

Memorandum 92-48

Subject: Administrative Matters--Budget Matters

Budget for Current Year

The budget for the current 1992-93 fiscal year, as finally enacted by the Legislature and signed by the Governor on September 2, appropriated for the Law Revision Commission the amount of \$546,000. This was \$7,000 less than the amount proposed in the Governor's budget, representing a reduction equivalent to 50% of the amount budgeted for travel expenses.

By Executive Order received September 17, the Department of Finance restored the \$7,000 to the Commission's appropriation, and then reduced the Commission's total appropriation by 15% (\$83,000), yielding a total appropriation of \$470,000 for the current fiscal year.

Coping with 15% Reduction

We had been anticipating the 15% reduction for some time, and had filed plans with the Department of Finance for revised expenditures based on the budget reduction. Our revised spending plan achieves the savings by the following reductions:

\$ 4,000	Commissioner Compensation (reduced meeting schedule)
19,488	Temporary Help (no legal or clerical temporary help)
44,839	Administrative Assistant (layoff)
14,034	Staff Benefits (from layoff)
<u>639</u>	Operating Expense & Equipment (reduced meeting travel)
\$83,000	

The bulk of the savings is scheduled to come through a layoff of our administrative assistant. This will put a greater burden on the legal staff to take care of administrative tasks (such as preparing travel claims, approving invoices, dealing with state bureaucratic requirements, etc.), and will result in lower overall productivity.

Unfortunately, we did not receive our budget reduction until 2-1/2 months into the fiscal year. We had prepared the groundwork for the layoff by doing as much as possible in advance (obtaining seniority numbers, setting up reemployment listing, etc.), but could still not act immediately, since we must give the bargaining unit of the person being laid off 60 days notice and an opportunity to meet and confer. This means that the layoff will not become effective until November 30, a full five months into the fiscal year. The bottom line is that the full \$58,873 we had planned to save as a result of the layoff cannot be realized. We will still have a shortfall of \$24,530. This shortfall could increase if our administrative assistant is unable to find another position in state government and decides to cash out his accrued vacation when he leaves.

What To Do?

There is no procedure for contesting the 15% reduction, but we have nonetheless appealed it to the Department of Finance. It is unlikely that the appeal will be acted on favorably since all agencies have received and are trying to cope with similar reductions, and it is hard to make a case that we should get special treatment that will in turn cause another agency to bear our share of the burden. Nonetheless, we felt it was important to point out to the Department the problems caused by such a deep, and late, cut for a small agency like ours with no fat and little flexibility.

We have made five specific proposals:

- (1) 5% rather than 15% cut (we retain administrative assistant)
- (2) 10% rather than 15% cut (half-time administrative assistant)
- (3) Eliminate salary savings requirement (\$25,000)
- (4) Bound volume revenue to Commission, not General Fund (\$10,000)
- (5) Donations to Commission, not General Fund

There is little chance any of the first three proposals will be approved, but there is some possibility for numbers (4) and (5).

Meanwhile

How do we make up the \$24,530 shortfall? Here is our plan:

\$ 2,000 Out-of-State Travel (Uniform Law Commission in S.F.)
7,000 Consultants (no consultants, or defer payments)
7,000 Data Processing (eliminate service on Wang equipment)
3,500 Cancel December Meeting (see discussion below)
5,000 Printing (reimbursements from subscriptions and sales)
\$24,500

We are also making miscellaneous across-the-board economies, such as eliminating some library purchases (e.g., Shepard's, Daily Journal) and saving travel expenses by having staff attorneys attend only the portions of Commission meetings relevant to their work. We need to continue to economize in order to cover possible unanticipated expenses, as well as anticipated expenses such as an unbudgeted \$4,000 increase in rent and the possible need to pay the administrative assistant's accrued vacation. In the unlikely event that our savings exceed actual expenses, we will use them to complete the phase-out of our Wang word processing system.

Cancellation of December Meeting

The staff suggests that the Commission meeting scheduled for December 10 and 11 in Sacramento be canceled. This meeting was scheduled in September, before we had information about the extent of our appropriation reduction and its impact.

We estimate that we can save around \$3500 in travel expenses and per diems by canceling the meeting. In addition, cancellation of the meeting will give the staff some breathing room in trying to readjust operations to cope with the departure of the administrative assistant.

Cancellation will slow our schedule on some projects. Reduced productivity will be a fact of life with a reduced budget. In this connection it is worth noting the enactment of AB 2824 (Speier) as Chapter 710 of the Statutes of 1992, an urgency measure effective September 14. It provides that, until January 1, 1995, no state agency is required to prepare or submit any written report to the Legislature

or Governor notwithstanding an existing statutory mandate. "A drastic reduction in state resources needed to prepare and submit reports to the Legislature requires this act to take effect immediately."

Cancellation of the December meeting would affect our 1993 legislative program somewhat. However, if we can give final approval to matters on the agenda for the October meeting that are intended as legislation in the 1993 legislative session, cancellation of the December meeting would not affect our 1993 legislative program unduly.

Planning Estimates for Next Fiscal Year

The Governor's proposed budget for the 1993-94 fiscal year is in the process of being developed. Initial planning estimates we have gotten from the Department of Finance indicate that we can expect to receive \$470,000, the same as the current year's budget after the 15% reduction. That should be more manageable than the current year since our administrative assistant position will be unfilled for the entire fiscal year, thus avoiding the need to find an additional \$25,000 in our budget.

We would like eventually to be able to restore our administrative assistant position, at least as a half-time position. However, we do not believe we can make a case for this until the state's fiscal position improves considerably.

Respectfully submitted,

Nathaniel Sterling
Executive Secretary