

RECOMMENDATIONS

Amount budgeted	\$35,588
Legislative Auditor's recommendation	35,588
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Reduction	None

ANALYSIS

The Collection Agencies Division is now on a self-supporting basis. The estimated revenue for 1952-53 is \$38,625. Regardless of this self-supporting basis, we wish to repeat our recommendation of last year. We believe that the proper place for this function is in the Department of Professional and Vocational Standards, which has the responsibility for the licensing and regulation of all businesses and professions. We recommend that at the next General Session serious consideration be given by the Legislature to transferring this function to the Department of Professional and Vocational Standards.

Approval of the amount requested is recommended.

DEPARTMENT OF AGRICULTURE

ITEM 41 of the Budget Bill

Budget page 51
Budget line No. 52

For Support of the Department of Agriculture From the General Fund

Amount requested	\$5,068,712
Estimated to be expended in 1951-52 Fiscal Year	4,968,446
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Increase (2.0 percent)	\$100,266

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$68,755	\$54,652	\$14,103	73	9
Operating expense	—7,101	—31,821	24,720	73	10
Equipment	47,399	26,400	20,999	73	11
Less:					
Increased reimbursements	—8,787	—8,787	---	73	14
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Total increase	\$100,266	\$40,444	\$59,822		

RECOMMENDATIONS

Amount budgeted	\$5,068,712
Legislative Auditor's recommendation	5,068,712
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Reduction	None

ANALYSIS

The amount requested for support of the Department of Agriculture from the General Fund for the Fiscal Year 1952-53 provides for increases in departmental activities as follows:

Agriculture

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Activity	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Departmental Administration -----	-\$11,071	-\$11,071	---	51	7
Division of Plant Industry:					
Administration -----	1,833	1,833	---	51	11
Bureau of Entomology:					
General entomology ..	6,581	6,581	---	51	13
Destruction and control of beet leafhoppers and host plants	16,625	---	16,625	51	14
Grape leaf skeletonizer eradication ..	-4,878	-4,878	---	51	15
Mexican bean beetle suppression -----	-41,860	-41,860	---	51	16
Oriental and other fruit fly surveys and host tests -----	-11,775	-11,775	---	51	17
Cherry fruit fly eradication -----	760	760	---	51	18
Bureau of Plant Quarantine -----	23,023	16,383	6,640	51	19
Bureau of Plant Pathology:					
Plant pathology ----	1,362	1,362	---	51	21
Quick decline of citrus	2,117	2,117	---	51	22
Bureau of Rodent and Weed Control and Seed Inspection:					
Rodent and weed control and seed inspection -----	6,176	6,176	---	51	24
Predatory animal control -----	7,171	7,171	---	51	25
Bureau of Chemistry:					
Spray residue and injurious materials enforcement ----	6,174	534	5,640	51	27
Division of Animal Industry:					
Bureau of Livestock Disease Control ..	48,633	29,363	19,320	51	34
Bureau of Dairy Service -----	824	824	---	51	35
Bureau of Meat Inspection -----	5,009	5,009	---	51	36
Division of Marketing:					
Administration -----	1,319	1,319	---	51	42
Bureau of Markets:					
General Marketing Service -----	2,499	2,499	---	51	44
Bureau of Market News -----	17,862	17,862	---	51	45
Bureau of Agricultural Statistics ---	2,328	2,328	---	51	46
Bureau of Fruit and Vegetable Standardization -----	3,693	3,693	---	51	47
Bureau of Weights and Measures ----	15,811	4,214	11,597	51	48
Totals -----	\$100,266	\$40,444	\$59,822		

Destruction and Control of Beet Leafhoppers and Host Plants

The beet leafhopper control program was authorized by Chapter 1104 of the 1943 Statutes. The annual expenditures for this purpose have been as follows:

<i>Fiscal Year</i>	<i>Amount</i>
1943-44 -----	\$12,360
1944-45 -----	13,873
1945-46 -----	12,000 (approximately)
1946-47 -----	30,557
1947-48 -----	96,279
1948-49 -----	106,792
1949-50 -----	97,696
1950-51 -----	331,917
1951-52 estimated -----	357,370
1952-53 proposed -----	373,995

The purpose of this program is to protect susceptible crops from the curly top virus which is transmitted by the beet leafhopper (*Circulifer tenellus*). The program in prior years has included spraying host vegetation in the foothills along the western side of the San Joaquin Valley where the leafhoppers winter, and control of Russian thistle in open range land and along highways, canal banks and rights of way. Russian thistle is the principal host plant for the beet leafhoppers.

Climatic conditions during the spring of 1950 produced epidemic numbers of leafhoppers. The spring flight of these pests resulted in practically complete loss of the table tomato crop, valued at \$15,000,000, in the Fresno-Madera-Merced area, as well as significant losses in other crops. The Joint Legislative Interim Committee on Agriculture and Livestock Problems, meeting in Merced on June 10, 1950, requested that the department commence additional control measures including full spraying of host plants at an added cost of \$250,000. This action was expressly requested by Senate Concurrent Resolution No. 5 of September 23, 1950.

The budget for the 1951-52 Fiscal Year requested funds for the continuation of the spraying program in the fall of 1951. We recommended that if climatic conditions were unfavorable to the survival of a large number of hoppers in the winter of 1950-51, and if but a few were observed during the summer of 1951, the department evaluate the necessity or effectiveness of a continued fall spraying program. The department informs us that the 1951 fall spraying was necessary and it appears that it will again be necessary in the fall of 1952.

Past plans for effective hopper control envisioned a substantial reduction in Russian thistle acreage. Studies are now in progress which indicate that the ultimate solution may be the introduction of parasites to prey on the hoppers. A preliminary survey indicates that effective parasites may exist in the Mediterranean Sea area. Further study is to be made of this possibility. In view of the continuing and emergent threat of curly topped virus, we recommend approval of the amount requested.

Bureau of Plant Quarantine

The Bureau of Plant Quarantine is charged with maritime inspections and border agricultural inspections to enforce state and federal plant quarantine laws, rules and regulations.

A new position of supervising plant quarantine inspector is requested to provide closer supervision and coordination of quarantine enforcement work being performed by county agricultural commissioners. At the present time, coordination and supervision is achieved primarily through occasional visits of the bureau chief. Usually such visits are the result of some particular enforcement problem. Sufficient time is not available for regular calls on all commissioners to assure uniform understanding and operation of the quarantine program. The estimated cost of the new position is as follows:

Salary, Supervising Plant Quarantine Inspector.....	\$4,740
Automobile—additional	1,600
Automobile—operation	300
Total, new service.....	\$6,640

Spray Residue and Injurious Materials Enforcement

The budget request of the Bureau of Chemistry provides for an expanded level of service for the control of spray residue and injurious materials. Chapter 1295, Statutes of 1949, provided for regulating the use of injurious materials in pest control efforts to avoid injury to persons, animals, or crops. The provisions of this statute are effective until 91 days after the close of the 1953 Legislative Session.

Present spray residue and pest control enforcement personnel have been utilized in enforcing the injurious materials regulations. This solution has been unsatisfactory as it interfered with regular enforcement duties. Complaints with regard to the use of injurious materials have been most frequent in the San Joaquin Valley. It is proposed to add the position of field supervisor to handle spray residue and injurious materials enforcement duties in that area. The estimated cost of this new position is as follows:

Salary, field supervisor	\$4,740
Travel	900
Total, new service	\$5,640

Bureau of Livestock Disease Control

The proposed new service in this bureau is directly attributable to the bovine brucellosis control program and is composed of the following:

Salary, intermediate stenographer-clerk	\$2,520
Vaccine	5,550
Contract vaccinations	11,250
Total	\$19,320

The bovine brucellosis control program was authorized by Chapter 1460, Statutes of 1947. This act provides, in part, as follows:

“260.1. On and after January 2, 1948, all female dairy type calves shall be vaccinated by an official veterinarian or an accredited veterinarian authorized by the department * * *, provided further that male dairy calves and any beef calves, at the option of the owner may be so vaccinated.

“261.4. No owner or other person in charge of dairy type calves shall be obligated by this article to pay for any vaccination or marking of calves provided for by this article.”

The act provides for mandatory vaccination of female dairy type calves at state expense. Beef type calves and male dairy type calves may be vaccinated at the owner's request, but the statutes do not provide that the State shall pay the cost of these vaccinations.

The actual and estimated number of vaccinations by type of calves is as follows:

	<i>Actual</i> 1949-50	<i>Actual</i> 1950-51	<i>Estimated</i> 1951-52	<i>Proposed</i> 1952-53
Number of Vaccinations				
Female dairy type calves-----	177,645	185,431	206,500	196,790
Male dairy type calves-----	2,888	3,025	3,500	3,210
Beef type calves -----	67,494	103,789	90,000	115,000
Total vaccinations -----	248,027	292,245	300,000	315,000
Cost of Vaccination				
Female dairy type calves-----	\$175,566	\$194,703	\$231,280	\$220,405
Male dairy type calves-----	2,854	3,176	3,920	3,595
Beef type calves -----	66,704	108,978	100,800	128,800
Total cost -----	\$245,124	\$306,857	\$336,000	\$352,800
Cost per vaccination-----	\$0.99	\$1.05	\$1.12	\$1.12 ¹
¹ Veterinary fee -----				\$0.75
Cost of vaccine -----				.37
Total -----				\$1.12

During 1952-53 the department proposes to provide for vaccination for 115,000 beef type calves at an estimated cost of \$128,800, an increase of \$28,000, or 28 percent, over 1951-52. As we pointed out in our analysis for 1950-51 and again for 1951-52, there is no statutory basis for this expenditure of state funds.

Brucellosis is a disease of cattle, hogs and goats which is transmitted to humans through the handling of infected animals or drinking raw milk. In humans it is commonly called undulant fever. As such, it presents a problem of public health. Urban residents are generally protected through milk pasteurization and the fact that they have little contact with infected animals.

An effect of brucellosis is that diseased cows frequently abort. This does not particularly concern the dairy operator because milk production is not greatly lessened. On the other hand, the beef producer, more interested in meat than milk, loses the calf and therefore is unable to rebuild his herds as rapidly. Logically, from the standpoint of protecting the cattle industry, mandatory vaccination of beef calves is more desirable. It also follows that unless all types of calves are vaccinated bovine brucellosis cannot be eliminated and the disease will constitute a continuing threat to the public health.

It is our opinion that vaccination of all types of calves is desirable. Whether the cost of such vaccinations should be charged against the producer in all cases is a question that should be answered by a clear cut legislative policy designed to define the State's position with regard to (a) protecting the public health, (b) protecting specific phases of agriculture or industry, and (c) whether such protection shall be continuing or temporary and under what conditions.

Bureau of Weights and Measures

One additional equipment inspector has been requested by the Bureau of Weights and Measures to satisfy inspection requirements regarding liquefied petroleum gas. At present, all inspections are the responsibility of one man, although the industry services, directly and indirectly, nearly one-half million customers. The increase of \$11,597 in proposed expenditures consists of the following:

Salary, weighing and measuring equipment inspector.....	\$3,372
Travel	2,400
Automobile—additional	1,825
Automobile—operation	500
Field—additional	3,500
Total, new service	\$11,597

The additional field equipment consists of one liquefied petroleum gas test measure which will be mounted on a trailer and one 50-gallon portable volumetric standard test measure. The latter will be used to inspect and correct the measuring standards used by each county.

We recommend approval of the item as submitted.

**Department of Agriculture
FEDERAL COOPERATIVE MARKETING RESEARCH**

ITEM 42 of the Budget Bill

Budget page 73
Budget line No. 36

*For Support of Federal Cooperative Marketing Research From the
General Fund*

Amount requested	\$75,000
Estimated to be expended in 1951-52 Fiscal Year.....	75,000
Increase	None

RECOMMENDATIONS

Amount budgeted	\$75,000
Legislative Auditor's recommendation.....	75,000
Reduction	None

ANALYSIS

In our analysis of the 1947-48 Budget Bill we pointed out that some of the 38 new positions requested by the Department of Agriculture from the General Fund, together with operating expenses and equipment associated with these new positions, would undoubtedly qualify as matching money under Public Law 733 passed August 14, 1946. At that time we recommended this appropriation with the provision that such funds as are appropriated be made available by the Director of Finance only when projects are approved by the United States Department of Agriculture.

The projects now in operation are as follows:

	<i>Actual expenditure 1950-51</i>	<i>Proposed expenditure 1952-53</i>	<i>Project started</i>	<i>Probable duration</i>
Bureau of Agricultural Statistics----- Developing new techniques in agricultural statistics and surveys of fruit, nut tree and vine acreages	\$60,054	\$59,950	March 15, 1948	Indefinite
Bureau of Markets ----- Securing information on marketing practices for California's agricultural products	18,125	21,760	March 15, 1948	Indefinite
Bureau of Market News----- Developing improved techniques in compiling and distributing market data	19,084	24,036	March 15, 1948	Indefinite
Bureau of Fruit and Vegetable Standardization ----- Development of maturity standards, studies of containers and packaging methods and improvement of seed potato certification procedures	12,028	13,625	March 15, 1948	Indefinite
Bureau of Rodent and Weed Control and Seed Inspection----- Analyzing seed marketing problems	5,202	7,376	March 15, 1948	Indefinite
Bureau of Plant Pathology----- Developing methods for certifying that fruit, nut tree and vine nursery stocks are virus free	8,362	8,651	April 15, 1950	Indefinite
Unallocated—Anticipated expansion of existing and/or new projects-----	---	14,602		
Total -----	\$122,855	\$150,000		
Federal share -----	61,427	75,000		
General Fund -----	\$61,428	\$75,000		

Since 1948, when these projects were started, federal reimbursements under this cooperative program amounted to \$5,734 during the 1947-48 Fiscal Year, \$65,693 for the 1948-49 Fiscal Year and \$67,466 for the 1949-50 Fiscal Year.

GENERAL SUMMARY

Public Law 733 authorized federal funds on a matching basis for the purpose of assisting the various states in the development of marketing research concerning agricultural products.

Chapter 1540, Statutes of 1947, authorized the Director of Agriculture to enter into cooperative agreements with the Secretary of Agriculture and/or the Administrator, Research and Marketing Act of 1946, to develop projects and programs designed to improve, expand and correlate the work of both agencies.

Department of Agriculture
CONTROL OF PULLORUM DISEASE

ITEM 43 of the Budget Bill

Budget page 75
Budget line No. 54**For Control and Eradication of Pullorum Disease From the General Fund**

Amount requested	\$85,000
Estimated to be expended in 1951-52 Fiscal Year	85,000
Increase	None

RECOMMENDATIONS

Amount budgeted	\$85,000
Legislative Auditor's recommendation	None
Reduction	\$85,000

ANALYSIS

The Poultry Improvement Advisory Board supervises the testing of poultry for pullorum disease. This testing is done at a contract rate by designated laboratories. There are approximately 1,600 active signatories to the poultry improvement marketing agreement who maintain approximately 1,600 chicken flocks and 750 turkey flocks.

In our analysis of the proposed budget for 1951-52, we recommended that the General Fund contribution to the Poultry Improvement Advisory Board be reduced from \$85,000 to \$60,000 because of accumulated surpluses within the pullorum disease activity. We also expressed the belief that expenditures for pullorum disease control are a proper expense of chicken and turkey producers and do not constitute an essential use of state funds. It was pointed out that normal recurring expenditures for diseases peculiar to the agricultural industry should properly be borne by that industry, the State giving financial support only for short-term, emergency disease control programs unless a continuing program becomes necessary to protect public health. The Legislature considered this proposal but retained the \$85,000 item in the budget.

During the past summer we made a detailed study of California's pullorum disease control program. Upon the basis of our findings, we recommend that General Fund support for this activity be entirely withdrawn. Our reasons for this recommendation are:

1. There is no basis for the support in terms of general public health. Pullorum is not a disease of humans.

2. The poultry industry, with gross yearly receipts of over \$200,000,000, would not be financially affected by withdrawal of \$85,000 in state aid.

3. The number of producers that would withdraw from the marketing agreement because of necessary increase in administrative fees to replace the state aid is small.

4. California would suffer no loss of interstate poultry trade because California producers would not be required to absorb any significant cost increases, or increase prices. It is conservatively estimated that out-of-state shipments of eggs and young turkeys and chickens by participants in the pullorum control program approximated \$6,000,000 for

1950-51. This represents only a small segment of the more than \$200,000-000 gross receipts of the entire California poultry industry. The \$85,000 contributed by the State represents little more than 1 percent of the out-of-state sales. The State, therefore, is contributing an amount equalling little more than 1 percent of the recipient's out-of-state sales, which, in turn, approximate only 3 percent of the industry's yearly receipts. It seems clear to us that \$85,000 is not significant in terms of the entire industry, and that its withdrawal would not place California's out-of-state shippers at a competitive disadvantage in interstate markets.

5. Intrastate production and markets would not be affected because membership in the marketing agreement is necessary only for interstate shippers.

6. The pullorum threat is a continuing hazard of the industry but it has been reduced to minor importance in terms of other poultry diseases. In 1941 pullorum constituted approximately 15% of the total turkey disease cases submitted to various state laboratories for diagnosis and 10.4% of the disease cases in chickens. By 1947, the year the State made its first contribution, these ratios had dropped to 4.3% for chickens and less than 1 percent for turkeys. As the disease probably cannot be eliminated without mandatory participation of all poultry producers, it would appear that the State's participation is one of diminishing returns. Further elimination of the disease beyond what the industry accomplished without state aid will be small in terms of the total poultry industry.

7. The State's contribution has provided and continues to provide the Poultry Improvement Advisory Board with opportunities to reduce industry assessments. Fees against producers have been reduced approximately one-third since 1947 and the board is again contemplating a reduction because current fees plus state support are producing more revenue than is needed.

Frequently a comparison is drawn between the pullorum subsidy and that for brucellosis control among cattle. It is argued that if the state General Fund contributes to one, why not to the other? As we have noted elsewhere, brucellosis is a disease of cattle, hogs, and goats which is transmitted to humans (undulant fever) through handling infected animals or consuming raw milk. Pullorum, on the other hand, is a fowl disease that is not transmissible to humans. Infected eggs and meats may be safely marketed without creating a menace to the general public health. While the micro-organism causing pullorum has been isolated in humans, at worst it causes no more than occasional, remote intestinal disturbances. Brucellosis, therefore, presents a public health issue while pullorum does not. In view of the large number of agricultural activities which are required to pay for their own programs of state assistance, through special fund arrangements, we believe that it is essential for continued emphasis to be placed on legislative review of the principles underlying General Fund support for aid to specific agricultural products. Admittedly, the magnitude of the State's contribution to the pullorum program is small compared with the violation of these principles and the consequences that would result if this practice were carried to its obvious conclusion.

Pullorum control revenues and expenditures for the Fiscal Years 1947-48 through 1951-52 are shown in the following table:

<i>Revenues</i>						<i>Budget</i>
For administration	1947-48	1948-49	1949-50	1950-51	1951-52	
State funds -----	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	
Assessments -----	87,442	46,140	47,233	55,797	48,901	
Total administration -----	\$172,442	\$131,140	\$132,233	\$140,797	\$133,901	
Field charges -----	55,143	76,069	95,872	101,356	99,410	
Total revenues -----	\$227,585	\$207,209	\$228,105	\$242,153	\$233,311	
<i>Expenditures</i>						
For administration						
From state funds -----	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	
From assessments -----	25,404	18,620	20,984	30,319	45,262	
Total administration -----	\$110,404	\$103,620	\$105,984	\$115,319	\$130,262	
Field services -----	56,751	82,175	83,092	86,472	98,860	
Total expenditures -----	\$167,155	\$185,795	\$189,076	\$201,791	\$229,122	
<i>Excess</i>						
Revenues over expenditures ----	\$60,430	\$21,414	\$39,029	\$40,362	\$4,189	

During the 1947-48 season, the Poultry Improvement Advisory Board was confronted with a probable deficit. Prior to that time the entire pullorum control program had been financed by charges against the producers in accordance with a fee schedule established under the marketing agreement for poultry improvement in California. The 1947 Legislature appropriated \$85,000 for use in the program with a result that the Poultry Improvement Advisory Board ended the 1947-48 Fiscal Year with a surplus of \$60,430. Since that year the board has enjoyed revenue excesses ranging from \$21,000 to \$40,000 as are shown in the above table. For 1951-52 an excess of \$4,189 was estimated in the agency's budget. However, a recent revision in that estimate indicates that the excess will more nearly approximate \$26,000 because revenues are exceeding the original estimate. With this in the offing, the Poultry Improvement Advisory Board is contemplating another reduction in fees, effective for the entire 1951-52 Fiscal Year.

Excesses of revenues over expenditures are refunded to signatories of the marketing agreement. Two assessments are made: one for administration and another for service charges. The State's \$85,000 is strictly for administration. It is spent first, the administrative levy against producers being used to make up any difference between the \$85,000 and total administrative costs. Refunds, therefore, are only from that portion collected from producers.

In effect, the Poultry Improvement Advisory Board continues to reduce both administrative and field assessments against producers so that revenues will more nearly approximate expenditures. The State's contribution is now considered a permanent revenue with the producers paying smaller fees because of it. Had the producers' fees been retained at their original level, the State's contribution could have been cut approximately one-half over the past four years.

The following table compares selected effective maximum fees for 1947-48, the first year in which the State contributed, and the current year, 1951-52:

<i>Classifications</i>	<i>Season 1947-48 unit rate (cents)</i>	<i>Season 1951-52 unit rate (cents)</i>
<i>Egg Assessments</i>		
Chicken eggs set or sold.....	1/15	1/25
Chicken eggs in excess of four times rated incubator capacity....	1/15	1/30
Turkey eggs set or sold.....	1/10	1/15
Turkey eggs in excess of four times rated incubator capacity....	1/10	1/18
<i>Test assessments</i>		
Chicken—whole blood.....	7	43/10
Chicken—standard tube.....	11	8 1/2
Turkey—standard tube.....	11	8 1/2

That the incidence of pullorum disease has decreased substantially over past years is shown in the following table which compares the number of pullorum cases with total disease cases submitted to the various state laboratories for diagnosis during the period 1941-1949.

<i>Calendar year</i>	<i>Turkeys</i>	<i>Pullorum cases as a percent of total disease cases</i>
1941.....		14.9%
1942.....		13.6
1943.....		12.2
1944.....		9.2
1945.....		4.5
1946.....		4.9
1947.....		0.7 ¹
1948.....		0.0
1949.....		0.05

<i>Calendar year</i>	<i>Chickens</i>	<i>Pullorum cases as a percent of total disease cases</i>
1941.....		10.4%
1942.....		11.3
1943.....		13.2
1944.....		12.1
1945.....		16.9
1946.....		6.9
1947.....		4.3 ¹
1948.....		3.4
1949.....		2.5

¹ State contribution of \$85,000 first made.

The pullorum control program costs more in California than in any other state. In 1949, the latest year (calendar) for which comparative data are available, California spent approximately \$190,000 for this activity, of which \$85,000 was from the General Fund and \$105,000 from assessments. The following table compares the five states spending the most for pullorum control in that year and indicates the extent to which the financing was from state funds or industry assessments:

	<i>State funds</i>	<i>Fees</i>	<i>Totals</i>
California.....	\$85,000	\$105,135	\$190,135
Virginia.....	14,500	120,000	134,500
New York.....	60,000	30,018	90,018
Missouri.....	---	90,000	90,000
New Hampshire.....	---	80,631	80,631
	<u>\$159,500</u>	<u>\$425,784</u>	<u>\$585,284</u>

Department of Agriculture
DEPARTMENT OF AGRICULTURE FUND

ITEM 44 of the Budget Bill

Budget page 88
Budget line No. 18

*For Support of Department of Agriculture From the Department of
Agriculture Fund, a Special Fund Agency*

Amount requested	\$3,832,919
Estimated to be expended in 1951-52 Fiscal Year	3,960,514
Decrease (3.2 percent)	\$127,595

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	—\$152,642	—\$162,998	\$10,356	88	9
Operating expense	475	—3,325	3,800	88	10
Equipment	24,572	22,972	1,600	88	11
Total increase	—\$127,595	—\$143,351	\$15,756		

RECOMMENDATIONS

Amount budgeted	\$3,832,919
Legislative Auditor's recommendation	3,832,919
Reduction	None

ANALYSIS

The activities of the Department of Agriculture Fund and increases in the amounts budgeted for the 1952-53 Fiscal Year over the estimated expenditures for the 1951-52 Fiscal Year are as follows:

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Division of Plant Industry					
Nursery service	—\$3,490	—\$3,490	---	77	80
Field crops	25,632	17,136	\$8,496	79	16
Seed testing and certifi- cation	—894	—894	---	79	52
Chemistry	1,922	1,922	---	80	47
Agricultural pest con- trol operations	387	387	---	81	13
Division of Animal Industry					
Dairy service	2,252	2,252	---	81	77
Livestock identification	11,973	4,713	7,260	82	61
Division of Marketing					
Markets	506	506	---	83	18
Market enforcement	1,548	1,548	---	83	78
Milk control	13,209	13,209	---	85	13
Canning tomato inspec- tion	—181,279	—181,279	---	85	66
Winter seed potato test	1	1	---	86	26
Shipping point inspec- tion	—531	—531	---	87	14
Gasoline, distillate oil and antifreeze in- spection	1,169	1,169	---	87	80
Totals	—\$127,595	—\$143,351	\$15,756		

Canning Tomato Inspection

The decrease of \$127,595 in the special fund activities of the Department of Agriculture is directly attributable to a projected decrease in the tomato tonnage to be inspected in 1952-53. The Department of Agriculture estimates that approximately 2,500,000 tons will be inspected in 1951-52 and that only about 1,000,000 tons will be inspected in 1952-53. The tonnage decrease will result in a savings of \$181,279 in this activity.

Field Crops

Chapter 115, Statutes of 1951, provides an optional direct payment method of remitting the feeding stuffs tonnage tax on a quarterly report basis, effective July 1, 1952. The tax produces approximately \$170,000 per year under present conditions and no field audit is made. Under the new self-assessment plan a continuing audit seems highly desirable. For this purpose an increase of \$8,496 is requested as follows:

Auditor, Grade II	\$4,296
Travel	2,000
Automobile operation	600
Automobile—additional	1,600
Total new service	\$8,496

Livestock Identification

The position of Assistant Chief in the Bureau of Livestock Identification was abolished in 1948-49 in order that the bureau might operate within estimated revenues. At that time the bureau's staff was 139 positions. For 1952-53, 102 positions are proposed. In 1947 the Subcommittee on Hide and Brand Laws of the Joint Interim Committee on Agriculture and Livestock Problems recognized the need for an assistant chief in this bureau. It is proposed that the position of assistant chief be recreated at the following cost:

Assistant chief—salary	\$8,060
Travel	1,200
Total new service	\$7,260

Revenues now appear adequate to provide for the position. An estimated surplus of \$440,000 is indicated for June 30, 1953.

GENERAL SUMMARY

The self-supporting functions comprising the Department of Agriculture Fund obtain the revenue to carry on this work through the collection of regulatory license and assessment fees and charges for inspection services.

Such activities are governed by many changeable factors, such as variations in business conditions, and fluctuations in markets and crop volume. These directly affect the activities as well as the revenue of the various functions.

During the war years 1941-45 when personnel was not available, most of the functions increased their cash surplus materially. The surplus on June 30, 1940, was \$591,976 as compared with \$1,826,517 on June 30, 1947. Since that time increases in salary and operating expenses, the 40-hour week provision and the increase in overhead costs have made it necessary to raise fees in many activities. The accumulated surplus on June 30, 1951, was \$2,973,152. The unbudgeted surplus in the Department of Agriculture Fund is estimated at \$3,470,030 as of June 30, 1953.

POULTRY IMPROVEMENT COMMISSION

ITEM 45 of the Budget Bill

Budget page 89
Budget line No. 7

For Support of the Poultry Improvement Commission From the Poultry Testing Project Fund

Amount requested	\$71,902
Estimated to be expended in 1951-52 Fiscal Year	69,574
Increase (3.4 percent)	\$2,328

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$1,155	\$1,155	---	89	47
Operating expense	991	991	---	89	73
Equipment	182	-258	\$440	90	10
Total increase	\$2,328	\$1,888	\$440		

RECOMMENDATIONS

Amount budgeted	\$71,902
Legislative Auditor's recommendation	71,462
Reduction	\$440

ANALYSIS

Equipment

In 1951-52 the commission will expend approximately \$1,628 for office and field equipment. There is \$1,810 requested for 1952-53. This request is composed of the following:

Lighting fixtures—office	\$500
Water heater—office	100
Fire hose	300
Egg grader	340
Water fountains—chickens	170
Miscellaneous	400
Total	\$1,810

We recommend that the following items be eliminated:

Water heater—office	\$100
Egg grader	340
Total	\$440

The heater and egg grader we consider new services requested primarily for convenience. The water heater is to provide the office force with hot water. The egg grader would reduce the daily time required for egg grading but in an operation of this size, mechanization does not appear to be economical because the man-hours saved by this equipment would not result in a reduction of the over-all man-hours required for the entire activity.

Revenues

Revenues from entry fees, sales of eggs and poultry, and miscellaneous are estimated at \$27,900 for 1952-53, amounting to approximately 39 percent of the proposed expenditures. Additional support is derived

from the Fair and Exposition Fund. The following compares expenditures and revenues for a five year period :

	<i>Expenditures</i>	<i>Revenues</i>	<i>Revenues as a percent of expenditures</i>
1948-49 -----	\$39,858	\$13,501	34
1949-50 -----	58,387	22,658	39
1950-51 -----	69,803	34,139	49
1951-52 (estimated) -----	69,574	28,100	40
1952-53 (proposed) -----	71,902	27,900	39

In view of the evident intent of the original statute establishing the Poultry Testing Project (Chapter 950, Statutes of 1939) "that the Commission may provide for the collection of fees from exhibitors in such amount as, in the opinion of the commission, will make the poultry testing project self-perpetuating and self-supporting," and the amounts which have been provided annually as augmentation from the Fair and Exposition Fund, we recommend that there be legislative reappraisal of the function with the view to determining if the need for state support for testing and promotion in the poultry industry is now the same as at the time the project was established.

GENERAL SUMMARY

The Poultry Improvement Commission was created by Chapter 950, Statutes of 1939, as amended by Chapter 173, Statutes of 1947, and consists of ten members, seven of whom are appointed by the Governor "to give representation to the seven major poultry districts of the State." The Director of the Department of Agriculture, Chief of the Division of Poultry Husbandry of the University of California and the Chief of the Veterinary Division of the University of California are ex officio members.

The commission has authority to conduct a poultry testing project for the purpose of providing California poultrymen with information as to sources of breeding stock, and feeding and management practices which are recognized as economically sound for California.

The poultry testing project is located on U. S. Highway 99, four miles north of Modesto, Stanislaus County.

Poultry Improvement Commission

AUGMENTATION OF THE POULTRY TESTING PROJECT FUND

ITEM 46 of the Budget Bill Budget page 90
Budget line No. 28

For Augmentation of the Poultry Testing Project Fund From the Fair and Exposition Fund

Amount requested -----	\$40,298
Estimated to be expended in 1951-52 Fiscal Year -----	68,220
Decrease (41 percent) -----	\$27,922

RECOMMENDATIONS

Amount budgeted -----	\$40,298
Legislative Auditor's recommendation -----	40,298
Reduction -----	None

ANALYSIS

For the Fiscal Year 1951-52 the amount of \$68,220 was transferred from the Fair and Exposition Fund for augmentation of the Poultry Testing Project Fund. For the 1952-53 Fiscal Year the amount of \$40,298 is requested as a transfer to the Poultry Testing Project Fund. All estimated expenditures are included under Item 45 of the Budget Bill. The unbudgeted surplus of the Poultry Testing Project Fund as of June 30, 1952, is estimated at \$31,597.

**Department of Corrections
DEPARTMENTAL ADMINISTRATION**

ITEM 47 of the Budget Bill

Budget page 92
Budget line No. 28

For Support of Departmental Administration From the General Fund

Amount requested	\$318,228
Estimated to be expended in 1951-52 Fiscal Year	272,987
Increase (16.5 percent)	\$45,241

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page.	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$35,183	\$30,203	\$4,980	95	31
Operating expense	9,500	9,500	---	95	32
Equipment	563	563	---	95	33
Less:					
Increased reimbursements	—5	—5	---	95	36
Total increase	\$45,241	\$40,261	\$4,980		

RECOMMENDATIONS

Amount budgeted	\$318,228
Legislative Auditor's recommendation	318,228
Reduction	None

ANALYSIS

**Per Capita Administrative Costs
Departmental Administration**

Fiscal Year	Total population all facilities	Total administra- tion costs	Per capita cost	Increase over preceding year	
				Amount	Percent
1943-44	5,565	\$7,568	\$1.36	---	---
1944-45	5,868	58,244	9.93	\$8.57	630.1
1945-46	6,709	75,755	11.29	1.36	13.7
1946-47	7,950	97,545	12.27	0.98	8.7
1947-48	9,136	161,398	17.67	5.40	44.0
1948-49	10,137	191,925	18.93	1.26	7.1
1949-50	11,009	216,278	19.65	0.72	3.8
1950-51	11,591	236,230	20.38	0.73	3.7
1951-52	11,980	272,987	22.79	2.41	11.8
1952-53	12,482	318,228	25.49	2.70	11.8

The total support budget of this facility is scheduled to increase \$45,241, or 16.5 percent. Population at the institution is anticipated to average 12,482 inmates, an increase of 502, or 4.2 percent.

This results in the per capita cost going from \$22.79 to \$25.49, an increase of \$2.70, or 11.8 percent.