one-half federal) to replace some obsolete equipment. This includes \$350,000 to replace five of the 100 firepumper trucks which are dispersed throughout the state for use by local fire departments in combating major fire disasters. The proposal also includes \$60,000 to replace two 1956-model truck tractors which transport portable communication command centers to disaster areas where state resources are mobilized.

The remaining \$60,000 is for acquisition of one prototype, heavy-duty truck to be outfitted with special rescue equipment. If the prototype proves successful, OES plans in future years to acquire a fleet of 17 additional vehicles for distribution to local agencies for use in rescue work, such as the removal of debris in the event of an earthquake. In 1953 the state purchased 29 similar trucks which were used until last year when they were taken out of service because of obsolescence. Funding for the remaining 17 trucks, estimated at approximately \$1.0 million will not be requested unless the prototype is determined to be effective.

Heavy-duty Rescue Truck Unjustified

We recommend the deletion of a proposed heavy-duty rescue truck for General Fund savings of \$30,000.

We believe that OES has failed to justify the need for a state supported, heavy-duty rescue program. The original 29 rescue vehicles were utilized an average of only once monthly, which was far below earlier expectations, and there is no evidence that less costly and more commonly available rescue equipment such as the type maintained by local fire departments could not have performed as effectively under similar circumstances. Further, OES has not developed specific proposals on the manner in which the new trucks would be utilized. There also remains a policy question whether a heavy-duty-rescue-truck program should be

a state or local responsibility. We believe that because of their proximity to emergency situations, local governments are in a better position to provide timely responses with personnel and equipment.

LIEUTENANT GOVERNOR'S OFFICE

Items 39-40 from the General Fund

Budget p. 37

Requested 1978-79	\$890,929
Estimated 1977-78.....	692,562
Actual 1976-77	603,425
Requested increase \$198,367 (28.6 percent)	
Total recommended reduction	\$135,560

1978-79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
39	Lieutenant Governor Support	General	\$766,369
40	California Advisory Commission on Youth	General	124,560
			\$890,929

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *Salary Savings. Reduce Item 39 by \$11,000.* Recommend estimated salary savings be increased in accordance with statewide budgeting guidelines. 44
2. *California Advisory Commission on Youth. Reduce Item 40 by \$124,560.* Recommend deletion pending enactment of legislation authorizing this new commission. 45

GENERAL PROGRAM STATEMENT

The Lieutenant Governor is elected pursuant to the California Constitution to serve concurrently with the Governor. He assumes the responsibilities of chief executive in the absence of the Governor and serves as presiding officer of the Senate, voting only in the case of a tie. The Lieutenant Governor serves on numerous commissions and boards and also may be assigned special tasks by the Governor.

In addition to the Lieutenant Governor, the office currently is authorized 23 staff and clerical positions.

ANALYSIS AND RECOMMENDATIONS

The total General Fund budget request of \$890,929 includes \$124,560 (Item 40) for support of the California Advisory Commission on Youth which is discussed below. The remainder, \$766,369 (Item 39) is for support of the Office of the Lieutenant Governor and is \$73,807 and 10.7 percent higher than the current office budget.

In addition to some price increase allowances, this support budget would add funds for one workload-related clerical position and \$16,800 for

LIEUTENANT GOVERNOR'S OFFICE—Continued

temporary help. This latter amount includes \$10,000 which was budgeted for consulting services, but used for a paid student intern program. It is our understanding that the entire \$16,800 is proposed for use in the student intern program.

Salary Savings

We recommend that estimated salary savings be increased according to statewide budget guidelines for a General Fund savings of \$11,000.

Salary savings accrue from leaves of absence, vacancies, delays in filling new positions and refilling vacated positions at a lower salary. These estimated savings are subtracted from the amounts budgeted for salaries. However, this budget does not include an amount for salary savings.

The State Administrative Manual sets forth the technical procedure to be used for estimating this amount. In addition, the administration's current statewide policy states a minimum of five percent salary savings should be budgeted for new positions.

Using these guidelines and procedures, we estimate that \$11,000 should be allowed for salary savings. This will result in an equal General Fund savings.

Southwest Border Regional Commission (SBRC)

The Governor, by Executive Order B 34-7, established a California office of the SBRC in September 1977. The Lieutenant Governor was assigned the responsibility for administering the activities of the office.

The SBRC is a regional economic development commission established by Congress under Title V of the Public Works and Economic Development Act of 1965. Consisting of the Mexico border counties of the States of California, New Mexico, Arizona and Texas, the SBRC will attempt to develop a regional economic development plan for the border region. It will have the capacity to fund regional development project proposals in such areas as transportation, health care and health delivery systems, vocational education, energy development and arts and cultural development. Federal funds would not cover the total costs of development projects but would serve as "seed money." Federal funding will cover initial planning efforts, and thereafter provide 50 percent of the project money.

Operations began during the current year with an expenditure of \$33,500 in federal funds reported under Budget Act Control Section 28 procedures. The 1978-79 budget proposes the establishment of 3.7 permanent positions plus a related support budget totaling \$100,000 to be funded entirely from federal funds.

California Advisory Commission on Youth (Item 40)

The California Advisory Commission on Youth (CACY) was established by Executive Order D 1-77 in September 1977 (amended in November 1977). Under the terms of that order, the Lieutenant Governor will appoint a minimum of 15 commissioners to represent youth throughout the state "geographically, ethnically, by sex and by population." Commissioners must be residents and not older than 25. The CACY is directed to meet

at least once every three months and commissioners will be reimbursed for their expenses.

Responsibilities assigned to the new commission are as follows:

1. "Coordinating information regarding youth activities in the state.
2. "Fostering greater involvement of youth in all areas of government, encouraging the formation of local youth commissions and councils, and assisting existing youth commissions and councils with efforts to become more effective.
3. "Serving as the advisory group on youth affairs to the State Legislature and the Executive Branch of government, making such recommendations as the commission may find necessary and desirable to carry out the purpose(s) for which it was created.
4. "Conducting forums on areas of concern in which various governmental and nongovernmental agencies and community organizations may be invited to participate.
5. "Studying problems, activities and concerns of youth in California."

Proposed Funding Level

We recommend deletion of the \$124,560 General Fund appropriation (Item 40) pending enactment of legislation authorizing this new commission.

The budget includes a separate General Fund appropriation of \$124,560 for the 1978-79 cost of the commission. Of this, \$65,285 is for three permanent positions and \$58,775 is for operating expense and equipment.

We believe that before appropriating funds in the budget for a commission established by executive order, the Legislature should first authorize the functions, responsibilities and duties of a new commission with appropriate legislation. Pending this action, we recommend deletion of the appropriation.

COMMISSION OF THE CALIFORNIAS

Item 41 from the General Fund Budget p. 40

Requested 1978-79	\$82,448
Estimated 1977-78.....	79,812
Actual 1976-77	64,497
Requested increase \$2,636 (3.3 percent)	
Total recommended reduction	\$7,519

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- | | |
|---|----------------------|
| | <i>Analysis page</i> |
| 1. <i>General Expense. Reduce \$7,519.</i> Recommend reduction of overbudgeted and unsupported general expense. | 46 |
| 2. <i>Special Deposit Fund.</i> Recommend all expenditures be budgeted or reported under Control Section 28 procedures. | 46 |

COMMISSION OF THE CALIFORNIAS—Continued**GENERAL PROGRAM STATEMENT**

The Commission of the Californias was established in 1964 to promote favorable economic and cultural relations with the States of Baja California and Baja California Sur of the Republic of Mexico. Chapter 965, Statutes of 1975, (1) expanded this mission to include education relations, (2) increased the size of the commission to 18 members by adding the Lieutenant Governor to the seven public members and 10 legislative members, and (3) authorized the commission to accept grants from private foundations or individuals in support of its duties and functions.

The commission has an authorized staff of two, the executive director and a stenographer.

ANALYSIS AND RECOMMENDATIONS

There are no major workload or program change proposals reflected in this budget.

Overbudgeted General Expense

We recommend that overbudgeted and unsupported general expense be reduced for a General Fund savings of \$7,519.

The budget proposes \$15,900 for general expense which is substantially more than \$7,459 expended for this purpose in 1976-77. The commission is unable to explain the need for the increase. We believe general expenses should be budgeted to reflect actual experience. If the actual expenditure in 1976-77 is increased to offset anticipated price increases for 1977-78 and 1978-79, this results in an amount of \$8,380 (\$7,519 less than the proposed budget), which should be adequate.

Special Deposit Fund

We recommend that all expenditures from the special deposit fund be budgeted or reported under Budget Act Control Section 28 procedures.

Chapter 966, Statutes of 1975, extended the authority of the commission to accept grants "from private foundations or individuals in order to assist it in carrying out its duties, functions, and powers." For receipt of such funds a special deposit fund was established.

This fund had a balance of \$2,200 on July 1 and \$912 on January 1. Under existing procedures, expenditures from this fund are not reported in the budget and escape legislative oversight. This could result in expenditures for activities which the Legislature would not otherwise allow.

We do not know of any reason why this commission should be exempt from the routine budgeting procedures that apply to other agencies. These procedures (particularly those established by Section 28 which require the Legislature to be notified of proposed expenditures outside the budget process) insure consistent legislative oversight of all agency expenditures.