

## DEPARTMENT OF AGRICULTURE

ITEM 38 of the Budget Bill

Budget page 41

FOR SUPPORT OF THE DEPARTMENT OF AGRICULTURE  
FROM THE GENERAL FUND

Amount requested	\$11,060,641
Estimated to be expended in 1962-63 fiscal year	10,672,660
Increase (3.63 percent)	\$387,981
<b>TOTAL RECOMMENDED REDUCTION</b>	<b>\$45,268</b>

## Summary of Recommended Reductions

	<i>Budget</i>		
	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Eliminate 2 rodent and weed control assistants	\$12,874	49	61
Eliminate Yermo janitor	4,044	49	52
Eliminate intermediate typist clerk and biological technician (Plant Industry)	9,270	49	54, 56
Eliminate plant quarantine inspection (Travis Air Force Base)	5,556	49	51
Eliminate civil defense planning officer and stenographer	13,524	42	21, 23

## GENERAL SUMMARY

The Department of Agriculture is basically a protective, regulatory, and service agency, as prescribed in the policy statement of Section 30 of the Agriculture Code, with responsibilities in such fields as the control of pests and diseases that affect plants and animals, the enforcement of standards of quality, quantity, and cleanliness in agricultural and certain other products, the dissemination of market news, production statistics and forecasts, and the general supervision of marketing programs for various agricultural products. The financing of these activities is almost as diversified as the areas of departmental responsibility. In a broad sense the department's activities have traditionally been grouped into two categories, one of which represents functions benefiting or protecting the interests or welfare of the general public. These programs are supported by the General Fund. The second category contains activities performed by the department as services to the agricultural industry or segments thereof as requested by the industry. Because of the specialized nature of these programs, they are financed by fees and assessments paid into the Department of Agriculture Fund by the various agricultural groups for which the special services are performed. In order that the receipts and disbursements for each self-supporting function may be identified, the Agriculture Fund consists of approximately 30 accounts.

While the alignment between function and fund discussed above is generally descriptive of the department's policy with regard to the overall financing pattern, there are various instances in which this relationship between program and funding is difficult to perceive or the assigning of costs is somewhat arbitrary. An example of this situation occurs within the Bureau of Dairy Service where inspections of butter, ice cream and frozen milk products are paid for by the industry because the industry requested them, but similar inspections of the remaining dairy products are paid for by the General Fund.

A better framework to describe the department's funding and program relationships results from grouping departmental activities into

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three major areas according to group benefit and source of support. The General Fund finances programs concerned with the prevention, control, and eradication of crop and livestock pests and diseases, which account for about one-third of the department's operating budget and receive approximately 97 percent of their support from the General Fund. The Agriculture Fund finances a second group of activities involving the administration and enforcement of various marketing orders, milk stabilization, shipping point inspection, seed and seed potato certification, grading of processing fruit and vegetables, and licensing of produce dealers. These activities receive approximately 84 percent of their support from fees and assessments charged to industry participants and deposited to their respective accounts in the Department of Agriculture Fund. A third group of activities, which concerns both protection to the public and the maintenance of quality and wholesomeness standards of benefit to the industry, are on a cost sharing basis and received 56 percent of their support from the General Fund and 44 percent from the Agriculture Fund in 1961. The Governor's Budget does not include approximately \$11,000,000 in trust funds which are collected and expended under departmental supervision pursuant to marketing orders.

ANALYSIS

The total proposed 1963-64 operating budget of the Department of Agriculture is \$19,655,445, which represents a \$483,603 or 2.5 percent increase over estimated expenditures for the current year. The General Fund portion of this amount is \$11,060,641, which is \$387,981 or 3.6 percent higher than the General Fund appropriation for the current fiscal year. For the past several years the ratio between the General Fund and the Department of Agriculture Fund has been approximately 55 percent-45 percent, respectively. The amounts and sources of the total operating budget for fiscal year 1963-64 are summarized as follows:

<i>Source</i>	<i>Amount</i>	<i>Percent of total</i>	<i>Dollar increase from 1962-63</i>
General Fund -----	\$11,163,591	56.75	\$391,494
Department of Agriculture Fund -----	8,408,904	42.79	84,573
Federal Government -----	92,950	.46	7,536
<b>Totals -----</b>	<b>\$19,655,445</b>	<b>100.00</b>	<b>\$483,603</b>

The General Fund portion of the total budget has been increased for fiscal year 1963-64. More than 80 percent of the \$483,601 increase for the budget year has been charged to the General Fund and only 20 percent to the Agriculture Fund. Because most of the department's expansion in fiscal year 1963-64 is being charged against the General Fund, it is necessary to review the 80 percent-20 percent allocation of increases in fiscal year 1963-64 to assure that the General Fund is not being asked to support functions properly belonging to the Agriculture Fund. This review is made very difficult because of deficiencies in the department's budgeting processes as noted below.

The Department of Agriculture Fund, which in past years has had substantial surpluses, is now severely depleted. At the end of fiscal

## Department of Agriculture—Continued

year 1961-62 a carryover surplus of \$844,682 in this fund was available for appropriation. The department estimates that a surplus of only \$85,212 will be available at the end of the current fiscal year, and a surplus of only \$99,681 is anticipated at the end of fiscal year 1963-64. The depletion of this fund indicates that certain existing schedules of fees and assessments are inadequate to support the present level of service provided to the industry and must, therefore, be increased. Three self-supporting activities—the Bureau of Market Enforcement, the Bureau of Milk Stabilization, and the Field Crops and Agricultural Chemicals program in the Division of Standardization and Inspection—which are presently experiencing financial difficulties, are expected to ask the Legislature for fee increases this session. There are also indications that the costs of some services have risen beyond the willingness of the industry to provide support at the higher level.

The department's reorganization which began in 1961, and which has now been largely implemented, has important budgetary implications. Although the reorganization has eliminated some of the department's organizational complexity by reducing the number of bureaus from 20 to 16 and by establishing eight divisions with a resulting higher concentration of administrative authority in a division of administration, its primary effect has been to rearrange upper level functions with most of the bureaus being regrouped or renamed without loss of identity. Among the changes yet to be made is the proposed transfer of the Bureau of Dairy Service from the Division of Animal Industry to the newly created Division of Dairy Industry, which presently consists only of the Bureau of Milk Stabilization and the Dairy Council of California.

An important budgetary aspect of the department's organization which has thus far been given inadequate attention involves the problem of managing the field organization. At the present time, most of the department's activity occurs in the field through more than 20 independently organized units and approximately 580 field locations. Because there is no overall departmental management covering the establishment, location, and physical requirements for field offices, these matters are essentially the responsibility of individual program supervisors. Consequently, the department's field programs are conducted in a variety of structures, ranging from State Buildings to employees' private dwellings. In instances where commercial office facilities are used, there are the continuing problems of space procurement and lease negotiation, both of which presently consume the time of field management personnel. As long as these field activities continue to be independently organized and administered by the bureaus, the department is unable to identify areas in which operational economies could be achieved. A comprehensive examination of the office requirements and locations of field programs should permit important operating economies through reducing the total number of field headquarters or by consolidating, where practicable, existing field offices. Similarly, lower costs should result from an intensive effort to integrate the field supervision and clerical staffs of related activities. The department's field and management problems are not of recent origin, for a management

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survey conducted last year by the Organization and Cost Control Division of the Department of Finance recognized a need for improvement in the areas discussed above and offered similar recommendations for their resolution.

The departmental budget is now tied into the new divisional organization and is prepared on a division basis instead of at the bureau level as under the former system. In addition, the department has changed its general accounting system so that all expenditures are now made from the General Fund which, under a plan of financial adjustment, is reimbursed from the Department of Agriculture Fund. It is now impossible for this office to reasonably evaluate the funding source of the department's budget requests, since the allocation of departmental costs between the General Fund and the Department of Agriculture Fund is now based only on the expenditure experience of past fiscal years which does not tie to any breakdown of funding by program, activity or organization within each division for the budget year. In effect, the system provides no verifiable method of apportioning the budget request between the general or special funds, and the budget is accordingly reduced to an unverifiable estimate of funding sources with actual control exercised at the accounting stage as the funds are expended. While this is a situation that clearly needs corrective action unless the department adopts a program budget, the department has recognized its existence and has expressed willingness to remedy it provided that trained manpower is made available to analyze the system in order that necessary changes can be made.

A net total of 38 new positions is proposed for the budget year on the basis of increased workload. Among these positions are two rodent and weed control assistants, authorized last year by the Legislature for one year only because of insufficient workload data. The Division of Plant Industry is now requesting these two positions on a permanent basis. The justification for the continuation of these positions is based heavily upon their proposed utilization in the European starling control program which was augmented by \$60,000 for six new positions last year. With regard to the starling control program in general, the augmentation granted last year has not produced any significant results because an effective means of starling eradication has not yet been found by the research agencies working on the problem. The six positions originally authorized for this project have not been assigned to it on a full-time basis, but have been used in part to increase the weed and pest control program in addition to the two rodent and weed control positions allowed last year with one year limitation because of insufficient workload data. The need has not been shown for the authorized high level expenditures in the starling control program because an effective means of control has not been devised and the department has not formulated a definite approach to its implementation. *It is recommended, therefore, that only six of the eight new positions authorized last year be continued and that the two rodent and weed control positions now limited for one year not be extended, for a General Fund savings of \$12,874 plus operating expenses.*

## Department of Agriculture—Continued

Other new positions requested by the Division of Plant Industry include a janitor at the Yermo Border Inspection Station, an intermediate typist clerk for the Bureau of Plant Pathology, and an agricultural biological technician for insect identification work. At the present time the cleanup and minor maintenance work performed at the Yermo station is done by the 14 inspectors assigned there. The department's justification for a full-time janitor is substantially predicated on an anticipated increase in cleanup workload resulting from the scheduled construction of a new border inspection station to handle traffic on the new freeway which will run from Barstow through the Yermo station. *It is recommended that the inspectors continue to do the cleanup work and the janitorial position be deleted, pending further justification arising from operating experience at the new inspection station, for a General Fund savings of \$4,044.*

With regard to the department's justification for the intermediate typist-clerk and biological technician positions, we are disturbed by the increasing number of plant disease and insect analyses upon which the need for these positions is based. The number of plant disease specimens analyzed in the Sacramento laboratories has increased from 2,507 in 1952 to 17,159 in 1961. Almost 7,000 more analyses were made in 1961 than in the preceding year. Similar increases occurred in the insect identification program with almost 222,000 identifications being made in connection with the general fruit fly and pink bollworm surveys alone in 1961. It appears that indiscriminate and unnecessarily repetitive analyses and identifications are being made. *It is therefore recommended that these identification programs be appraised to determine the point of diminishing returns in specimen analysis and that the intermediate typist clerk and biological technician positions be denied for a General Fund savings of \$9,270.*

The Bureau of Plant Quarantine has requested that a full-time plant quarantine inspector be authorized for assignment at Travis Air Force Base to relieve workload pressures on the local county agricultural commissioner's staff which presently inspects incoming military aircraft. Although only 20 to 30 planes per month now require quarantine inspection at this base, the irregularity of their arrival has required the agricultural commissioner to arrange for inspections on a 24-hour basis. It is difficult to perceive how one state man on a single eight-hour shift could be of significant help to the agricultural commissioner who has advised us that he wants relief from inspection calls between the hours of 5 p.m. and 8 a.m. The problem is compounded by the air force's announcement that a new and expanded air terminal is scheduled for completion at Travis during 1963 and that this facility will greatly increase the quarantine inspection workload and thus require additional inspectors.

There is a second aspect of the total plant quarantine program which deserves further study. For many years, the California Department of Agriculture has performed all the plant quarantine inspections in the State with much of the workload actually being carried by the county agricultural commissioners and financed by the counties. Since most of this quarantine work is performed at ports of entry or at post

## Department of Agriculture—Continued

offices and express offices, it has a distinct interstate and international aspect which makes plant quarantine basically a federal responsibility. However, pursuant to a long-standing relationship between the U.S. Department of Agriculture and the State Department of Agriculture, as authorized by the Agriculture Code, execution of plant quarantine work has been almost completely undertaken by the California Department of Agriculture. Under this arrangement, California enforces 13 federal domestic plant quarantine regulations as well as its own, but the cost is borne exclusively by California with the one exception of United States Department of Agriculture plant quarantine inspections of aircraft leaving Hawaii enroute to California.

The major reason for the Travis air terminal facility is to permit more planes to avoid the Hawaii stopover at a considerable savings of time and money to the federal government. But under the present state-federal plant quarantine arrangement, the burden of inspection at the new Travis facility will fall on California and the local counties for a program that is not basically a California responsibility.

In view of the need for further clarification of the plant quarantine program generally and the likelihood that several additional positions will be requested by the department in future budgets, as anticipated workload increases occur at Travis Air Force Base, *it is recommended that the request for a plant quarantine inspector be denied for a General Fund saving of \$5,556 pending further study of the problem and possible negotiation of a federal-state agreement to provide for cost sharing.*

Provision is made in the budget request for four positions and related support costs to provide assistance to agricultural commodity groups that might be affected by the 1962 Federal Trade Expansion Act and the European Economic Community. Through this new program the department would collect and present to the appropriate federal agencies statistical data derived from a projected impact of tariff adjustments on California agriculture. The precise value and effectiveness of this effort at the federal level cannot be determined at this time, and it is not clear how this work would relate to substantial additional work to be done at the University of California. Since the budget proposes that the General Fund support this activity, it should be understood that the proposed work is a special service which will represent another exception to the special fund—special benefit concept discussed earlier in this analysis. If the agricultural groups that want this service are sufficiently definitive to make their desires for assistance known to the department, they should then become identifiable with regard to paying its cost. Two new positions being requested for transportation rate studies present a similar problem.

The Division of Administration is requesting for the budget year a civil defense planning officer and a stenographer. The position of this office with regard to civil defense planning in several departments is discussed in the analysis of Item No. 29, page 21. *Pursuant to that analysis it is recommended that the civil defense planning officer and stenographer be deleted for a General Fund savings of \$13,524 plus related operating expenses.*

## Department of Agriculture—Continued

In recognition of the field organization, management, and accounting problems discussed earlier in this analysis, the department is requesting an associate administrative analyst in the Division of Administration. However, in view of the many major areas in which the department needs analysis services, this office believes that there is ample justification for also adding a senior administrative analyst and an assistant administrative analyst. Intensive studies need to be made to integrate the department's reorganization and new accounting system with budget preparation in order that necessary refinements can be implemented to resolve previously described difficulties. The various field activities need to be reviewed to consolidate and integrate staffing requirements, field supervision, clerical services, and office locations. Other management studies need to be made to determine whether market milk area consolidations will permit reductions in staff requirements with attendant reductions in Agriculture Fund expenditures, and whether other special fund functions, such as hide and brand inspections, can be conducted at less cost. While this is not an exhaustive list of the problem areas in the department, it does indicate that the workload is too great for one associate analyst and that additional help is necessary if the likelihood of substantial savings is to be realized.

*It is therefore recommended that the requested associate analyst be assigned to a comprehensive analysis of the department's accounting system; that a senior administrative analyst be authorized for review of the field organization and related management problems; and that an assistant administrative analyst be authorized for a needed study of field procedures, workload data, and site requirements. Because comprehensive analyses in the areas mentioned above should result in substantial operating economies in the department's field activities and should also permit reductions in the field supervisory staff through program and office consolidations, it is further recommended that the senior and associate analyst positions be funded by eliminating some of the following new field supervisor and clerical positions or other similar positions contained in the budget request and otherwise being recommended for approval:*

1. *Field supervisor of agricultural pest control work*
2. *District supervisor of seed inspection*
3. *Two junior intermediate stenographers*  
*(San Francisco and Fresno field offices)*
4. *Two supervising quantity control inspectors*
5. *Intermediate typist-clerk (Fresno)*

The proposed 1963-64 budget reveals a continued high level of salary savings, which total \$445,031 for the current year and are estimated at \$430,000 for the budget year. These figures represent the equivalent of 83.5 and 79.4 positions, respectively, which indicates that the department is continuing to carry a large number of vacant, unfunded positions.

It has also been noted that past year expenditures were overstated by \$200,000 as a consequence of an excessive transfer of funds from the Agriculture Fund to the General Fund to cover year-end expenditures.

**Department of Agriculture  
FEDERAL CO-OPERATIVE MARKETING RESEARCH**

ITEM 39 of the Budget Bill

Budget page 52

**FOR SUPPORT OF FEDERAL CO-OPERATIVE MARKETING RESEARCH FROM THE GENERAL FUND**

Amount requested -----	\$92,950
Estimated to be expended in 1962-63 fiscal year -----	85,414
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Increase (8.8 percent) -----	\$7,536

**TOTAL RECOMMENDED REDUCTION** ----- None

**ANALYSIS**

Under the Federal Co-operative Marketing Research program, the State and the federal government share equally the cost of conducting research in various marketing problem areas. The State is authorized to participate in this program by Section 1286 of the Agriculture Code, and federal participation is provided under the Agriculture Marketing Act of 1946 and Public Law 733 (79th Congress). The general objectives of this program are to assist marketing agencies at all distributive levels to utilize the most recent and effective marketing practices, to increase consumption of farm products, and to provide better and more timely marketing information. There are no plans to increase the marketing research activity during the budget year beyond the present level of service, which consists of four projects relating to certain crop surveys, improvement of marketing methods, development of maturity standards and packaging methods, and certification standards for fruit, tree nut, and vine nursery stock.

The \$92,950 requested as California's share of the research program is \$7,536 or 8.8 percent higher than the amount appropriated last year. The department states that the increase in funds will be used for salary increases and for two research programs that have fallen behind schedule due to lack of funds.

*We recommend approval of the amount requested.*

**DEPARTMENT OF AGRICULTURE**

ITEM 40 of the Budget Bill

Budget page 41

**FOR SUPPORT OF THE DEPARTMENT OF AGRICULTURE FROM THE DEPARTMENT OF AGRICULTURE FUND**

Amount requested -----	\$8,408,904
Estimated to be expended in 1962-63 fiscal year -----	8,324,331
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Increase (1.0 percent) -----	\$84,573

**TOTAL RECOMMENDED REDUCTION** ----- None

**ANALYSIS**

This item appropriates from the Department of Agriculture Fund that portion of the department's budget which supports activities requested by or benefiting particular segments of the agricultural industry. This fund is composed of fees and assessments derived from a

Department of Agriculture—Continued

variety of industry sources. The General Fund portion of the department's budget appears in Item 38, the analysis of which includes a discussion of the effect of the department's new accounting system on the allocation of budget costs between the General and Special Funds.

The budget year request from the Department of Agriculture Fund is \$8,408,904, which is \$84,573 or 1 percent higher than the estimated expenditures from this fund during the current fiscal year.

*It is recommended that this item be approved as requested, subject to modification by any actions affecting it taken pursuant to the recommendations made under Item No. 38.*

**Department of Agriculture  
POULTRY IMPROVEMENT COMMISSION**

ITEM 41 of the Budget Bill

Budget page 55

**FOR SUPPORT OF THE POULTRY IMPROVEMENT COMMISSION  
FROM THE POULTRY TESTING PROJECT FUND**

Amount requested .....	\$171,954
Estimated to be expended in 1962-63 fiscal year .....	188,323
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Decrease (8.7 percent) .....	\$16,369
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>\$25,000</b>
<b>Summary of Recommended Reductions</b>	
<b>Amount</b>	
Transfer turkey tests to on-the-farm basis .....	—\$25,000

**GENERAL SUMMARY**

Sections 43 through 48 of the Agriculture Code established the Poultry Improvement Commission, which consists of seven members appointed by the Governor from the poultry industry at large and three ex officio members representing the University of California and the State Department of Agriculture. The commission operates two testing establishments, one near Modesto for chickens and another near Keyes for turkeys, to provide comparative data to the poultry industry on the growth and productivity of new strains of poultry under controlled environmental conditions.

**ANALYSIS**

This item appropriates the entire support budget for the commission from the Poultry Project Testing Fund, which receives a large portion of its revenue by a transfer from the General Fund as indicated in the following budget item. For the 1963-64 fiscal year the Poultry Improvement Commission proposes a budget of \$171,954, which is \$16,369 or 7 percent less than estimated expenditures for the current year. The General Fund portion of this amount is \$62,839, which is \$39,983 or 1 percent less than the General Fund contribution for the current year, and the balance is to be supplied from accumulated surpluses and anticipated earnings totaling an estimated \$114,115.

The discontinuation of two testing programs during the current year accounts for a portion of the budget reduction noted above. One of these programs, the "chicken meat production test," was no longer