

## DEPARTMENT OF AGRICULTURE

ITEM 58 of the Budget Bill

Budget page 100

FOR SUPPORT OF THE DEPARTMENT OF AGRICULTURE  
FROM THE GENERAL FUND

Amount requested .....	\$12,789,968
Estimated to be expended in 1967-68 fiscal year .....	13,267,907
Decrease (3.6 percent) .....	\$477,939
Increase to improve level of service .....	None
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>\$1,313,854</b>

## Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
Eliminate Citrus Whitefly Control Program .....	\$332,683	118	37
Eliminate Beet Leafhopper Control Program .....	387,800	118	71
Eliminate Pink Bollworm Control Program until revised ..	557,971	120	4
Restriction on red meat inspection expenditures .....	0	130	23
Abolish program coordinator and economic advisor positions	35,400	101	25

## Summary of Recommended Administrative Improvements

Submit time sheet data on workload of Division of Fairs and Expositions.

## Summary of Recommended Studies

Revise Agricultural Code Sections 4401-4507 and Business and Professions Code Section 19627.

## GENERAL PROGRAM STATEMENT

The Department of Agriculture has the responsibility for promoting and protecting the agriculture industry and for protecting the public in certain aspects of health, safety and welfare. This responsibility is explicitly stated in Section 3 of the Agricultural Code. In a broad sense, the departmental scope of activity extends from the administration of the California Land Conservation Act of 1965 on the one hand, to activities connected with the enforcement of quality, quantity and safety standards of agricultural and consumer goods on the other. The latter includes agricultural crops, meats, poultry, dairy products and pesticides.

During the current fiscal year the department has reorganized at both the division and bureau levels. Thus, while nine functional units had previously been accorded division status, the number of divisions has been reduced to six through consolidation and integration. The reorganization should clarify responsibility at the higher levels of management and improve the functional relationships of departmental programs.

The department's finances are derived from two major sources, the General Fund and the Department of Agriculture Fund. The former is generally expended to support directly activities which focus upon services beneficial to the general public, while the latter expends specially derived revenues for the support of activities that serve identifiable interests. The General Fund financing equals 54.8 percent of the total departmental budget, while the Department of Agriculture Fund portion is 43.7 percent.

## Department of Agriculture—Continued

Less than two percent of the department's budget consists of revenue appropriated from the Fair and Exposition Fund and two separate contributions from the federal government. The former appropriation, derived from horseracing revenue, directly supports activities of the Division of Fairs and Expositions. The General Fund matches \$70,559 of the federal contribution for marketing research projects encompassing a mutual federal-state interest. The remainder of the federal contribution is \$69,937 and is derived via contractual agreements between the department and the federal government. It should be stressed that the \$140,496 of federal participation shown in the department's budget is only a small portion of total federal involvement. Therefore, for this and other reasons that will be discussed later, a number of major programs budgeted by the department do not adequately reflect the true fiscal magnitude of many endeavors, because various expenditures are not included in the budget.

The department also collects and accounts for approximately \$11 million under marketing order programs established at industry request. These funds are not reflected in the budget. They are accounted for separately pursuant to law because they are collected and expended by the independent marketing order boards, which are supervised by the department rather than being a part of the department.

Total expenditures by fund source as expressed in the department's budget are shown in the following table.

	Expenditures by Fund Source			
	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Proposed</i> 1968-69	<i>Change from</i> 1967-68
General Fund:				
Total expenditure -----	\$12,418,609	\$13,338,466	\$12,872,779	\$-465,687 (-3.5%)
Deduct Chapter 170, Statutes of 1967 (pink bollworm deficiency appropriation) -	—19,000	—631,000	--	--
Adjusted General Fund expenditures -----	\$12,399,609	\$12,707,466	\$12,872,779	\$+165,313 (+1.3%)
Agriculture Fund -----	9,764,587	9,627,509	10,274,141	--
Fairs and Exposition Fund ---	193,460	200,113	213,788	--
Federal funds -----	137,438	140,138	140,496	--

Although the budget indicates a significant reduction in total General Fund expenditures of 3.5 percent, the total expenditure figures as stated do not adequately reflect the true funding relationships between years. An emergency General Fund appropriation in the amount of \$650,000 was authorized late in fiscal year 1966-67 to fight the pink bollworm. When this emergency appropriation is deducted from the total expenditures, the adjusted expenditure reflects an actual increase in the proposed budget of 1.3 percent which is consistent with prior budgets and more accurately representative of General Fund involvement. Thus, the 3.5 decrease in the proposed budget, while partly the result of economies in the current and budget years, is also substantially the result of a peculiar funding condition.

## Department of Agriculture—Continued

Agriculture Fund expenditures increase by \$646,633 in the budget year largely because of the collection and expenditure of a 50-cent-per-bale tax on cotton. The tax was part of legislation passed last session to control the pink bollworm by providing industry financial support. There was substantial fluctuation in the expenditure level of individual Agriculture Fund programs partly because of the unusual weather last spring, summer and fall.

Except for the insect spray programs, the level of service for most of the department's programs remains the same with minor increased operating costs being partially absorbed through various minor economies.

The budget for the department is presented this year in the form of the traditional organizational budget, accompanied by a separate informational program budget. The narrative presentation in the organization budget indicates improvement over the prior year in that program elements are defined at the bureau level instead of at the division level. Unfortunately, however, the line item expenditure information still is shown by the divisions and since there are fewer divisions due to reorganization, the line item expenditure information has been consolidated to the point that it has become virtually meaningless. Therefore, individual bureau programs, although described more fully than in past years, cannot be adequately analyzed without supplementary expenditure detail. This needed information has been partially provided by the program budget which shows the cost of each program. As a result the two budget documents taken together present more and better information than previous budgets.

## ANALYSIS AND RECOMMENDATION

The department's program expenditures are presented by program in the table below which shows all expenditures without segregation as to the source of funds. Because the program budget presents more information on the department's budget, we have utilized it in the preparation of this analysis.

Department of Agriculture Total Expenditures By Program			
Programs:	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Proposed</i> 1968-69
I. Prevention of introduction and spread of crop and livestock pest and disease-----	\$7,437,476	\$8,300,495	\$8,379,546
II. Protection to the public and maintenance of quality standards -----	6,808,734	6,829,832	6,969,892
III. Services to consumers and producers -----	8,664,796	8,514,651	8,464,601
IV. Supervision of district agriculture association, county and citrus fairs -----	270,737	298,271	307,319
Program cost plus prorated administrative charges	\$23,181,743	\$23,943,249	\$24,121,358

## Department of Agriculture—Continued

## Department of Agriculture Total Expenditures by Program—Continued

## V. Administration

A. Charges involved in above programs	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Proposed</i> 1968-69
Program I -----	(\$-342,824)	(\$-360,526)	(\$-358,633)
Program II -----	(-312,437)	(-344,963)	(-341,711)
Program III -----	(-439,585)	(-464,108)	(-461,960)
Program IV -----	(-12,823)	(-14,060)	(-14,385)
Total charges included in above programs -----	(\$-1,107,669)	(\$-1,183,657)	(\$-1,176,689)
B. Administration and service charges to trust funds and other state agencies not in- cluded in above pro- grams -----	\$176,855	\$183,055	\$182,455
Total -----	\$23,358,598	\$24,126,304	\$24,303,813
Less reimbursements-----	-844,504	-820,078	-802,608
Total expenditures as shown in Governor's Budget -----	<u>\$22,514,094</u>	<u>\$23,306,226</u>	<u>\$23,501,205</u>

The imputed cost of administrative overhead is included in the programs. The expenditures related to the Division of Administrative Services (see Program V.A.) are distributed to each program except for costs (under V.B.) not related to the four programs, i.e. \$182,455 for charges to trust funds and other state agencies.

## Prevention of Introduction, Spread of Crop, Livestock Pest, Disease

The basic objective of this program is to prevent the introduction and spread of plant and animal disease which may represent a threat to the agricultural industry. This program includes entomology, plant pathology, plant quarantine, apiary inspection, nursery service, weed and vertebrate pest control, animal health and diagnostic laboratory services to monitor existing diseases.

The cost for this program is \$8,379,546 of which the General Fund expenditure is \$7,431,692 or 88.7 percent, while the Department of Agriculture Fund contribution is \$777,360 or 9.3 percent. The latter is composed of \$556,746 for a portion of the pink bollworm program and \$220,614 for activities provided by the nursery service. The remaining balance, or 2 percent of total, may be considered as a reimbursable expenditure to the program via the federal government and private industry for testing services performed by the department.

The main policy problem and area of increasing expenditure in the department's budget involves pest control and eradication efforts. The historical process of involvement by the state in this effort is both extensive and complex. However, present circumstances raise serious questions as to the merit of several of the proposed expenditures. The key to the problem is lack of differentiation between programs involving *eradication* and programs involving *control*. The two are quite different concepts, but in the department's budget they have been mixed to

## Department of Agriculture—Continued

such an extent that they are used almost interchangeably in the narrative budget justification. Presently General Fund support for what should be short-term eradication efforts is becoming a long-term cost without any objective measure of accomplishment, feasibility, duration or state responsibility.

Insect or pest *eradication* efforts are generally deemed feasible when the technical capacity to completely eradicate exists and an insect is confined to a clearly defined and manageable geographic area. While the expenditures may vary according to the cost of different eradication techniques for a particular insect, the time required to eradicate and the geographic distribution of the infestation act as the variables affecting eventual completion of the eradication effort. If eradication becomes too prolonged in time and there is demonstrated inability to eliminate the infestation, the program is no longer an eradication effort, but becomes a control program.

A *control* program is broadly defined as a case in which the particular insect is so widely dispersed that eradication is impossible and only control to minimize damage is feasible. Thus, the geographic and time limitation so important to an eradication program are not operative and the control program is without a defined limitation based on fiscal, geographic or time consideration.

In terms of responsibility the two concepts are also quite different. The objective of this whole program is explicitly stated by the department as, "prevention of introduction and spread of pests and disease." While the General Fund traditionally has been used to finance an eradication effort, the department has secured or is seeking General Fund financing of what have become control efforts. This amounts to the state assuming responsibility for a cost that should properly be the responsibility of an individual or industry as a cost of doing business. The Director of Agriculture stated before the Senate and Assembly Agriculture Committees last December that in general he agrees with this approach, and the recommendations in this analysis are based on this concept.

State responsibility can be clearly defined in questions of control or eradication. As an example, the recent eradication of the Japanese beetle at a cost of \$700,000 illustrates the proper relationship. Here two points are of consequence. First, the insect was discovered in 1961 and declared "eradicated" in 1965. Secondly, the infestation was confined to a limited area in Sacramento. Thus, at a program cost of \$700,000, eradication was accomplished in five years in a confined, specific, manageable area. This would seem the proper responsibility for the state and must be contrasted with the situation involving the citrus whitefly, the beet leafhopper and the pink bollworm.

**Citrus Whitefly**

Historically, the discovery of citrus whitefly in Marysville in 1907 led to the first organized state attempt to eradicate an introduced pest. It has been "eradicated" several times since then. The latest infestation has included Fresno, Sacramento and San Diego. In the current year a new infestation has been discovered in Bakersfield. The continuing

## Department of Agriculture—Continued

eradication effort in Sacramento began in 1958 when 22 city blocks were found infested. In 1961 the insect was declared eradicated but it was not because in 1962 another infestation involving 250 blocks was discovered. During 1966 new infestations in Sacramento were found along nearly all peripheral zones on the fringe of known infestation, plus finds in other zones outside of the previous eradication area. The infestation in San Diego and the infestation in Sacramento are comparable in size. The total statewide program now involves 4,500 city blocks which are being sprayed this year and the same number is proposed for the budget year.

The expenditures in this program are:

	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Proposed</i> 1968-69
General Fund Expenditures -----	\$205,204	\$328,317	\$332,683

The table shows a 62 percent increase in General Fund costs for the budget year over the 1966-67 level. In addition, the citrus industry, for the first time, contributed \$194,000 to be expended during the current year. This industry contribution does not show in the Governor's Budget. Thus, the estimated expenditure for 1967-68 totals \$523,313. The industry contribution came as a direct result of the department's expression of doubt concerning the feasibility of continuing the program due to the widespread incidence of the pest. However, as of this date, no industry contribution is projected for the budget year, but the department's budget shows that the program will be maintained at a constant level because the industry money is not included in the expenditure figures. However, the budgeted program will not finance the current year level. It would appear that reducing the level of an eradication program would result in its failure and would raise questions regarding the justification for continuing any eradication effort.

Aside from the issue as to whether the budgeted program is adequate for an eradication effort, the feasibility of the program itself now seems questionable considering (a) the historical length of the program, (b) the geographically widespread existence of the insect, (c) the complications involved in treating an urban infestation, (d) the magnitude of future expenditures without reasonable assurance of success and (e) reluctance of the citrus industry to assume continuing financial support of the program.

The foregoing considerations and especially the geographical dispersion of the insect strongly implies that we are in transition from an eradication to a control program. The department's statement that the insect has been successfully eradicated in the past is not an adequate justification for the continuation of the present program. If it is to be continued at a level \$194,000 below that of the current year, it would appear to have become a control rather than an eradication effort, past successes notwithstanding.

*On the basis of the continuing spread of the infestation, the lack of financing for an eradication program, and the apparent transition to a control program, we recommend the \$332,683 for General Fund support of the citrus whitefly program be eliminated.*

## Department of Agriculture—Continued

## Beet Leafhopper

The fight against this insect which transmits "curlytop" to sugar beets and other plants was first undertaken in 1931 by the sugar beet industry and was continued until 1943 as an annual program of spraying. In 1943, the industry spray program was terminated, perhaps because of the development of more resistant strains of sugar beets. In the biennium of 1943-45, \$15,000 per year was appropriated by the Legislature from the General Fund to continue the spray program. The General Fund has since provided 100 percent financing during the past 25 years. Shown below are the presently budgeted General Fund expenditures:

<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Proposed</i> 1968-69	<i>Change from</i> 1967-68
\$278,190	\$294,311	\$387,800	+32%

Included in the budget year amount is \$131,160 for pesticides, an increase of \$60,882 over the current year. Contract aerial spraying costs total \$68,000, an increase of \$26,426 over the current year. The remainder covers expenditures for salaries and wages. This program is one of the major users of DDT in the state and raises all of the philosophical and technical problems inherent in large scale DDT spraying.

The beet leafhopper is the only known carrier or transmission host of the virus disease commonly called "curly-top." The disease virulence of the leafhopper and the number conveying active virus are of prime importance in spreading curly-top. A high population of leafhoppers of very low virulence is not as hazardous as a low population of very high virulence. Consequently, the degree of virulence rather than strict numbers of insects is the measure of infestation and damage potential. This insect makes an annual migratory movement between the foothills and floor of the San Joaquin Valley. Because of this movement and the geographical areas infected, namely the coast range foothills from Tracy to Bakersfield in the San Joaquin Valley, Riverside County and more recently the Imperial Valley, control efforts are mainly directed at the plant host, the Russian thistle. The leafhopper generally overwinters on the host before migrating to crops on the valley floor in the early spring. It should be emphasized that the Russian thistle is not the only host plant but it is the main host where vegetation is sparse.

Besides the extensive spraying of foothill areas with DDT to directly kill the beet leafhopper, the Russian thistle host plant is also destroyed by the department. Much of the Russian thistle acreage can be temporarily eliminated by hand labor and mechanical means. However, in so doing, the soil is disturbed which creates an excellent seedbed for dormant thistle seeds already in the soil, thus resulting in maximum seed germination and an increased stand of thistle the following year. No possibility presently exists for completely eradicating either the host plant or the insect.

Russian thistle is one of the few plants which thrives in the foothills. In its younger stages of growth and in the dry months the thistle serves

## Department of Agriculture—Continued

as cattle and sheep forage. It also serves to protect the land against erosion. For these reasons its destruction under the beet leafhopper program has some negative values.

Since 1950 an average of 150,000 acres of thistle has been sprayed annually. For the current year 340,000 acres are being sprayed, and this same amount is projected for treatment in the proposed budget.

The goal of the department appears to be that of restricting damage directly attributable to the curly-top virus to not more than 1 percent of the total crop. However, statistically it would seem that measuring the degree of damage presents many problems. First, the area encompasses most of the agricultural land in the state. Second, numerous crops are affected, including melons, squash, pepper, cantaloupe and several ornamental plants. Therefore, a goal of 1 percent or less damage which requires surveying hundreds of square miles and a score of crops is a difficult goal against which to measure progress. For example, a department report of January 13, 1967 after stating that extensive damage occurred in the San Joaquin Valley, adds "Damage also occurred in isolated spots as far north as Colusa County. However, very little damage was noted in other crops such as tomatoes and melons in central and northern California . . ." The department's annual report also states "Curly-top damage ranged up to 100 percent in many beet fields within 20 miles of the west side breeding grounds. Only occasional damage to tomatoes and other susceptible crops occurred in the high damage zone or elsewhere during the season." Consequently, as in most cases of statistical averaging, a distorted overall picture develops when reduced to a statewide measure of infestation in percentage terms. Furthermore, it does not appear that the program is coming close to meeting its stated goal of 1 percent damage.

However, the basic question would again seem to be one of responsibility. The state should not be responsible for control programs. The state's policy should be that control expenditures should become normal costs of doing business and not a General Fund responsibility. In the case of the beet leafhopper, those who benefit most are receiving special assistance which others who must control widespread infestations of common insects do not receive. *We recommend the General Fund support of \$387,800 for control of the beet leafhopper be deleted.*

## Pink Bollworm

We have already shown how a \$650,000 deficiency appropriation under Chapter 170, Statutes of 1967, has caused an increase in proposed departmental expenditures for 1968-69 to appear as a decrease from the 1967-68 level. The purpose of the appropriation was to finance a cooperative federal-state spray program against the pink bollworm which had spread from Arizona across the Colorado River into southeastern California and as far west as the Antelope Valley. The emergency program was to halt the advance of the infestation before it reached the San Joaquin Valley and hopefully to eradicate the infestation in California. The appropriation was made under emergency conditions and without any definitive understanding of the future of the



## Department of Agriculture—Continued

program. It is now clear that the program has failed because the pink bollworm has invaded the San Joaquin Valley. Since the department's budget was prepared, it has become obsolete due to recent developments. Therefore, a new program for pink bollworm and a revised budget for it are needed.

The threat to California's cotton crop from the pink bollworm had been imminent for over a decade. When infestation finally occurred during 1965, a combined eradication and control spray program was initiated by the department. The program involved aerial spraying. Pesticide was applied with the initial goal of eradicating the infestation in the Antelope Valley to keep the insect from spreading to the San Joaquin Valley, where 90 percent of the state's cotton crop is cultivated, while a control spraying program was carried out along the Colorado River. By the end of 1966, all the remaining cotton-growing areas south of the Tehachapi Mountains were infested. Then, in 1967, the San Joaquin Valley became infested. Spraying activity has amounted to 5,000 acres sprayed in 1965, 116,000 acres in 1966, and 480,676 acres in the current year. Even though the spray approach has failed, the department's budget is prepared on the basis that the same amount, 480,676 acres, will be treated in the budget year.

Recently the whole scope of the pink bollworm program was the subject of extensive joint hearings before the Senate and Assembly Agriculture Committees. These committees received testimony on December 19 and 20, 1967 from the state and federal Departments of Agriculture, the University, industry representatives, the Legislative Analyst's office and other interested parties.

During the hearings the committees requested the Legislative Analyst to prepare a tabulation of the total expenditures this year on pink bollworm in California, because we indicated that all expenditures directly supporting the program had not been identified. Shown below are the total 1967-68 expenditures for the pink bollworm program as computed by the department based on our identification of the activities involved. These expenditures are probably minimums in most cases except the pink bollworm program cost, and of course do not include such costs as plant quarantine inspection which cannot be prorated. All figures are expenditures for the current fiscal year from July 1 to date plus estimates of expenditures to be made this spring.

	<i>Expenditures 1967-68</i>
Division of Plant Industry	
Bureau of Entomology	
Pink Bollworm Program cost -----	\$1,184,532
Insect Detection and Survey -----	25,000
Taxonomy Laboratory -----	14,700
Bureau of Plant Pathology -----	600
Bureau of Plant Quarantine -----	8,900
Total Departmental Pink Bollworm Expenditures -----	\$1,233,732
Federal Participation -----	(653,000)
County Participation -----	(115,000)
Total Expenditures All Sources -----	(\$2,001,732)

## Department of Agriculture—Continued

A most important aspect of the spray approach to control of the pink bollworm, as it has been implemented in California, is that the cost has been borne by the state's General Fund and by contributions from the federal government with some county participation. During the period covered in the above table the control program required no financial participation by the landowner and cotton grower who benefited from it. However, in recognition of the direct benefit to be received by growers, the Legislature did establish a 50 cents per bale tax on cotton growers in California to assist in financing subsequent pink bollworm control programs. The \$556,000 revenue from this tax is placed in the Agriculture Fund. The budget proposes to appropriate the \$556,000 without differentiating it from General Fund money or specifying how it will be spent. Such differentiation is important because in 1968-69 the pink bollworm program will no longer be exclusively financed by the General Fund.

As a result of the hearings by the agriculture committees, the bollworm program as budgeted has been largely invalidated. Specifically, it was evident that any continued spray program at this time must be defined as a "control" program because spray eradication efforts have failed to halt the spread of infestation. Furthermore, the success of future California activities is uncertain because the geographical dispersion of the insect includes cotton land not only in California, but also in Arizona and Mexico. Reinfestation in California can occur because the insect is capable of flying hundreds of miles. Therefore, any program undertaken by California, whether control or eradication, will have to be matched by a cooperative program of equal strength in Arizona and Mexico before control is feasible along the Colorado River and perhaps even in the San Joaquin Valley. Indications are that no such cooperative action is imminent.

Regarding a solution to the infestation problem, testimony of the University and the federal government before the agriculture committees strongly supported cultural control practices as the best control technique available. In fact witnesses unanimously expressed the view that cultural control practices properly undertaken are the best approach, given the present state of knowledge. These practices require shredding of cotton plants, plowing them under, irrigating the plowed fields and a period of up to 90 days in which no-host (cotton plants) are available. The objective is to kill the bollworm larvae which are overwintering in dead cotton plants and the soil. The department officially endorsed this approach as a holding action to suppress populations of the pink bollworm. It has already issued revised regulations to implement it. These regulations are enforced by county agricultural commissioners and require no appreciable state effort or expenditure.

Many growers indicated at the hearing that they have in the past and will continue to use spray and other control techniques by themselves irrespective of whether or not the state has a spray program. Some growers felt a local program managed and financed privately would be the most beneficial alternative.

## Department of Agriculture—Continued

Current financial conditions make it impossible to carry out the state's proposed spray program as budgeted. During the joint committee hearings the federal government announced that no federal funds would be committed to spray programs in the future. The federal government in the past, although stressing that cultural control is the single most important weapon against the pink bollworm, had agreed to help finance spray control programs. During the current year \$460,000 had been contributed, with very minor exception, to purchase pesticides. We estimate that the federal funds have purchased approximately three-fourths of the pesticide used in the department's spray program. Such major use of pesticides has resulted in loss to bee colonies and various suits against the state for damages.

The department is proposing an expenditure of \$1,114,717 in the budget year. Without federal participation in a spray program the proposed budget is completely inadequate for any useful spray program. The budget proposes that 480,676 acres be sprayed. However, the budgeted figure for the purchase of spray materials without federal assistance allows for only enough pesticide to spray 65,000 acres. Thus, an additional sum of approximately \$836,000 will be needed for pesticide to spray the remaining 415,676 acres which the budget does not contain. Even this amount will not finance an effective spray program in the San Joaquin Valley. Thus, the \$557,971 in General Fund support and the additional \$556,746 provided through the industry assessment placed in the Agriculture Fund is presently proposed to be appropriated for a program that is obsolete.

In place of a spray program the federal government has indicated that it prefers to engage in a pilot biological control program using the sterile moth technique. The federal government plans to expend approximately \$193,000 by the end of the current year for this project. The department indicates that it wishes to participate in this effort but its budget does not contain this program revision.

The University of California and the department have indicated a need and an intention to undertake a research program directed at the pink bollworm. However, it should be stressed that the federal government has carried out research on this insect for over 50 years. Therefore no spectacular results should be expected from any short-term research. Instead answers to pressing field operations problems are the greatest need at this time if the San Joaquin Valley is to be protected by cultural controls and improved techniques. Any research project conducted by the University will not solve present problems in time for use in the next two growing seasons if it is a laboratory approach. Evaluation of field work on a large scale appears needed. Therefore, we believe the research should be guided by the Department of Agriculture and performed in cooperation with its regulatory functions taking into consideration both the successes and failures of previous research at the federal level. The importance of timeliness is evident if the San Joaquin Valley is to be protected. If research is to contribute to current problems it must be short-run and any long-run research

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must be identified and justified as such. For example, research to evaluate the present cultural control practices and analyze the present uncertainty as to no-host periods, plow under procedures, etc. appears to be needed and worthwhile. If cultural control is to be basic to control in California, answers are needed soon. Answers provided five years from now even though valid and useful, will come long after the pink bollworm will have been either controlled without research or spread throughout the San Joaquin Valley.

Our analysis indicates that no program having any current validity is reflected in the department's present budget. A new program is required. *We recommend that the entire \$1,114,717 for support of this program be deleted until such time as the department submits a new program including recommended distribution of all costs between the General Fund and the Agriculture Fund.*

## Plant Quarantine

The objective of the plant quarantine program is to inspect all plant materials and livestock being brought into the state to determine whether they are prohibited by quarantine regulations adopted by the Director of Agriculture pursuant to the Agricultural Code. The state operates 18 border plant quarantine inspection stations and supervises inspection of freight, mail and express shipments which the county agricultural commissioners perform. This activity is entirely supported by the General Fund.

During the current year the department transferred its quarantine inspection activity at maritime ports and airports to the federal government. This factor accounts for the reduction of nine positions and the 3.5 percent reduction in the plant quarantine program expenditures budgeted for next year. The normal expenditure in the budget year equals \$1,656,190 which is \$461,772 less than the program level prior to transfer of the port function and making other minor reductions.

Prior expenditure levels for the port inspection activity were in the order of \$500,000 annually. Continuing cost will be about \$90,000 annually for the remaining functions performed by bureau personnel. Even though the port activity has essentially been transferred to the federal authority, the bureau maintains inspection facilities at San Diego, San Pedro and San Francisco to inspect inter-coastal shipping not included under federal jurisdiction. However, contained in the narrative portion of the current budget is a statement that the state inspectors "supervise treatment of commodities for state reasons and supervise any state work performed by federal inspection."

The federal government has assumed quarantine responsibility for all international shipping, and any supervision by state personnel is a needless duplication. The remaining six authorized positions have been retained to inspect the comparatively small volume of intracoastal shipping. The state inspection should be confined to the inspection of intracoastal shipping and the department should review the workload of these positions to meet this objective.

## Department of Agriculture—Continued

On October 24, 1967, the whole scope of the plant quarantine program was the subject of an interim hearing by the Assembly Committee on Agriculture. At the hearing the department stated that it was making a basic study to determine the overall effectiveness of the program and to evaluate alternatives to it. As of this writing the study has not been released. The department has stated that no estimated date of completion can be given. Therefore, many of the unsatisfactory conditions previously identified in our analyses and others discussed at the October hearing remain in the department's budget for next fiscal year.

## Protection to the Public and Maintenance of Quality Standards

The department conducts a variety of activities designed to regulate the quality of agricultural commodities and certain other products. For the fiscal year 1968-69, the department proposes to spend \$6,969,892, an increase of \$134,060 over the current year. General Fund involvement is approximately 56 percent of total expenditures.

Activities supported by the Agriculture Fund include the testing of fertilizers, pesticides, agricultural minerals, feeds and livestock remedies and petroleum products to insure that they comply with quality standards and that their labels provide accurate information with respect to composition and performance. Other self-supporting programs involve the regulation and licensing of agricultural pest control operators, inspection of livestock brands to establish ownership, and supervision of the work of public weighmasters. Among the quality and labeling control activities supported completely or in part by the General Fund are seed inspection, fruit and vegetable standardization, poultry, meat and egg standardization, and pesticide residue testing on fruits, vegetables and other commodities.

The major activities of the program and also the source of the greatest General Fund cost are the inspection of dairy products, poultry meat inspection and red meat inspection. The latter inspection involves the largest single expenditure of the General Fund. The estimated total cost next year is \$1,852,648.

In previous analyses we have discussed the meat inspection program in considerable detail. We have emphasized that the total cost of inspection has been quite high mainly because of the small size of many of the facilities inspected. Since a high proportion of meat enters interstate commerce and therefore is inspected at the federal level without charge, the basic problem has been whether it was equitable for the state to assess charges to meat packing plants engaging only in intrastate commerce. The problems associated with charging for state inspection are magnified by the fact that the majority of large packing plants ship interstate and the department therefore limits its inspection to smaller plants. A fee charge would rest largely on small plants and might result in eliminating many small businesses and therefore increase the already high degree of concentration within the industry.

However, the federal Wholesome Meat Act, signed into law on December 15, 1967, may solve the above problem of equity and also reduce the General Fund cost associated with the red meat inspection

## Department of Agriculture—Continued

program. Equally important is the fact that all meat, whether involved in interstate or intrastate commerce, will be required to conform to uniform standards.

Basically, the new legislation will provide federal funding for 50 percent of the estimated total cost of the state's meat inspection program provided state inspection standards are "at least equal" to the federal standards. The new act also contains a provision allowing the federal government to preempt state authority upon evidence, after an elapsed period of "thirty days prior to the expiration of two years after enactment" of the act, that state inspection requirements are not "equal to" the federal standards. It is implied that under these circumstances the federal government would perform the inspection "as if such operations and transactions were conducted in or for commerce." The term commerce as used here refers to the present federal practice of inspecting all meat engaged in interstate commerce and thus the above provision would permit federal inspection without regard to the status of the meat in commerce.

The department has recently applied to the federal government to determine applicability of the new law to state inspection and also to determine what legislative changes and/or additions to state law may have to be made. In particular, the standards in the new law applying to jobbers, wholesalers and warehouses have been more strictly defined than present state law. The latter is broadly defined in the Health and Safety Code and new state legislation will no doubt be required in order to meet the federal standards.

As stated in the federal legislation, the federal government will cooperate with the department and furnish "(1) advisory assistance in planning and otherwise developing an adequate state program under the state law, (2) technical and laboratory assistance and training (including necessary curricular and instructional materials and equipment), and financial and other aid for administration of such a program." The latter financial assistance is, as previously mentioned, 50 percent of the total estimated cost of the program.

The department has also applied to the federal government to determine state applicability under the Talmadge-Aiken Act. If applicable, meat inspection would be financed 100 percent by the federal government. However, the latter act is broadly stated and subject to varied interpretation. Thus, its applicability in California is presently somewhat uncertain.

*In order to establish legislative policy on securing federal funds, it is recommended that the Legislature direct the Department of Finance to release only that portion of the \$1,852,648 requested for red meat inspection which it finds is needed because the federal government will not assume the costs until proper application has been made by the California Department of Agriculture for federal financial assistance.*

## Services to Consumers and Producers

This program consists of 15 elements of a regulatory, inspection or service nature. Individual program elements are designed to assist

## Department of Agriculture—Continued

producers and handlers in the planning and marketing of various agricultural products.

Total program expenditures are shown as \$8,464,601. The General Fund portion of this amount is \$1,535,620 or 18 percent and the Agricultural Fund expenditure is \$6,612,420 or 78 percent. Included also are reimbursements from the various marketing orders for services rendered plus a federal contribution of \$106,854 for matched fund marketing projects (\$70,559) and reimbursable salaries (\$36,295) for the Market News operation.

Most of the General Fund money is expended for two market information programs budgeted at \$1,318,217. These programs assist the industry in formulating production and marketing decisions. Not shown in the Governor's Budget is a significant additional contribution by the federal government. The Market News service receives \$527,282, while the Bureau of Agricultural Statistics receives approximately \$654,000. This is primarily due to cost-sharing agreements providing for joint federal-state cooperation whereby the federal government contributes funds for services rendered by the state as part of a national program and/or interest. Thus, the amount actually representing total expenditure for the two program elements approximates \$2.5 million.

Other program elements supervise approximately 30 industry-approved marketing orders, certify the grade and quality of various agricultural products as a basis for commodity purchase contracts and transportation standards and establish and enforce minimum prices for milk. All of these programs are self-supporting.

Supervision of District Agricultural Associations,  
County Fairs and Citrus Fruit Fairs

All functions within this program are contained within the Division of Fairs and Expositions. Through utilization of the division's 17.3 authorized positions, the program activities accomplish the statutory requirement of analyzing and recommending fair support allocations and recommending the allocation of capital outlay appropriation. These allocations are statutorily distributed by the Director of Agriculture subject to the provisions contained in Sections 19627 and 19630 of the Business and Professions Code. Besides analyzing and approving the budgets of 73 of the 75 fairs supervised, the division also prepares a master premium list and provides advisory services relating to administration, accounting, exhibiting and maintenance.

For 1968-69 the division is requesting a net appropriation of \$213,788 which is \$13,675 more than estimated expenditures for the current year. However, the division's proposed expenditures exceed the requested appropriation by \$93,531, which represents reimbursements (\$82,360) from local fairs for costs of indemnity and liability insurance premiums and supervision of construction projects, and the General Fund cost of prorated administrative overhead (\$11,171). Thus, the total proposed expenditure in the budget year is \$307,319.

## Department of Agriculture—Continued

A major function of the division is the annual allocation of \$4,680,000 in horseracing revenues for support purposes, as appropriated through Section 19627 of the Business and Professions Code, to individual fairs that do not receive a statutorily set annual appropriation via Section 19622 of the code. The maximum annual allocation may not exceed \$65,000 per fair. The code explicitly states that the appropriation shall be made "on the basis of need of each such fair for financial assistance."

Authority to determine the need and the specific dollar allocations for each local fair is contained in Section 19627 of the Business and Professions Code based on revenues, costs and efficiency considerations. However, within this section is additional language that further includes Section 92 of the Agricultural Code (since recodified beginning with Section 4401) as an additional basis for approving support allocations based on premiums paid. These two code sections require the division to examine many detailed activities of each fair which increases the amount of work to be done and the cost for determining allocations but still leaves judgment as a substantial factor in determining the actual amount of the allocation. Therefore, much of the analysis of local fair operations has limited utility. In view of the fact that the majority of fairs examined receive the maximum statutory allocation, serious question arises as to the necessity for continuing much of the detailed examination.

We believe the division's support expenditure is excessive particularly as to the functions involved in determining the financial "need" of each fair. In other words, the cost of giving money to the local fairs is too high. However, in attempting to determine a reduced cost basis for making allocations, we find that the division is unable to supply any information showing how its manpower is presently utilized because it does not maintain any work measurement records.

*Pursuant to the above, we recommend that Sections 4401-4507, inclusive, of the Agricultural Code be simplified and harmonized with Section 19627 of the Business and Professions Code to provide a logical and more easily administered basis for the division to allocate support funds to local fairs, and that the division initiate a manpower evaluation study, using a time sheet system. This study should begin as soon as possible and continue for a period covering at least six months. A tabulation of the results should be submitted to this office and the Legislature as early as possible but no later than January 10, 1969.*

## Administration

The administration program includes the Division of Administration consisting of the director and his principal assistants, the fiscal office, the personnel office, an office services section, a data processing unit and an information office. The success for all departmental programs, to a large extent, is ultimately dependent upon both objectivity in leadership and the efficient use of all individual staff services.



## Department of Agriculture—Continued

The total program expenditure is \$1,359,144. However, as previously mentioned in the introductory portion of this analysis, a total of \$182,455 is a reimbursable cost for services rendered to organizations outside of the department. The adjusted total, or \$1,176,689 is prorated among the various departmental programs with the General Fund cost for administration in the budget year being \$542,670.

Due to the variety of the department's many activities, field work is of necessity decentralized. In part this is due also to the vast geographic area involved. Much of the department's work is cooperative at local levels with counties and industry segments. Therefore, the department has many positions classified as "program supervisors." These positions report directly to the bureau chief and have line authority over the operating field units.

In previous analyses we have discussed the role of three high level "regional coordinator" positions. These positions are located in Sacramento, Los Angeles and San Francisco. Organizationally the coordinators report to the director's office. They function in a staff capacity and therefore possess no line authority over any of the operating divisions, bureaus or associated field units. Frequently they function in a public relations capacity.

Presently, the regional coordinator's office in San Francisco is vacant. Since the coordinators are not utilized effectively to strengthen and coordinate the department's field organization, there is no need to continue the vacant position and it should be abolished.

Due to dynamic changes in agriculture, many of the personnel have become highly technical and increasingly specialized. Evidence of this technical and/or specialized transition is especially apparent in the area of economics. Economists employed in the area of agriculture have in the past been utilized as generalists. More recently, the whole field of agriculture has advanced to such a technical level that economists must specialize in a particular segment or area of work.

The department economists are no exception. Economists are extensively and primarily used in the Division of Marketing Services to work on milk pooling, market planning and forecasting. They are not distributed widely in the department so as to require high level coordination.

The department, for many years, has had an economist at the staff level. This position has recently been vacated due to retirement. When the department is in need of technical advice in a specialized problem area or when forecasting is needed to judge the economic impact of a given decision, the department can turn to the economists at the division level for information and the vacant generalist position can be abolished.

*Pursuant to the above discussion, we recommend that one vacant regional coordinator position be deleted for a saving of \$17,700 and the position of Economic Advisor be deleted for a saving of \$17,700. Total General Fund savings would equal \$35,400 plus related operating costs.*

## DEPARTMENT OF AGRICULTURE

Item 59 of the Budget Bill

Budget page 113

FOR FEDERAL-STATE MATCHED FUNDS MARKETING  
PROJECTS FROM THE GENERAL FUND

Amount requested -----	\$70,559
Estimated to be expended in 1967-68 fiscal year -----	70,559

Increase -----	None
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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 areas of a joint interest. In California, the matched fund program is made available by the provision of Division 6, Chapter 8, Article 1 of the Agricultural Code.

In the budget year there are four separate marketing research projects assigned to three divisions within the department. The four projects relate to the inherent problems in the course of changing marketing and distribution methods for fruits and vegetables, problems and opportunities for market expansion, the feasibility of conducting acreage surveys via aerial photography, and studying registration and certification alternatives for implementing an industry supported system relating to disease-free nursery stock.

*We recommend approval.*

## DEPARTMENT OF AGRICULTURE

Item 60 of the Budget Bill

Budget page 100

FOR SUPPORT OF THE DEPARTMENT OF AGRICULTURE  
FROM THE AGRICULTURE FUND

Amount requested -----	\$10,274,142
Estimated to be expended in 1967-68 fiscal year -----	9,627,509

Increase (6.7 percent) -----	\$646,633
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TOTAL RECOMMENDED REDUCTIONS -----	\$556,746
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## Summary of Recommended Reductions

	Amount	Budget Page	Line
Eliminate pink bollworm funds pending preparation of a program -----	\$556,746	109	38

## 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. The fund is composed of fees and assessments derived from a variety of industry sources.

The budget year request from the Department of Agriculture Fund equals \$10,274,142, an increase of 6.7 percent over the current year. As discussed in the analysis of Item 58, the increased expenditure is

## Agriculture

Items 61-62

### Department of Agriculture—Continued

largely due to the \$556,746 collected by the fund for a program directed against the pink bollworm in cotton.

*We recommend approval of the item except for deletion of \$556,746 budgeted for the pink bollworm program which is discussed under the program analysis of Item 58.*

### DEPARTMENT OF AGRICULTURE

ITEM 61 of the Budget Bill

Budget page 107

#### FOR SUPPORT OF THE DIVISION OF FAIRS AND EXPOSITIONS FROM THE FAIR AND EXPOSITION FUND

Amount requested -----	\$213,788
Estimated to be expended in 1967-68 fiscal year -----	200,113
Increase (6.8 percent) -----	\$13,675

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

#### ANALYSIS AND RECOMMENDATIONS

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 cost of "supervising" the local fairs.

Our analysis of this program is contained in Item 58. We recommend approval of this item with the exception of the recommended management improvement and studies discussed under the title of "Supervision of District Agricultural Association County Fairs and Citrus Fruit Fairs."

### Department of Agriculture DISTRICT FAIRS

ITEM 62 of the Budget Bill

Budget page 144

#### FOR REAPPROPRIATION OF SUPPORT FOR DISTRICT FAIRS FROM THE FAIR AND EXPOSITION FUND

For transfer to the General Fund-----	\$295,430
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**RECOMMENDED INCREASE IN TRANSFER-----** \$230,700

#### ANALYSIS AND RECOMMENDATIONS

The sum of \$4,680,000 is appropriated annually from horseracing revenues in the Fair and Exposition Fund for allocation by the Department of Agriculture to district and county fairs for support purposes. The authority for this continuing appropriation is contained in Section 19627 of the Business and Professions Code.

While Section 19627 appropriates a total of \$4,680,000 each year, the code also allocates the money between district agricultural associations and the county agricultural fairs, with the limitation that the annual allocation to any one fair may not exceed \$65,000. This budget item is concerned with the district fairs; the county fairs are the subject of Item 268.

## District Fairs—Continued

The Governor's Budget proposes to continue an innovation introduced in the modified budget last year. It proposes that \$295,430 of the money appropriated by Section 19627 for support of district agricultural fairs be reappropriated from the Fair and Exposition Fund to the General Fund during the 1968-69 fiscal year. The reappropriation is a 10-percent reduction in the \$2,954,300 statutorily appropriated for support of the district fairs. Last year the Department of Agriculture indicated that the identical proposal which was requested and later approved for the current year did not seriously impair the fairs' ability to function. This agrees with our statements in the past that the local fairs did not need the full support allocation.

In addition to the \$295,430 being reappropriated into the General Fund, certain additional funds can also be transferred to the General Fund by this item. There are 48 district fairs at the present time "eligible" for support appropriations under Section 19627. However, this particular section was amended in 1959 (Statutes 1959, Chapter 2057) to add specific language that the allocation to each fair would be "on the basis of the need of each fair for financial assistance . . ." Prior to the amendment, allocations were determined primarily on the basis of the requirements contained under Section 92 of the Agricultural Code (since recodified to Sections 4401-4507). This section stated that allocations should be based on the amount of money which the fair pays in premiums. Thus, after Section 19627 was amended, in order for a fair to gain financial support, the fair was additionally required to demonstrate "financial need." As a result, the 22nd District Fair (Del Mar) has not been technically eligible for financial support and therefore has not received an allocation since the 1959 amendment.

Since the change in 1959, the annual appropriation of \$4,680,000 has never been adjusted. The Department of Agriculture continues to show a total of \$3,120,000 available annually for the support of district fairs which reflects the maximum allocation that can be made to the 48 "eligible" district fairs. Because of the necessity to demonstrate "financial need" only \$2,954,300 is allocated to 47 district fairs and \$165,700 is budgeted as an unexpended balance. Only \$100,700 of the \$165,700 is a true savings resulting from the review of the district fairs' budgets by the Division of Fairs and Expositions because \$65,000 of the unexpended balance is the money for the district fair (22nd District) that is not eligible. This savings of \$165,700 would not normally flow to the General Fund but would pass to the second balance of the Fair and Exposition Fund which is continuously appropriated for capital outlay under Section 19630 of the Business and Professions Code. Therefore, the General Fund might not receive this savings until capital outlay for the next fiscal year had been determined. Further, there is no assurance that the savings will pass to the General Fund because the department could still allocate the money to increase the support of the district fairs.

**District Fairs—Continued**

The continuing appropriation of \$4,680,000 also provides \$65,000 for one fair which does not exist (in addition to the ineligible fair discussed above). This \$65,000 can also be added to the reappropriation made by this item to the General Fund.

*We recommend in addition to the \$295,430 being reappropriated to the General Fund that the item be increased by \$165,700 to reappropriate the entire savings plus the \$65,000 in the statutory appropriation for the fair which does not exist. This would provide a total, immediate addition to the General Fund of \$526,130.*

**Department of Agriculture**

**THE 1-A DISTRICT AGRICULTURAL ASSOCIATION**

ITEM 63 of the Budget Bill

Budget page 144

**FOR REAPPROPRIATION OF SUPPORT FOR THE  
1-A DISTRICT AGRICULTURAL ASSOCIATION  
FROM THE FAIR AND EXPOSITION FUND**

For transfer to the General Fund----- \$25,000

**ANALYSIS AND RECOMMENDATIONS**

Pursuant to Section 19622(c), Business and Professions Code, the sum of \$250,000 is appropriated annually from the horseracing revenues in the Fair and Exposition Fund for support of the 1-A District Agricultural Association (Cow Palace) in San Francisco. Item 63 effectuates a 10-percent reduction in this appropriation by reappropriating \$25,000 from the Fair and Exposition Fund for transfer to the General Fund. The 1-A District Fair experienced a similar reduction during the current year.

*We recommend approval of the item.*

**Department of Agriculture**

**THE 48TH DISTRICT AGRICULTURAL ASSOCIATION**

ITEM 64 of the Budget Bill

Budget page 144

**FOR REAPPROPRIATION OF SUPPORT FOR THE  
48TH DISTRICT AGRICULTURAL ASSOCIATION  
FROM THE FAIR AND EXPOSITION FUND**

For transfer to the General Fund----- \$12,500

**ANALYSIS AND RECOMMENDATIONS**

Pursuant to Section 19622(d), Business and Professions Code, the sum of \$125,000 is appropriated annually from the horseracing revenues in the Fair and Exposition Fund for support of the 48th District Agricultural Association in Los Angeles. This item makes a 10-percent reduction in this appropriation by reappropriating \$12,500 from the Fair and Exposition Fund for transfer to the General Fund. If approved, the support appropriation will equal \$112,500, the identical appropriation authorized by the Legislature for the current year.

*We recommend approval of the item.*

**Department of Agriculture  
MUSEUM OF SCIENCE AND INDUSTRY**

ITEM 65 of the Budget Bill

Budget page 145

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

Amount requested -----	\$915,697
Estimated to be expended in 1967-68 fiscal year from Museum of Science and Industry Fund -----	948,697
Decrease (3.5 percent) -----	\$33,000

**GENERAL PROGRAM STATEMENT**

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 adequately describes the facility's educational function. A nine-member board of directors, appointed by the Governor, administers the museum as well as 104 acres of state-owned land called Exposition Park which is held in trust by the museum. In addition to featuring various permanent and temporary exhibits, the museum maintains an educational program consisting of lecture series, math seminars, teacher institutes, science films and a summer science workshop.

**ANALYSIS AND RECOMMENDATIONS**

The Governor's Budget is based on proposed legislation to abolish the Museum of Science and Industry Fund, which is a special operating fund for the museum, and to assume all support from the General Fund. The special fund now derives its revenues mainly from operation of the parking lot complex and revenues obtained via lease agreements for state lands used by various nonstate facilities within Exposition Park. These revenues have been supplemented in the past by a direct transfer from the General Fund to cover support costs in excess of revenues. Theoretically, the General Fund has been supporting the museum since the revenues accruing to the special fund are derived from state-owned property which would otherwise have been deposited in the General Fund.

If legislation to abolish the Museum of Science and Industry Fund is enacted and the special fund is abolished, the revenue derived through the museum's operation will flow into the General Fund. Thus, the museum's support will be funded entirely through a General Fund appropriation rather than the General Fund and Special Fund appropriations as is now the case. The net cost to the General Fund will remain the same, while the need to prorate certain charges between the Special Fund and the General Fund and to maintain records on a special fund will be eliminated.

The general scope of museum activity has been under study by the Senate Governmental Efficiency Committee, based in part on our recommendation last session to establish an admission fee system. The committee has not reported its conclusions.

**Museum of Science and Industry—Continued**

During the current year 11 security guard positions were added by administrative action. They were financed by the termination of a contract for state police protection previously provided by the Department of General Services. The museum believes that the new method of protection will provide a minimum level of service through greater flexibility in assigning personnel to security and guard duties both within the museum structures and on the museum grounds and at reduced costs.

*We recommend approval of the item.*

**Department of Agriculture  
POULTRY IMPROVEMENT COMMISSION**

**ITEM 66 of the Budget Bill**

**Budget page 149**

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

Amount requested .....	\$52,965
Estimated to be expended in 1967-68 fiscal year .....	71,485
Decrease (25.9 percent) .....	\$18,520

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

**Summary of Recommended Actions**

1. Revert balance from Poultry Testing Fund to General Fund as of June 30, 1969.
2. Disposal of project's real property by General Services.

**GENERAL PROGRAM STATEMENT**

The Poultry Improvement Commission was established and operates under the provisions of Sections 1101 through 1208 of the Agricultural Code. The commission consists of seven members appointed by the Governor representing the poultry industry and three ex officio members representing the University of California and the State Department of Agriculture.

The objective of the commission is to provide the poultry industry with performance and economic data based on tests of various types and strains of poultry. The ultimate goal is the attainment of a higher quality product at a lower cost.

**ANALYSIS AND RECOMMENDATIONS**

The commission, according to the statutory intent contained in Section 1202 of the code, was to collect fees for poultry projects that would have made the activity "self-perpetuating and self-supporting." However, industry interest in the project fell short of this goal. The fees, together with revenue obtained from the sale of poultry and eggs, provided only a part of the revenues needed to cover the commission's costs. For many years the commission has been partially supported by an augmentation from the General Fund to the Poultry Testing Project Fund.

## Poultry Improvement Commission—Continued

The General Fund support has been gradually reduced by the Legislature and the administration during past years. It was eliminated for the 1967-68 fiscal year. At the time the General Fund support was eliminated, based partly on our analysis that the commission was accomplishing little and should be fully supported by the industry if continued, we indicated that elimination of General Fund support would eventually cause the program to be terminated. The commission has now announced that it will cease operations officially on October 3, 1969, but for all practical purposes it will cease operations at the end of the budget year.

The proposed expenditure for 1968-69 is \$52,965 which will come entirely from the Poultry Testing Project Fund. This will leave an accumulated surplus of \$1,151 at the end of next fiscal year when operations cease.

There are indications that the commission's land and buildings at Modesto may be proposed for transfer to the University of California for some unknown type of poultry test activity. The land is now surrounded by residences. Continued poultry operations on the site would result in sanitation problems, some of which have already occurred. We believe the land should be declared surplus and sold.

*We recommend that Item 66 be amended to provide that as of June 30, 1969, any accumulated surplus in the Poultry Testing Project Fund shall be transferred to the General Fund by the Controller. It is further recommended that the Legislature direct the Department of General Services to sell all real property at the testing site.*

## DEPARTMENT OF CORRECTIONS

## ITEM 67 of the Budget Bill

Budget page 151

FOR SUPPORT OF THE DEPARTMENT OF CORRECTIONS  
FROM THE GENERAL FUND

Amount requested	\$85,036,575
Estimated to be expended in 1967-68 fiscal year	82,679,497
Increase (2.9 percent)	\$2,357,078

TOTAL RECOMMENDED REDUCTION	\$225,494
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Summary of Recommended Reductions		Budget	
Parole and Community Services Division	Amount	Page	Line
Delete 17 parole agent 1 positions	\$189,108	163	48
<i>Institutions</i>			
California Correctional Institution			
Delete 1 supervising nurse I	8,520	169	75
Correctional Training Facility (North)			
Abolish 1 business manager II	13,310	171	71
California Men's Colony (West)			
Abolish 1 business manager II	14,556	171	71

## GENERAL PROGRAM STATEMENT

The Department of Corrections with administrative headquarters at Sacramento has the overall responsibility for the operation of the state