

## DEPARTMENT OF AGRICULTURE

ITEM 48 of the Budget Bill

Budget page 73

FOR SUPPORT OF THE DEPARTMENT OF AGRICULTURE  
FROM THE GENERAL FUND

Amount requested .....	\$9,634,111
Estimated to be expended in 1964-65 fiscal year.....	11,789,044
Decrease (18.3 percent) .....	\$2,154,933
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>\$68,018</b>

## Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
From amount requested to maintain existing level of service:			
1. Discontinue poultry standardization inspections at wholesale establishments and eliminate four junior inspectors .....	\$35,000	84	61
2. Discontinue departmental supervision of county seed inspection work through elimination of four district supervisors .....	33,018	84	61

## PROGRAM PLANS AND BUDGET

The Department of Agriculture is organized into nine functional divisions consisting of 16 bureaus and a number of "staff services" which are not accorded bureau status. This organization is designed to protect, regulate, and promote the agricultural industry as prescribed in the policy statement of Section 30 of the Agricultural Code, although some of the department's programs serve a broader public interest as indicated by Section 19.5 of the Agricultural Code.

The department derives its operating revenues from two major sources, the General Fund and the Department of Agriculture Fund, the latter consisting of approximately 30 accounts representing fees and assessments paid by various agricultural groups for which special services are performed. A minor portion of the department's budget consists of federal matching funds for programs in which the federal government has an interest. In addition, the department collects and expends annually approximately \$11,000,000 under marketing order programs established at industry request. These marketing order expenditures do not appear in the Governor's Budget.

The proposed departmental budget has been held in line with estimated current year expenditures, with most increases limited to meeting higher costs of the existing levels of service. The overall budget request is \$21,610,311, which is \$277,810 or 1.4 percent above estimated expenditures for the current year.

## Funding Changes

Of considerable budgetary significance are proposals of the administration to transfer the funding of three major bureaus from the General Fund to the Department of Agriculture Fund. These bureaus—Meat Inspection, Poultry Inspection, and Dairy Service—comprise most of the Division of Animal Industry and represent a combined expenditure of \$2,338,829 in the proposed budget. This is the major change which has resulted in a budgeted net decrease of \$2,154,933 or 18.3 percent in General Fund support for the budget year and an increase

## Department of Agriculture—Continued

of \$2,428,259 or 26.6 percent in Agriculture Fund support over estimated expenditures for the current year. The budgetary impact of these proposed changes is understated approximately \$250,000 or more because the Divisions of Administration and Chemistry, which receive reimbursements for services to Agriculture Fund activities, are shown as being reimbursed by General Fund rather than Agriculture Fund money. The Department of Finance has indicated that these adjustments will be made if the Legislature authorizes the proposed funding changes by enacting necessary legislation.

In past years this office has commented on the lack of consistency in the alignment of functions and funding in the Department of Agriculture. An example of this occurs in the Bureau of Dairy Service where inspections of butter, ice cream, frozen milk products, and fluid milk are self-supporting, but similar inspections of the remaining dairy products are paid for by the General Fund. The usual state policy is that programs which are of direct industry benefit and can be made a part of the cost of doing business should be paid for by those who benefit from them, particularly when the costs can be readily identified and assessed or collected. As the Governor's Budget points out, the inspection services of the three bureaus proposed to be transferred to the Agriculture Fund are beneficial to their respective industries and are readily susceptible of being financed through assessments or fees levied at the processing level. In varying degrees, depending on the elasticity of demand for the products, such industry financing ultimately will be passed on to the consumer.

Should the Legislature determine to make these three programs self-supporting, consistency would indicate that similar action should be taken with respect to a number of other agricultural programs of equal or greater value to the industry than to the general public which are now financed by the General Fund. The principal programs which would fall into this category are summarized below along with their General Fund costs for fiscal year 1963-64:

Table 1

<i>Division and Function</i>	<i>General Fund Expenditure, 1963-64</i>
Division of Agricultural Economics	
Market News .....	\$814,168
Agricultural Statistics .....	217,781
Supervision of Marketing Orders .....	120,559
Division of Animal Industry	
Animal Health .....	1,675,017
Veterinary Laboratory Services (six locations) .....	561,091
Division of Plant Industry	
Apiary Inspection .....	32,708
Seed Laboratory .....	93,990
Division of Standardization and Inspection	
Fruit and Vegetable Standardization .....	275,547
Poultry Meat Standardization .....	109,539
Seed Inspection .....	65,496
Matched Funds Marketing Projects (state's portion) .....	78,779
Total .....	\$4,044,675

**Table 2**  
**Major Expenditures by Division and Function, 1963-64 and Sources of Revenue**  
**for Department of Agriculture Fund**

<i>Division and function</i>	<i>Expenditure</i>	<i>Source of revenue (fees, assessments, etc.)</i>
<b>ANIMAL INDUSTRY</b>		
Dairy Service -----	\$253,502	Acidophilus milk license \$100, butter cutting and wrapping fee \$1 quarterly plus 20¢/ea. 1,000 lbs. above first 5,000 lbs., butter distributor's permit \$1 quarterly min., butter grader's license \$1, container brand registration certificate \$5, diabetic or dietetic frozen milk products plant license \$25, glassware testing fee \$2/doz. pieces examined, imitation cream licenses: manufacturer \$100, wholesaler \$50, retailer \$5, bakery and restaurant \$2; imitation ice cream licenses: manufacturer \$100, bakery and restaurant \$2; imitation milk licenses: manufacturer \$100, wholesaler \$50, retailer \$5, bakery and restaurant \$2; maximum quarterly inspection fee 3 mills/gal. market milk; milk products plant license: general \$10, semifrozen \$35, mobile \$35; nonfat milk solids tester's license \$5; oleomargarine licenses: manufacturer \$100, bakery and restaurant \$2; milk and cream pasteurizer license \$5, milk and cream sampler and weigher license \$1, milk and cream technician's license \$5, milk and cream tester's license \$5.
<b>COMPLIANCE</b>		
Livestock Identification -----	879,088	Inspection charge per head: 13¢ basic inspection, 20¢ point or origin inspection, 10¢ pasture inspection, 8¢ sales yard to sales yard inspection. Brand recording fee \$5 plus \$3 to renew, \$6 to reinstate, \$2 duplicate certificate.
Petroleum Products -----	277,719	Motor fuel pump license fee \$2 per pump, antifreeze registration fee \$5, brake fluid registration fee \$100 plus \$5 renewal, automatic transmission fluid registration fee \$100 plus \$50 renewal.
Public Weighmaster -----	163,774	Public weighmaster license fee: principal \$25, branch location \$5, deputy \$2; private weighmaster license fee: principal \$25, branch location \$10, deputy \$2; weighmaster-at-large license fee: principal \$100, deputy \$2. Plus miscellaneous fees for testing measuring and weighing devices ranging from \$2.50 to \$123.

<i>Division and function</i>	<i>Agriculture Fund</i>	<i>Source of revenue, Agriculture Fund</i>
Market Enforcement -----	\$367,441	Farm products handler, broker, cash buyer, dealer, commission merchant license fee: initial \$80, conjunctive \$25. Processor license \$90, agent license \$10.
<b>DAIRY INDUSTRY</b>		
Milk Stabilization -----	1,433,162	Milk distributor license \$3; ice cream mix manufacturer fee 4 mills/gal., fluid milk and cream assessment 6 mills per lb. milk fat and 21 mills per 10 gal. of fluid milk.
Fluid Milk and Cream Sales Stimulation -----	165,972	Alameda-Contra Costa marketing area and San Diego marketing area 5 mills per lb. of milk fat; Sacramento marketing area 4 mills per lb. of milk fat.
<b>PLANT INDUSTRY</b>		
Seed Potato Certification -----	56,879	\$4 per acre for first two field inspections and for tagging and grading; \$1.50 per acre for seed entered for foundation stock.
Nursery Service -----	200,360	Fees vary widely depending on service. For example: \$25 for each lot of seed; \$5 or \$10 per tree; \$100 per $\frac{1}{4}$ acre; \$10 per vine or portion thereof.
<b>STANDARDIZATION AND INSPECTION</b>		
Canning Tomato Inspection -----	836,410	34 cents per ton maximum.
Wine Grape Inspection -----	63,668	\$4.90 per hour.
Pesticides -----	114,802	License \$100 plus \$10 payment for each product in excess of ten.
Fertilizers -----	99,651	Registration fee \$50 for producer, manufacturer, importer, dealer; \$25 registration fee for jobber; tax of 14¢ per ton; fertilizer salesman license \$2.
Agricultural Minerals -----	31,803	5 cents per ton; registration fee \$50.
Agricultural Pest Control Operators -----	53,476	License \$50 per year; pilot certificates \$25 and \$25 for renewal.
Feed and Livestock Remedies -----	122,852	\$25 registration fee, \$15 retail license fee; 4 cents per ton tax.
Field Crop Inspection -----	396,219	Numerous fees per ton, per bale, per test, etc. ranging from 7¢ to \$10 minimum fee; also charges per man-hour, for mileage, and other miscellaneous services.
Shipping Point Inspection -----	1,684,520	Miscellaneous fees ranging from 8 mills to 4¢ per container.

## Department of Agriculture—Continued

Approval of the funding transfers proposed in the Governor's Budget would result in approximately 45 percent of the department's budget being chargeable to the General Fund, a reduction of more than 10 percent from the 56 percent so budgeted if prior years' funding practices were followed. If transfers to the Agriculture Fund included all the programs discussed above, the remaining General Fund portion of the budget would be approximately 25 percent, representing largely the costs of plant quarantine, plant disease and insect pest eradication programs, predatory animal control, and some regulatory work in the Division of Compliance.

The present lack of uniformity in the program-funding relationships in the Department of Agriculture results in part from the willingness of the agricultural industry to finance programs which serve its own needs when public funds are not available. Virtually all of the self-supporting programs in the department were established at industry request and are financed by schedules of fees and assessments developed by the industry groups affected. Some schedules of fees show considerable variety and ingenuity. Table 2 on page 112 of this analysis illustrates the range of existing "self-help" programs and the variety of fees and assessments which support them.

For fiscal year 1965-66, the department has prepared on its own initiative an informational program budget as a supplement to the traditional line item budget. A program budget provides more meaningful information on the relationships among programs, objectives, and expenditures than is available in the usual line item budget because it places the emphasis on what is proposed to be done rather than on the items of expenditure. Therefore, we have adapted the department's program budget to our analysis of this budget item. The department is requesting appropriations totaling \$21,610,311, but reimbursements in the amount of \$762,839 must be added to show total expenditures of \$22,373,150.

The department conducts 24 individual programs which, because of similar purposes or common objectives, may be further classified into five major program categories shown in Table 3 and discussed in sequence below. The proposed departmental budget contains no new programs, but a net total of 8.5 new positions (mostly for seasonal help) is requested on the basis of increased workload. If these positions are approved, the department will have an authorized level of 2,130.7 personnel man-years.

Table 3  
Expenditures by Program Category  
(Reimbursements Included)

<i>Program category</i>	<i>1963-64</i>	<i>Current (est.)</i>	<i>Budget</i>
Protection of agricultural productivity -----	\$6,663,722	\$7,080,765	\$7,091,915
Quality control of agricultural commodities -----	4,653,423	5,749,974	5,920,299
Marketing assistance -----	6,858,772	7,609,346	7,650,840
Verification of labels and specifications -----	1,141,440	1,273,971	1,276,292
Verification of weighing and measuring devices -----	329,792	378,533	433,804
Totals -----	\$19,647,149	\$22,092,589	\$22,373,150

## Department of Agriculture—Continued

## 1. Protection of Agricultural Productivity

The objectives of programs responsible for protecting agricultural productivity are to prevent the introduction of plant and animal diseases, weeds, and other pests; to detect infestations of such pests; and to suppress or eradicate them should they become established. Other protective programs involve inspections of apiaries and testing of agricultural seeds. With minor exceptions, all of this work is supported by the General Fund.

The first line of defense against intrusion of agricultural pests and diseases from sources outside California is maintained by the plant quarantine program under which all plant material and livestock entering the state is subject to inspection. The workload of this program will remain fairly constant in the budget year with inspections of approximately nine million vehicles at 18 border stations, 9,700 ships at three maritime ports, and 7,800 airplanes at three international airports. Quarantine inspections of freight, express, and mail shipments are made by county agricultural commissioners under departmental supervision. Departmental costs for this program are budgeted at \$1,972,387.

As a second line of defense, detection and eradication programs for insects, plant diseases, weeds, and vertebrate pests are conducted by the department in cooperation with county commissioners. A separate program conducted jointly with the United States Fish and Wildlife Service is responsible for controlling predatory animals which prey on livestock, poultry, and certain crops. To meet increased workload requirements in pest eradication and seed certification programs, four temporary positions were established administratively in the current year and are proposed to be continued in the budget year at a cost of \$19,979. This constitutes the only significant increase in the \$1,968,696 budget requested for 1965-66, but its impact is offset by reductions in other operations.

Detection and control of animal diseases is one of the most costly programs in this category, exceeding \$2,450,000 in the proposed budget. In cooperation with the federal government, major efforts are being made to eradicate tuberculosis and brucellosis in cattle and swine through calf vaccination, blood testing, and extermination of infected animals or herds. In the current year, a greater number of cattle reacted to the tuberculosis and brucellosis tests than the department had anticipated, and to meet the increased costs of indemnifying owners for the loss of these animals the department transferred an additional \$51,000 to its indemnity allocation over the \$80,000 budgeted in 1964-65 for this purpose. Since the present rate of indemnity payments is expected to continue in the budget year, the department is requesting that this fund be maintained at its current level of \$131,000. Also as a result of increased brucellosis and poultry disease testing, the department is requesting an additional 0.3 seasonal agricultural inspector, a 0.4 seasonal clerk, and 5.6 seasonal laboratory assistants with a combined cost of \$29,078. Most of the laboratory assistants would be assigned to the poultry testing project which is self-supporting and represents \$19,800 of the increased costs.

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## 2. Quality Control of Agricultural Commodities

The department conducts a variety of programs designed to regulate the quality of agricultural commodities. Under the meat inspection program, departmental personnel inspect cattle, sheep, swine, and goats at slaughtering establishments, supervise the activities of plant-employed poultry and rabbit meat inspectors, inspect on a reimbursable basis frozen meat imported into California, analyze meat samples for pesticide residues and other contaminants, maintain standards for the construction and operation of animal slaughtering and meat packing establishments, and supervise the meat inspection program of the San Francisco City-County Health Department. The department expects to continue this program at its present level of service in 1965-66 with an estimated budget of \$2,389,162. The most significant budgetary increase is for funds to purchase 33 automobiles for assignment to meat inspectors who are presently using private cars in their work. It is anticipated that the use of state cars will reduce overall travel costs. At the present time, the meat inspection program is paid for by the General Fund but, as noted earlier in this analysis, the Governor's Budget proposes to place this program in the Agriculture Fund.

The department also inspects or supervises the inspection of milk and milk products for composition and quality standards, examines and licenses dairy personnel, analyzes milk for pesticide residues, samples dairy hay and feed for pesticide contamination, regulates labeling and advertising of dairy products, and protects milk producers against fraudulent manipulations of weights and tests used to determine the value of milk. The program is budgeted at \$840,328 for 1965-67, all of which is proposed to be charged next year to the Agriculture Fund. In past years about 57 percent of the program costs has been paid by the General Fund. The present level of service will be maintained in the budget year, but as a result of the abolishment of one veterinarian position and the reclassification of five supervisory positions during the current year, the department is requesting authorization to continue five new positions consisting of four regional administrators and one dairy inspector. The regional administrators have assumed field management responsibilities which were handled formerly at the bureau level. Besides these positions, an additional dairy inspector is requested to handle an increased inspection workload in frozen milk products plants. The net budgetary increase resulting from these reclassifications and the addition of one inspector is \$6,548.

A second departmental program is concerned with quality control of nondairy agricultural commodities such as eggs, poultry meat, honey, fruits and vegetables. Departmental personnel and county agricultural commissioners inspect these products for compliance with state standards relating to size, labeling, and quality. A major purpose of this program is to insure that only the best quality agricultural products are shipped out of the state, thereby protecting the agricultural industry's reputation in national and foreign markets. Total costs of this program are estimated at \$2,399,031 in the budget year to maintain the present level of service. About 25 percent of this work is financed

## Department of Agriculture—Continued

by the General Fund and 75 percent by the Agriculture Fund. The General Fund pays for inspections of fruits and vegetables, eggs, poultry and rabbit meat, and honey, and also finances a pesticide residue sampling program. The Agriculture Fund pays for inspections of canning tomatoes, wine grapes, and cling peaches, the latter being a new program established during the current year and proposed to be continued in the budget year with 72 seasonal positions and an estimated cost of \$394,119.

Under three other Agriculture Fund programs, nursery stock and grain warehouses are inspected and seed potatoes are certified. The budget request for these activities is \$291,778, which represents a continuation of the existing levels of service.

### 3. Marketing Assistance

The largest portion of the department's budget supports 12 programs which assist in the marketing of agricultural products. In its program budget statements, the department attaches a heavy public benefit significance to these programs and labels the program category which they comprise "consumer assurance of market availability." We believe that any benefit which the general public may receive from these marketing assistance programs is far outweighed by the considerably greater benefits which accrue to the agricultural industry through their operation, and we therefore have described this work by the term "marketing assistance."

For fiscal year 1965-66, the department proposes to spend \$7,650,840 in these programs, which represents an increase of approximately \$41,000 over estimated expenditures for the current year. About 20 percent of the proposed budget is financed by the General Fund and most of the balance is charged to the Agriculture Fund. With the exception noted below, existing levels of service generally will be continued in the budget year. A fruit and nut acreage survey, which was started on an experimental basis in 1963 as a federal-state matched funds project, is requested for the budget year as a regular operational program to be financed by \$40,000 from the General Fund and an equivalent amount from the federal government. The Legislature approved this program last year, but it was not activated because federal matching funds were not provided.

The market information program assists the agricultural industry in formulating production and marketing decisions. The work includes compilation and dissemination of statistics relating to production, inventories, utilization and pricing of agricultural commodities. The program is budgeted at \$1,244,328, most of which is chargeable to the General Fund. Through a closely related program, the department provides economic information dealing with the cost of marketing and assists the agricultural industry in informing the tariff commission about trade matters affecting California commodities. This is a General Fund program costing an estimated \$174,000 in the budget year to maintain the present level of service.

The department supervises approximately 30 industry-approved marketing programs which regulate such things as grade, size, volume con-

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trol, and commodity promotion. This work is largely self-supporting and is budgeted at \$229,116 for 1965-66.

A number of surveys are conducted by the department to determine more economical methods for increasing agricultural efficiency in general. Among the current activities are studies of grape maturity, egg sampling procedures, and aerial photography as a means of data collection for fruit and nut acreage surveys. The department is requesting \$192,143 to continue this survey work in the budget year. About \$100,000 of this amount is General Fund money.

In addition to the mandatory quality control inspection program discussed in the preceding program category, the department conducts an optional quality inspection program established at the request of the industry. Unlike the mandatory inspection program, this one only certifies the condition and quality of commodities such as fruits, nuts, vegetables, and grain at the time of inspection as a basis for interstate and foreign trading or as an indication of compliance with grades established by federal or state marketing order regulations. Enforcing compliance with quality standards is not a responsibility of this inspection service. The department is requesting \$2,436,833 for this work, all of which is financed by inspection fees credited to the Agriculture Fund.

Other departmental programs assist agricultural producers in securing payment from produce handlers and canneries in compliance with their contracts, inspect livestock brands to establish ownership, establish and enforce minimum prices for milk, and regulate pest control operators. All of these programs are self-supporting and are budgeted at current levels of service.

#### 4. Verification of Labels and Specifications

The department conducts three programs which are responsible for checking the labeling accuracy and specification standards of a wide variety of commodities. The department is requesting \$1,276,292 to continue this work at current levels of service.

Under the packaged commodity program, articles of the type commonly found in supermarkets and drug stores are sampled by county sealers under departmental supervision. The department's cost, payable from the General Fund, are estimated at \$103,394 for the budget year.

The second program samples and tests the quality and standards of gasoline, motor oils, brake fluid, antifreeze, and automatic transmission fluids. This is a self-supporting program budgeted at \$328,814 in the budget year.

Verification of label claims for fertilizers, agricultural minerals, feeds, livestock remedies, pesticides, and seeds is the work of the third program. Except for seed inspection, which is financed by the General Fund, each of these inspection activities is financed by fees and tonnage taxes charged to the industry. The seed inspection work is budgeted at \$77,520, which represents a slight decrease from estimated current year expenditures. The remaining activities in the program are budgeted at \$766,000, which includes \$7,800 for one new chemist position to handle

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increased workload in the fertilizer laboratory. However, this cost is offset by reductions in other areas of the program.

**5. Verification of Weighing and Measuring Devices**

This departmental program category involves inspections of all weighing and measuring devices used in California to assure their accuracy. Most of the actual work is performed by county sealers, but the department supervises the entire operation. All public weighmasters are licensed and bonded with the department and their work is supervised by departmental employees. This phase of the program is self-supporting, and is budgeted at \$169,073. The General Fund portion of the program will cost an estimated \$236,784 in the budget year. The program is increased by \$22,020 for three additional senior weights and measures investigators, two of whom would perform services for the Division of Highways under a fully reimbursable contract, and the third would handle increased workload in the department's weights and measures program. The Division of Highways is requesting the two positions on a permanent basis to train their own inspectors who are not qualified to determine the weights and quantities of certain highway construction materials.

**REVIEW OF AGENCY ACCOMPLISHMENTS**

The department's workload has remained relatively constant in recent years with the exception of seasonal fluctuations which occur periodically in some of the produce inspection programs. This pattern generally prevailed in 1963-64 with no significant changes in program emphasis or direction. As indicated in the previous section of this analysis, much of the department's work consists of enforcing laws and regulations, gathering samples and analyzing them in laboratory tests. A substantial portion of the department's work is unusually difficult for an outside agency to evaluate because it primarily serves the needs and promotes the welfare of the agricultural industry. Generally, however, the department appears to be serving the industry well as evidenced by the number of industry-requested and industry-financed programs which the department conducts.

There are, however, a number of problem areas in the department which warrant careful review. It is appropriate to comment again on our appraisal of a problem area which we have discussed in the past and which is common to the department as a whole. This concerns the need to secure greater economy and better utilization of personnel in the field organization. Most of the department's work occurs in the field through more than 20 independently organized units and approximately 580 field locations ranging from state buildings to employee's private dwellings. A good example is in the Bureau of Meat Inspection where many employees operate out of their homes and make extensive use of private automobiles. In recognition of the need to give attention to its field problems and in an effort to offset the high costs of private automobile mileage, the department is requesting funds in next year's budget to purchase 33 state cars for assignment to meat inspectors.

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## Need for Improved Field Organization

There remain, however, other facets of the field organization problem which need to be corrected. Because there is no overall departmental direction for the establishment, location, and physical requirements of field offices, these matters become primarily the responsibility of the individual program supervisors. 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 the field management personnel. As long as these programs continue to be independently organized and administered by the bureaus, the department is unable to achieve operational economies. A comprehensive examination of the office requirements and locations of field offices should permit important operating economies through reducing the total number of field headquarters by consolidating existing field offices where practical.

Lower costs also should result from an intensive effort to integrate the field supervision and clerical staffs of related activities. As a result of our comments on this point last year, the Legislature requested the department to study the feasibility of establishing a clerical pool for its Fresno offices and to report its findings at the 1965 session. The department has informed us that studies of clerical pools for the Fresno, Los Angeles, and San Francisco offices have been initiated, but that other pressing management analysis work has delayed their completion. The department has obtained and studied duty statements from these locations and hopes to continue its review in the near future. We plan to devote some attention to this and other management problems of the department during the next interim.

A particular area needing thorough review involves some the department's certification and inspection programs which have a high degree of similarity in the products being inspected and at the locations where these inspections are made. Much of this work might be advantageously consolidated to reduce costs and eliminate multiple inspections at the same location which sometimes occur under the present program organization. Consolidation of supervisory functions also should reduce program costs, simplify relationships between the department and the county agricultural commissioners who conduct several programs in conjunction with the state, and eliminate some dissatisfaction among county commissioners arising from periodic inspection visits by departmental specialists having narrow subject matter responsibility.

## Need for Policy on Plant Quarantine Program

Two years ago we raised serious questions regarding another problem area involving the department's plant quarantine program and suggested that further study was needed to clarify the federal-state relationship with respect to the performance and financing of this work. Since most of the work is done at ports of entry or at post offices and express offices, it has an interstate and international aspect which makes it basically a federal responsibility. In all other states it is a federal program fully financed and staffed by the federal government. Al-

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though the federal government does a limited amount of plant quarantine work in behalf of California, the state-operated program generally has been justified on the ground that California needs broader protection than the federal plant quarantine regulations provide. While California may be unique in this respect, there are no objective criteria which demonstrate this greater need, nor is there any evidence that a federally conducted program could not be flexible enough to enforce such additional plant quarantines as would reasonably benefit California.

It is possible that the state's plant quarantine program, which will cost almost \$2,000,000 in the budget year, is unnecessarily broad and that too much is sought to be accomplished through its operation. The program does not prevent the entry of all insects and plant diseases into California, and periodically it is necessary for the department to engage in sizeable eradication or control programs when insect or disease outbreaks occur. Thus, there is a need to evaluate California's plant quarantine regulations to determine whether they might be modified to reduce costs without lowering the efficiency of the overall program. A University of California study group is currently reviewing the efficacy of plant quarantines in California and plans to release a report some time this spring. This report should provide information which will be helpful in evaluating the benefits which California realistically can hope to achieve through plant quarantine inspections and thereby indicate ways in which the present program could be modified. Final evaluation of the problem must await publication of this report.

There remains, however, the question of the role of the federal government in this program. As a matter of equity to California, the question should be resolved either by turning over this work to the United States Department of Agriculture or by securing federal financial assistance to defray the costs of a state-operated program.

Starling control activities represent a third problem area in the department. Since 1962, the department, in cooperation with the counties and the University of California, has devoted considerable time in field-testing various frightening devices and chemicals prepared by the university in an effort to control starlings. To date, these efforts have achieved no discernible success as control devices, but have largely served to temporarily protect one farmer's land at the expense of another. Since the starling problem constitutes a threat to California agriculture, the department has some obligation to control this economic pest, but until an effective method of control is devised and ready for implementation, the department's present efforts are not control efforts but only help to protect the crops of selected farmers who are particularly harassed by these birds and provide some assistance to the University of California. We suggest that the department reevaluate its participation in this program based on what is actually being accomplished and consider the feasibility of making its future participation contingent on the development of a proven method of control.

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## ANALYSIS AND RECOMMENDATIONS

The growing concern over the use and effects of economic poisons raises some difficult problems. We have recently given considerable attention to the accomplishments of present state expenditures in solving existing pesticide problems. Unfortunately, very little objective information is available on the relationship of pesticides to public health, fish and wildlife, and such information as does exist is marked by considerable differences of opinion and interpretation among experts in the field. It is known, however, that pesticides can and do enter the food chain; that fish and wildlife kills occur because of pesticides in their environment; and that both the use and variety of pesticide formulations are increasing. New formulations are being marketed so rapidly that complete evaluation of their side effects is nearly impossible.

The fact that approximately 20 percent of the pesticides used in the nation are applied in California makes it important for California to lead in taking steps to insure that the health and welfare of its citizens are not unduly subjected to hazards through the use of these chemicals. Recent legislative committee hearings have fully documented the importance of pesticides to successful agricultural operations, the existence of adverse side effects from their use, and the scope of public concern.

The state administration also has expressed concern about the effects of pesticides, and in the spring of 1963 the Governor appointed a Committee on Pesticide Review to investigate the use of pesticides in California and to formulate a program to deal with the problem. On June 1, 1964, the committee's preliminary report was released. We have reviewed this report and find that it contains a good description of existing programs and their deficiencies. The report properly urges that present pesticide control programs such as in the Department of Agriculture be strengthened, but we do not agree with its additional recommendations for extensive new programs to deal with the pesticide problem.

As detailed below, annual costs for pesticide control programs in California are approximately \$3,475,000, including \$2,700,000 for research and testing by the university. In addition, the federal government is spending in excess of \$50,000,000 annually for pesticide research, education, and regulation throughout the nation. Expenditures for research, and testing by manufacturers of pesticides are indeterminate.

Department of Agriculture -----	\$606,000	(General and special funds)
Department of Public Health -----	154,000	(General Fund)
Department of Fish and Game -----	15,000	(Fish and Game Fund)
University of California -----	2,700,000	(State and federal funds)

Total -----	\$3,475,000
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The report notes that responsibility for the control of pesticides is shared by a number of state agencies: the departments of Agriculture, Public Health, and Fish and Game; the State Water Quality Control Board, and the nine regional water pollution control boards. Considerable research on pesticides is performed by the University of California. Because of its direct working relationships with the agricultural indus-

## Department of Agriculture—Continued

try where most pesticides are used, the Department of Agriculture has been granted the broadest authority to control pesticides and presently performs most of the significant regulatory work in this area. The department seeks to safeguard raw agricultural products against pesticide contamination, and therefore samples various agricultural products for pesticide residue analysis. Of more fundamental significance, however, are the administrative controls which the department has over pesticides: The department registers all pesticides before they can be sold legally in California; establishes tolerances for residues (usually these are the same as federal tolerances); licenses agricultural pest control operators and requires reports on their operations; requires special permits for certain highly toxic pesticides, and restricts the areas of their application.

Under existing state law, all economic poisons (pesticides) used in California must be registered annually with the Department of Agriculture. The major requirements for registration are that each pesticide must be labeled to show its chemical composition, directions for use, and a caution or warning statement. In addition, the pesticide must be effective for its intended use and free of harmful effects if used according to directions. All test data required for registration are supplied by the manufacturer, and the decision to grant or deny registration is based on an office evaluation of these data and other information in the open literature. At present, the accuracy of labels and the capability of the pesticides to do the pest control jobs ascribed to them appear to be the primary considerations in the registration process.

In our view, a strengthened registration program is the most practical recommendation made by the Committee on Pesticide Review, but the significance of this recommendation is somewhat diluted in the committee's report by discussions of the need for new research and surveillance programs. The report states on page 46 that:

"Registration is the single most efficient method available for the judicious control of the use of pesticides. It is the one point where prevention of the undesirable effects from pesticides can be accomplished most easily and most effectively because scrutiny can be brought to bear on every pesticide before it is used. The opportunity should be utilized to its capacity by bringing into the initial scrutiny the best technical and administrative review that can be devised. For California taxpayers the registration procedure offers the greatest potential for effective and safe use of pesticides, and offers it at least at cost."

It seems only logical that requirements for registration should be tightened, if the public is to be best served, to preclude the sale of any pesticide for which there is an effective, less toxic, more readily degradable pesticide which will serve a defined, significant, and proven need. If the registration program were governed by this policy, pesticide manufacturers would be encouraged to concentrate on the development of biological pest control methods or chemicals which reduce the possibility of deleterious side effects on the environment. This is substantially one of the conclusions reached by the Committee on Pesticide Review, which states in its report at page 118:

## Department of Agriculture—Continued

“Concern should not be with adding more precautionary statements, but rather with the development of chemicals and uses which would require fewer precautionary statements, and limiting registration to least harmful effective products.”

In other words, untested and duplicate pesticides should be kept from the environment rather than spending large sums to evaluate the harm they have done.

In our opinion, existing control programs are deficient in some respects, but remedial steps need not be as comprehensive or costly as those proposed by the Committee on Pesticide Review. The Department of Agriculture is presently authorized to protect the public against adverse effects of pesticides, but this responsibility is inadequately emphasized in the department's programs. The department appears to have oriented its pesticide functions primarily around the needs and interests of manufacturers and users of agricultural pesticides. The department's concern for labeling accuracy and economic utility of pesticides seems to overshadow the more important consideration of public safety which should characterize the state's pesticide control activities. Better use can be made of existing machinery by tightening testing requirements for registration and by limiting registration to the least toxic products.

*It is recommended that the Legislature direct the Department of Agriculture to develop guidelines which will assure that only thoroughly tested pesticides of lowest toxicity relative to standards of economic efficiency are marketed in California and also to formulate and announce a registration policy which clearly establishes public safety as the principal criterion for establishing eligibility for registration. This recommendation does not require new funds, but could be achieved by redirecting some money from existing sampling and testing work to develop a pesticide registration policy.*

## Poultry Meat Standardization

In addition to its poultry meat inspection program, which is concerned with the wholesomeness of poultry meat at the slaughtering house level, the department also conducts an egg, poultry and rabbit meat standardization program under which inspections are made of the labels on packaged poultry, rabbits, and eggs at wholesale and retail establishments. The department has a staff of nine people working on this program, with estimated costs in the budget year of \$120,000 payable from the General Fund. County agricultural commissioners perform most of the egg standardization work under departmental supervision, but all inspections of poultry and rabbit meat labels at wholesale levels are made by four departmental inspectors operating in four districts. Poultry meat inspections comprise most of the workload since rabbit meat is not in great demand.

The purpose of this program is to determine whether the labels on these commodities show the proper classification markings as required by law. For example, frying chickens must be labeled “fryers” and broiling chickens must be labeled “broilers.” The department states

## Department of Agriculture—Continued

that enforcement of the classification regulations benefits consumers, since an accurate label denotes the use value of the eggs or poultry meat being purchased. We doubt seriously, however, that any consumer benefit results from classification inspections of poultry meat at the wholesale level where consumers normally do not make purchases. Any other benefit is difficult to perceive, since it is unlikely that supermarket meat managers and other retailers who do purchase poultry meat from wholesalers are guided by the labels in determining whether their orders for fryers, broilers, etc., have been properly filled. Moreover, a high percentage of poultry meat sold in California is purchased directly by supermarket chains from out-of-state suppliers, thus bypassing wholesale distributors, and the labels on this meat are inspected by county and departmental personnel on a random basis at the same time that they make egg standardization inspections at retail stores.

While some consumer benefit may result from egg and poultry meat standardization inspections at the retail level, the department has been unable to demonstrate any significant benefit from inspections at wholesale establishments. In 1963 the department's four full-time poultry meat label inspectors examined close to 4,000,000 carcasses, of which less than 5 percent were found improperly labeled.

*Pursuant to the foregoing discussion, we recommend that poultry standardization work at wholesale establishments be discontinued and that four junior inspector positions be eliminated for a General Fund savings of \$35,000 for salaries and related support costs.*

## Seed Inspection

The department engages in two activities involving inspections or testing of agricultural seeds. The first activity, which is conducted in cooperation with the California Crop Improvement Association, provides a voluntary seed certification service to producers of seeds. The Crop Improvement Association establishes minimum genetic purity and germination standards for seeds and certifies those that meet these standards under laboratory tests. In past years the department's seed laboratory performed many of these certification tests on a fee basis, but recently more and more of this work has been done by the Crop Improvement Association's laboratory at Davis and by private laboratories utilizing standardized testing methods approved by the department. As a result, the amount of seed certification work done by the department has diminished to less than \$7,000 in testing fees in the budget year. The department has no statistical breakdown of the percentage of certified seeds used in California, but estimates vary from 20 to 50 percent, depending on the kind of seed. In 1964, California seed producers voluntarily sought certification for approximately 136,000 acres of various seed crops, but certification was approved for only 110,000 acres which met the germination and purity standards prescribed by the Crop Improvement Association. The remainder (plus imported seeds and noncertified seeds) was marketed under labels whose accuracy was established under departmental supervision as discussed below.

## Department of Agriculture—Continued

Since seed certification is not mandatory in California (and the department indicates that economic reasons justify its voluntary nature), seed crops which do not meet certification standards or which are not submitted for certification may be sold in California provided that their labels accurately and fully indicate their quality and provided, further, that they do not contain noxious weed seeds. Thus, the department conducts a second activity which is an inspection program in cooperation with county agricultural commissioners to determine that the labels on uncertified seeds sold at wholesale and retail levels accurately describe their qualities. The emphasis of this work is not on the quality of the seeds (except to the extent that noxious weed seeds may be present) but on the honesty and accuracy of the labels. The basic responsibility for collecting samples of seeds lies with the county commissioners whose work is supervised by the department. These seed samples are then sent to the department's seed laboratory where tests are made to determine the accuracy of the labels. This work is financed by the General Fund and is budgeted at approximately \$187,000 for 1965-66.

We have recently reviewed this second activity and have serious reservations that its benefits are commensurate with its costs. In 1962-63, for example, 42 county commissioners collected 3,167 seed samples. Of these, 357 were found to violate one or more provisions of the Seed Law, but many of these violations were minor technical matters. The department's field and laboratory costs for this work totaled approximately \$140,000 and county costs were approximately \$150,000. Thus, the average cost for each sample was more than \$91.00 for its collection by the county and laboratory analyses by the state.

Supervision of 42 county commissioners does not warrant the continuation of a specialized departmental staff composed of a program supervisor and four district supervisors to direct the sample collection activities of the counties. This is an example of a tendency toward overspecialization in the department's supervisory relationships with the county commissioners as well as detailed supervision of county employees who have substantial competence because of academic training and years of experience.

*Because of the high cost of the department's seed program in comparison to its accomplishments, it is recommended that the four district supervisors be eliminated to reduce the excessive supervision over county commissioners while making a General Fund reduction of \$33,018 plus support costs; that the department be instructed to initiate rigid economy and cost control measures over the seed laboratory; and that as a matter of state policy the department encourage seed growers to utilize the testing services of the California Crop Improvement Association.*

*In all other respects approval of the department's budget is recommended.*

**POLICY OPTIONS**

Table 1 on page 111 lists other Department of Agriculture programs presently financed from the General Fund which might be transferred

## Department of Agriculture—Continued

to the Agriculture Fund and made self-supporting if the Legislature wishes to implement consistently the policy of the Governor's Budget to make the meat inspection, poultry inspection and dairy service programs self-supporting. While such a major change would be beneficial to the General Fund, it raises such major policy questions with respect to the historic role of state government and agriculture in California that no position is expressed in this analysis. However, setting aside these major policy considerations, it is clear that \$4,044,675 in General Fund revenues could be made available for other state programs if the programs included in Table 1 were made self-supporting.

## Department of Agriculture

## FEDERAL COOPERATIVE MARKETING RESEARCH

ITEM 49 of the Budget Bill

Budget page 85

FOR SUPPORT OF FEDERAL COOPERATIVE MARKETING RE-  
SEARCH FROM THE GENERAL FUND

Amount requested .....	\$90,745
Estimated to be expended in 1964-65 fiscal year .....	90,530
Increase (0.2 percent) .....	\$215

TOTAL RECOMMENDED REDUCTION .....	None
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## ANALYSIS AND RECOMMENDATION

Under the Federal Cooperative 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 Agricultural Code, and federal participation is provided under the Agricultural Marketing Act of 1946 and Public Law 733 (79th Congress). The objectives of the program are to assist marketing agencies in utilizing the most effective marketing practices, to increase consumption of farm products, and to provide better and more timely marketing information.

To be continued in the budget year are four projects relating to certain crop surveys, marketing and sales promotion, maturity standards and packaging methods, and more efficient utilization of personnel in the Market News Service.

*We recommend approval of the amount requested.*

## DEPARTMENT OF AGRICULTURE

ITEM 50 of the Budget Bill

Budget page 73

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

Amount requested .....	\$11,562,522
Estimated to be expended in 1964-65 fiscal year .....	9,134,263
Increase (26.6 percent) .....	\$2,428,259

Increase due to funding changes .....	\$2,338,829
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TOTAL RECOMMENDED REDUCTION .....	None
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**Department of Agriculture—Continued**

**ANALYSIS AND RECOMMENDATION**

This item appropriates from the Department of Agriculture Fund that portion of the department's budget which supports activities requested by or benefiting particular agricultural groups. This fund is composed of fees and assessments derived from a variety of industry sources. The General Fund portion of the department's budget appears in Item 48.

The budget year request from the Department of Agriculture Fund is \$11,562,522, which is \$2,428,259 or 26.6 percent higher than estimated expenditures from this fund during the current year. As discussed in the analysis of Item 48, the Governor's Budget proposes to make meat inspection, poultry inspection, and dairy service self-supporting, which accounts for most of the increases in the budget year.

*We recommend approval.*

**Department of Agriculture  
DIVISION OF FAIRS AND EXPOSITIONS**

**ITEM 51 of the Budget Bill**

**Budget page 73**

**FOR SUPPORT OF THE DEPARTMENT OF AGRICULTURE  
FROM THE FAIR AND EXPOSITION FUND**

Amount requested	\$176,564
Estimated to be expended in 1964-65 fiscal year	180,010

Decrease (1.9 percent)	\$3,446
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<b>TOTAL RECOMMENDED REDUCTION</b>	<b>None</b>
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**PROGRAM OF PLANS AND BUDGET**

This division, with a presently authorized staff of 16.3 positions, supervises the fiscal affairs of 50 district agricultural associations, 24 county fairs, and 2 citrus fruit fairs; prepares a master premium list; approves premium lists of the individual fairs; and advises the Director of Agriculture and the State Public Works Board, in the case of capital outlay, as to allocations of money from the Fair and Exposition Fund to the local fairs pursuant to the continuing appropriation provisions of Sections 19627 and 19630 of the Business and Professions Code. The division's support budget is derived through the operation of Section 19621, Business and Professions Code, which provides for an annual appropriation from the Fair and Exposition Fund to the Department of Agriculture for the costs of supervising and auditing the local fairs.

For 1965-66 the division is requesting an appropriation of \$176,564, which is \$3,446 less than estimated expenditures for the current year. However, the division's proposed expenditures exceed the requested appropriation by \$93,700, which represents reimbursements from the local fairs for costs of indemnity and liability insurance premiums and supervision of construction projects. Thus, the total proposed expenditure in the budget year, including reimbursements, is \$270,264. The proposed budget includes \$1,000 for an additional 0.2 temporary clerk to meet increased administrative workload, but this cost increase is

**Division of Fairs and Expositions—Continued**

offset by a reduction in rent resulting from the division's moving from leased office space to the annex of the agriculture building. In other respects, the existing level of service has been budgeted.

**REVIEW OF AGENCY ACCOMPLISHMENTS**

Besides the division chief, there are 11 other professional staff members (assistant chief budget analyst, 3 general accountants, 1 accounting technician, 5 engineering positions, and an exhibit supervisor) who assist the local fairs with their business, financial, maintenance, and construction problems. One of these positions, an electrical inspector, was approved last year by the Legislature to help the fairs safely meet their increasing needs for electrical power. The most noteworthy function of the division is its annual allocation of \$6,930,000 in horse racing revenues which is earmarked in Sections 19627 and 19630, Business and Professions Code, for distribution to district and county fairs for support and capital outlay purposes. Any portion of this money which is not allocated to local fairs, as well as the unappropriated final balance of the Fair and Exposition Fund, ultimately is transferred to the General Fund. As the agency having major responsibility for the allocation and proper expenditure of this money among the district and county fairs, the division's activities frequently are influenced by considerations other than efficiency and economy. The division has prepared a five-year capital outlay project plan for local fairs, but has not developed information that would be helpful in appraising the need to maintain the current levels of continuing appropriations provided by the Business and Professions Code. As a result, there is inadequate data to evaluate the division's performance or accurately define the factors which constitute its workload.

**ANALYSIS AND RECOMMENDATIONS**

The present ceilings for support and capital outlay allocations to local fairs under Sections 19627 and 19630, Business and Professions Code, were established in 1959. Since that time, the Division of Fairs and Expositions has allocated more than \$31,000,000 under these sections to local fairs for support and capital outlay purposes. Approximately \$29,000,000 of this amount actually has been spent. The division is unable to assess the benefits which have accrued to the local fairs through these expenditures of state money, but it indicates that some of the fairs have excellent physical plants and are in good financial condition, while others occupy leased premises and have some obsolete facilities. It is obvious, however, that as long as allocations from the Fair and Exposition Fund are made to local fairs, an agency such as the Division of Fairs and Expositions will be necessary to administer them. *Approval of this budget request is therefore recommended.*

**POLICY OPTIONS**

In view of the pressing need to secure additional General Fund revenues in fiscal year 1965-66, the Legislature might consider changing the pattern of allocating Fair and Exposition Fund revenues to district and local fairs. There are several ways in which this could be

**Division of Fairs and Expositions—Continued**

done, depending on the amount of this revenue which the Legislature might want to channel into the General Fund as a means of reducing the need for new tax measures.

1. As a minimum, the capital outlay allocations provided by Section 19630, Business and Professions Code, could be eliminated to provide an additional \$2,250,000 for the General Fund. Support allocations from the \$4,680,000 continuing appropriation provided by Section 19627, Business and Professions Code, still could be made to the fairs.

2. The local fairs have benefitted from these support and capital outlay allocations for many years, and some of them have acquired substantial capital improvements through the use of this money. However, there probably are too many local fairs in California, some of which may not warrant continued existence. We have recommended on numerous occasions that at least a part of the money now going to support the fairs could be put to better use in the General Fund for support of education and other high priority needs of the state. Therefore, the Legislature should consider the possibility of eliminating further financial assistance to fairs that can continue to operate with existing plants and revenues.

**Department of Agriculture**

**CALIFORNIA MUSEUM OF SCIENCE AND INDUSTRY**

**ITEM 52 of the Budget Bill**

**Budget page 88**

**FOR SUPPORT OF THE CALIFORNIA MUSEUM OF  
SCIENCE AND INDUSTRY FROM THE CALIFORNIA  
MUSEUM OF SCIENCE AND INDUSTRY FUND**

Amount requested	\$850,800
Estimated to be expended in 1964-65 fiscal year	725,923
Increase (17.2 percent)	\$124,877
Increase to improve level of service	\$104,877

**TOTAL RECOMMENDED REDUCTION** None

**PROGRAM PLANS AND BUDGET**

The California Museum of Science and Industry, located in Exposition Park in the City of Los Angeles, was created by Chapter 69, Statutes of 1880, as the Sixth District Agricultural Association. The 1962 Legislature approved its present name, which more properly identifies its quasi-educational function of providing exhibits to demonstrate the industrial and scientific progress of the State of California. A nine-member board of directors appointed by the Governor administers the museum as well as 104 acres of state-owned land in Exposition Park which is held in trust by the museum.

Although the museum has lost its identity as an agricultural association, it was attached to the Department of Agriculture as a result of action taken by the 1963 Legislature which transferred fiscal supervision over district, county, and citrus fruit fairs from the Department of Finance to the Department of Agriculture.

**California Museum of Science and Industry—Continued**

This item appropriates the entire support budget for the museum from the California Museum of Science and Industry Fund, which receives a portion of its revenue by a transfer from the General Fund as indicated in budget Item 53.

For 1965-66 the museum proposes a budget of \$850,800, which is \$124,877 or 17.2 percent higher than estimated expenditures for the current year. The General Fund portion of the requested budget is \$372,905, which is an increase of \$93,317 or 33.4 percent over the General Fund appropriation for the current year. The remaining portion of the museum's budget is derived primarily from rental proceeds paid by the Coliseum Commission (representing the state, the city, and the County of Los Angeles) for the use of parking lots and for the land on which the Los Angeles Memorial Coliseum and the Los Angeles Sports Arena are located.

The percentage of increase in the proposed budget is close to that of last year and, as discussed below, represents largely the costs of 14.8 new positions to manage and maintain expanded operations of the museum. A Hall of Health Building, which was authorized by a \$200,000 construction appropriation of the 1963 Special Session of the Legislature, is scheduled for completion in July 1965. To operate this new facility, the museum is requesting 9.8 positions consisting of a manager, one intermediate stenographer, 1.4 motion picture operators, four guards, 1.4 janitors, and one stationary engineer. The remaining five new positions, representing four museum guards and one janitor, are requested for one year only for assignment to a temporary space exhibit in the armory building. At some future date, a permanent space exhibit will be installed and operated by the Museum Foundation.

Besides the costs of these new positions, which are budgeted at \$77,630, the museum also is requesting an increase of \$16,550 in operating expenses to provide for two additional patrolmen for police patrol service during weekends, holidays, and evening hours when extra security measures are necessary. These costs and other budgetary increases for utilities and recurring maintenance result in an overall increase of approximately \$104,877 for new levels of service.

**REVIEW OF AGENCY ACCOMPLISHMENTS**

The museum continues to grow in popularity as evidenced by the 1,323,168 visitors recorded in 1963-64. Approximately 36 special exhibits are displayed each year by the museum, some of which are sponsored by private sources. Other activities during the current year have included a science lecture series, a math seminar, numerous teacher institutes, a daily film series, and a summer science workshop. During 1963-64, more than 85,000 southern California schoolchildren toured the museum during released period time from their classes.

**ANALYSIS AND RECOMMENDATIONS**

The budgetary needs of the museum have increased in 1965-66 and will show some further increases in the next few years as a result of greater emphasis being placed on the museum as a state educational

**California Museum of Science and Industry—Continued**

institution. As noted above, most of the increases this year result from the establishment of new programs and some improvement in existing ones.

*Approval of the budget is recommended.*

**Department of Agriculture**

**AUGMENTATION OF THE CALIFORNIA MUSEUM OF SCIENCE AND INDUSTRY FUND**  
**ITEM 53 of the Budget Bill** **Budget page 88**

**FOR AUGMENTATION OF THE CALIFORNIA MUSEUM OF SCIENCE AND INDUSTRY FUND FROM THE GENERAL FUND**

Amount requested .....	\$372,905
Estimated to be expended in 1964-65 fiscal year .....	279,588
<hr/>	
Increase (33.4 percent) .....	\$93,317

**TOTAL RECOMMENDED REDUCTION** ..... None

**ANALYSIS AND RECOMMENDATION**

This item transfers \$372,905 from the General Fund to augment the support of the California Museum of Science and Industry. A discussion of the museum's activities appears in the analysis of Item 52.

*Approval is recommended.*

**Department of Agriculture**

**POULTRY IMPROVEMENT COMMISSION**

**ITEM 54 of the Budget Bill** **Budget Page 92**

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

Amount requested .....	\$58,822
Estimated to be expended in 1964-65 fiscal year .....	69,864
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Decrease (15.8 percent) .....	\$11,042

**TOTAL RECOMMENDED REDUCTION** ..... None

**PROGRAM PLANS AND BUDGET**

Sections 43 through 48 of the Agricultural 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 conducts two testing programs which provide the poultry industry with performance and economic data on various types of chickens and turkeys.

This item appropriates the entire support budget for the commission from the Poultry Project Testing Fund, which receives its revenues from fees paid by participants in the testing projects and from the commission's sales of eggs and poultry. The amount requested, \$58,822, is \$11,042 less than estimated expenditures from this fund in the current year.

**Poultry Improvement Commission—Continued**

In past years, the Poultry Project Testing Fund has received a major portion of its revenue by a transfer from the General Fund, but beginning in 1965-66 the Governor's Budget has discontinued General Fund support for the commission since it is felt that future activities of the commission will benefit primarily the poultry industry and therefore should be supported by it. For this reason, \$75,016 which the General Fund otherwise would contribute in 1965-66 to the commission's support budget is listed as "unidentified reductions." Presumably the commission will attempt to modify its current level of activities in order to operate within the amount budgeted.

**REVIEW OF AGENCY ACCOMPLISHMENTS**

The commission has conducted a number of tests relating to egg and meat production of chickens and turkeys, and it is currently engaged in gene-environment interaction studies to measure the egg-laying performance of different stocks under various commercial ranch conditions. In recent years, the commission has discontinued some testing programs at a savings of approximately \$25,000 annually in feed, salaries, and administrative costs. In 1963-64, personnel requirements were reduced from an authorized level of 14.8 positions to 11.8 positions.

**ANALYSIS AND RECOMMENDATIONS**

*Elimination of General Fund support for the Poultry Improvement Commission is in line with recommendations we have made in the past, and we therefore recommend approval of this item as budgeted.*

**Department of Youth and Adult Corrections Agency****YOUTH AND ADULT CORRECTIONS AGENCY ADMINISTRATOR**

ITEM 55 of the Budget Bill

Budget page 94

**FOR SUPPORT OF YOUTH AND ADULT CORRECTIONS  
AGENCY ADMINISTRATOR FROM THE GENERAL FUND**

Amount requested	\$78,162
Estimated to be expended in 1964-65 fiscal year	78,859

Decrease (0.9 percent)	\$697
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<b>TOTAL RECOMMENDED REDUCTION</b>	<b>None</b>
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**PROGRAM PLANS AND BUDGET**

The Legislature established the position of Agency Administrator by amending the statutes to create this agency in Chapter 2037 of the 1961 session.

The overall responsibility for the direction of the Department of Corrections and the Youth Authority and their respective paroling authorities is vested in the Agency Administrator. In conjunction with the directors of the two departments, the overall policies of the agencies are formulated and implemented with the approval of the administrator.

The 1965-66 budgets of the agencies involved do not present any new programs or marked increases in the present level of service provided at the various facilities operated by these departments.