

which the travel claims show the Secretary of State spent in San Francisco during 1947 indicates that cost for each day spent in that office by the Secretary would be \$108.13.

Similarly, the division of the 33 days which the Secretary of State spent in Los Angeles during 1947, as indicated by claims filed, include \$222, cost of additional rental indicates the additional office space requested in Los Angeles would cost approximately \$8.85 for each day spent in the office by the Secretary.

In view of the excess of expenditures over revenues from this fund, it is recommended that establishment of additional office facilities be deferred. This would reduce the amount budgeted for rent from \$3,500 to \$2,000 for the 1948-49 Fiscal Year, a reduction of \$1,500 or 43 percent. Likewise, the additional office equipment in the amount of \$409 should be deleted from the Budget.

Recommendation

We recommend that Item 39 of the Budget Bill be reduced from \$29,838 to \$27,929, a saving of \$1,909, or 6.4 percent, so that the balance in this fund will be protected.

DEPARTMENT OF AGRICULTURE—GENERAL FUND

For Support of the Department of Agriculture from the General Fund

Item 40 of the Budget Bill and pages 33 to 49 of the Budget. The amount requested is \$3,882,310 for support from the General Fund. This represents an increase of \$205,072, or 5.5 percent over actual and estimated expenditures of \$3,677,238 for 1947-48.

The amount which will actually be spent during the 1947-48 Fiscal Year will be in excess of the amount budgeted *because of allocations from the emergency fund granted for pest eradication and control*. Past experience has indicated clearly that provision should be made in a permanent way for meeting emergencies of this type without the necessity of going to the emergency fund. *We recommend that the Legislature should establish a fund to be expended under the direction of the Director of Agriculture with the approval of the Director of Finance and reimbursed annually from the Horse Race License fee revenues adequate to meet such emergency needs as arise every year.*

The proposed increase in the Budget for 1948-49 is designed to strengthen departmental administration in order to meet an increase in general activities of the Department and generally to meet increased operating costs in line with the Department of Finance price increase schedules.

In addition there is included a proposed increase of \$147,880 for control of bovine brucellosis in accordance with Chapter 1460, Laws of 1947. This is a decentralized program calling for the employment of approximately 200 veterinarians on a fee basis to vaccinate cows at \$0.75 per head. This service is performed without cost to the owner.

The amount proposed for 1948-49 for eradication of the Mexican Bean Beetle is a reduction of \$68,332 from 1947-48. It is expected that this program can be concluded by the following year or at least substantially reduced. At the present time Ventura County is cooperating with

the State in the project and substantial private assistance has also been secured.

Recommendation

It is recommended that a fund in the amount of at least \$500,000 be established out of revenues accruing from the pari-mutuel horse race tax for the purpose of meeting emergency requirements for eradication and control of agricultural pests. It is proposed that this should be a permanent fund to be replenished annually by transfer by the Controller of a sum sufficient to bring it up to the amount determined. It is believed that this procedure will operate to the advantage of the State and protect agriculture and it will constitute a more satisfactory budget procedure than the present method of going to the Emergency Fund for this purpose.

We recommend that in other respects Item 40 be approved for the amount proposed with the provision that the increase in personnel requested for the Accounting Office should be reviewed in the light of recommendations formulated from the study to be made of departmental administration. It is possible that changes in laws and procedures recommended may remove duplicate functions and duties and permit some reduction in personnel.

We also recommend that a study should be made of the possibility of placing all testing of personnel under the Personnel Board in place of the present procedure of using departmental personnel for this purpose.

This budget request for 1948-49 has for the first time included, as Item 41, a special emergency item of \$100,000 for pest eradication and control from the General Fund. While this is a step in the right direction, we believe that the amount should be increased and that it should come from the pari-mutuel horse race license fees which were established on the basis of assisting agriculture.

For Emergency Pest and Disease Control and Eradication from the General Fund

Item 41 of the Budget Bill and page 48 of the Budget. The amount requested is \$100,000 from the General Fund for emergency pest and disease control and eradication. This is the first time such an item appears in a state budget. The purpose of this proposed appropriation is to provide a means whereby emergencies arising from outbreak of agricultural infestations and diseases can be met without the necessity of securing funds from the Emergency Fund or from deficiency appropriations.

In the past the Department of Agriculture has been unable to meet such emergency costs from its regular support appropriation and the practice which has arisen of going to the Emergency Fund and of requesting deficiency appropriations does not constitute sound budgetary practice.

Recommendation

We approve the principle which underlies this proposed appropriation. However, we recommend that in place of \$100,000 for this purpose,

a fund be established in the amount of at least \$500,000 from the license fees on pari-mutuel horse race betting. This fund should be placed directly under the control of the Director of Agriculture, subject to the approval by the Director of Finance, of all expenditures therefrom, and should be reimbursed annually by transfer by the Controller of a sum sufficient to restore the fund to the original sum.

For Control and Eradication of Pullorum Disease from the General Fund

Item 42 of the Budget Bill and page 48 of the Budget. The amount requested is \$85,000 for control and eradication of pullorum disease of poultry. This is the first time such an item appears in a State Budget. The proposed appropriation provides for a continuation of the program initiated by Chapter 1179, Statutes of 1947, with a similar appropriation.

In effect this request constitutes a subsidy to the poultry industry to promote this program. Approximately 25 percent to 30 percent of the total cost of the program is borne by the State, the remainder being paid from fees levied upon industry members participating in the program. The amount of the fee is determined by the Poultry Improvement Advisory Board. It is intended that the proportion of the total cost borne by the State represents roughly administrative costs of the program.

Recommendation

In view of the importance of this disease to the poultry industry and the fact that the major part of the industry is participating in this program, we recommend that Item 42 be approved for the amount requested.

For Construction, Improvement, Repairs, and Equipment from the General Fund

Item 43 of the Budget Bill and page 49 of the Budget. The amount requested is \$42,820 from the General Fund for construction, improvement, repairs and equipment. This proposed appropriation covers repairs and improvements on border quarantine stations and fruit and vegetable standardization stations. *The items of repair and improvement which are included appear to be necessary and the proposed cost reasonable.*

Recommendation

We recommend approval of Item 43 for \$42,820 as requested.

For Acquisition of Real Property from the General Fund

Item 44 of the Budget Bill and page 48 of the Budget. The amount requested is \$10,000 from the General Fund for acquisition of real property. This request provides for the purchase of a site for a plant quarantine station at State Line in the Lake Tahoe area. *The purchase of this site was previously approved by the Legislature and the amount requested appears to be necessary to secure an appropriate site.*

Recommendation

We recommend the approval of Item 44 in the amount of \$10,000 as requested.

For Federal Cooperative Marketing Agreements from the General Fund

Item 45 of the Budget Bill and page 48 of the Budget. The amount requested is \$124,500 for Federal Cooperative Marketing Agreements as provided by Chapter 1540, Statutes of 1947, authorizing state participation in programs authorized by the Hope-Flannigan Act, Public Law 733 (79th Congress).

The Department of Agriculture in determining this amount has been guided by the amount of federal funds which it is believed will be made available for this purpose. The Hope-Flannigan Act provides that matching funds supplied by the Federal Government to states shall be dependent upon an expansion in state support of qualified activities over and above amounts already appropriated by the State for such purposes. *Therefore, in order to secure the greatest possible benefit from the expenditure of state funds, all proposed new activities which are eligible for participation in the Hope-Flannigan Act have been deleted from the support budget and included in this amount of \$124,500.*

The proposed cooperative marketing agreements will include programs conducted by the bureaus of Agricultural Statistics, Markets, Market News, Fruit and Vegetable Standardization, and Rodent and Weed Control and Seed Inspection as outlined on pages 18 and 19 of the Explanatory Notes of the 1948 Budget and Budget Bill prepared by the State Department of Finance.

Recommendation

This is directly in line with our recommendation written into the 1947-48 Budget Bill at our suggestion and we recommend this item as requested.

DEPARTMENT OF AGRICULTURE FUND

For Support of the Department of Agriculture from the Department of Agriculture Fund—A Special Fund Agency

Item 46 of the Budget Bill and page 50 of the Budget. The amount requested is \$3,445,708, an increase of \$137,779 or 4.1 percent over actual and estimated expenditures of \$3,307,929 for the 1947-48 Fiscal Year.

The revenue for the 25 self-supporting activities of the Department of Agriculture arises from inspection fees and regulatory license fees and assessments. If there is decreased value of agricultural production, revenues will decline during 1948-49. At the same time it is probable that developing instability of many agricultural prices will create an unprecedented demand for price stabilization measures authorized under existing marketing laws. It is likely that some fees will have to be increased to meet this expanded cost.

In general, increases proposed for the self-supporting activities represented by the Department of Agriculture Fund are moderate for the 1948-49 Fiscal Year. Increases represent for the most part increased costs in line with the Department of Finance's price increase schedules.

Activities reflecting the most significant increases are the Bureau of Livestock Identification with an increase of \$81,829, the Bureau of Milk

Control which shows a budgeted increase of \$68,844, Canning Tomato Inspection with a budgeted increase of \$49,835, and the Bureau of Shipping Point Inspection with an increase of \$55,216.

The increase proposed for the Bureau of Livestock Identification is contingent upon an increase in fees already recommended in the California Cattlemen's Association. In the event that additional revenues are not provided in the amount required, the activities of this bureau must, on the basis of existing statutes, be reduced accordingly. For this reason, the budget presented for the Bureau of Livestock Identification is completely tentative.

The Bureau of Milk Control shows an increase of \$25,736 in salaries and wages and a corollary increase of \$20,390 in operating expense to meet the requirements of Chapter 1111, Statutes of 1947, which amended the provision of the Agricultural Code relating to the marketing of milk and other dairy products. The actual increase in activity required of this agency by the passage of Chapter 1111 is in fact greater than is reflected by this budget request due to the fact that seven additional employees were employed approximately one-half of the current year for this purpose.

The increase shown in Canning Tomato Inspection is due almost wholly to a conversion from the 48 to the 40-hour week. This in itself represents a 20 percent increase in cost of salaries and wages.

The increase in budgeted expenditures for the Bureau of Shipping Point Inspection reflects in part a conversion to the 40-hour week. *The budget request is also based upon the assumption that there will be no decline in requests for inspections.*

Recommendation

We recommend that Item 46 be approved for the amount of \$3,445,-708 as requested.

AGRICULTURAL RESEARCH COMMITTEE

For Support of the Agricultural Research Committee from the General Fund

Item 47 of the Budget Bill and page 63 of the Budget. The amount requested is \$15,000 for support of the Agricultural Research Committee from the General Fund. This is the same amount as actual and estimated expenditures of 1947-48.

This committee is necessary to provide authorization of studies to be made by the University of California from funds appropriated for agricultural research. In this connection this committee also has the responsibility of keeping the University of California fully informed on the practical agricultural research requirements of California farmers.

Recommendation

We recommend that Item 47 be approved in the amount budgeted. This appears to be adequate to carry out the functions of this committee. However, it does not appear that the committee is producing as definite a program of scheduled research as was expected by the Legislature when this body was created.

POULTRY IMPROVEMENT COMMISSION

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

Item 48 of the Budget Bill and pages 66 and 67 of the Budget. The amount requested is \$21,362 from the Poultry Testing Project Fund, a special fund. No expenditures were made from this appropriation in 1947-48 due to the fact that the construction program of the commission was delayed and all regular support expenses were paid out of the support appropriation from the Fair and Exposition Fund. (See Item 49.)

The anticipated cost of additional buildings, as estimated by the Division of Architecture, has increased, however, to the point where the commission has been forced to reduce the number of buildings which will be built. This in turn has required a proposed meat fryer test be eliminated from the program desired by the commission.

The Budget request, therefore, contemplates that only two types of test will be conducted during the 1948-49 Fiscal Year. Awards will total \$4,000, providing \$2,000 for the egg laying test and \$2,000 for the random egg test. Due to the fact that the tests conducted in 1947 were concluded after the close of the fiscal year for which the appropriation was made, the Poultry Improvement Commission requested an Attorney General's opinion as to the availability of the appropriation for that purpose. Although the opinion was favorable as to the paying of awards, it was impossible to make payment because no advertising had actually been made prior to conducting the tests and the funds could not, therefore, legally qualify for payment under the provisions of the act.

Recommendation

We recommend that Item 48 be approved in the amount of \$21,362 as requested. The program proposed is essentially the same as was approved by the Legislature for 1947-48, plus one additional position of relief man to take care of the changeover to a 40-hour week. *We believe this is to be an economically operated agency and that the results that can be secured from this type of project will prove to be of substantial benefit to the poultry industry of the State.*

For Support of the Poultry Improvement Commission from the Fair and Exposition Fund—A Special Fund Agency

Item 49 of the Budget Bill and pages 67 and 68 of the Budget. The amount requested is \$30,411 from the Fair and Exposition Fund, a decrease of \$616 from actual and estimated expenditures of \$31,027 in 1947-48.

Recommendation

We recommend approval of Item 49 as requested.

For Construction, Improvements, Repairs and Equipment from the Fair and Exposition Fund—Special Fund

Item 50 of the Budget Bill and pages 67 and 68 of the Budget. The amount requested is \$39,733 from the Fair and Exposition Fund. This is a decrease of \$16,298 from actual and estimated expenditures of \$56,031 in 1947-48.

The items requested are part of the program, approved by the Legislature, to expand the poultry plant. Major items are \$31,033 for poultry houses, \$4,000 for growing batteries and \$1,500 for a garage.

Recommendation

We recommend approval of Item 50 as requested.

SOIL CONSERVATION COMMISSION

For Support of the Soil Conservation Commission from the General Fund

Item 51 of the Budget Bill and page 68 of the Budget. The amount requested is \$14,237 for support from the General Fund. This is an increase of \$3,390 or 31.7 percent over actual and estimated expenditures of \$10,710 for the Fiscal Year 1947-48.

The commission approves Soil Conservation Districts before financial assistance can be obtained from federal agencies. At the present time, there are 50 districts in California, and from 8 to 10 new ones are requested each year. The commission is composed of five nonsalaried members and has two full-time staff employees. Services to the commission are performed by the staff of the University of California under contract.

Recommendation

We recommend that Item 51 be approved in the amount of \$14,237 as requested. The increase shown is principally due to the fact that operating expenses were unusually low last year as a result of overstocking supplies in 1946-47, and because the cost of printing the biennial report is reflected entirely in the 1948-49 Fiscal Year.

DEPARTMENT OF CORRECTIONS—DEPARTMENTAL ADMINISTRATION

For the Support of Departmental Administration, Department of Corrections, from the General Fund

Item 52 of the Budget Bill and pages 69 and 70 of the Budget. The amount requested is \$195,571 for the support of Departmental Administration, Department of Corrections. This is an increase of \$26,380, or 15.5 percent over actual and estimated expenditures of \$169,191 in 1947-48.

Major items of increase are salaries and wages which increased \$37,343, or 29.9 percent, due to an increase of nine additional positions, and operating expenses which increased \$3,004, or 10.7 percent.

Equipment requests show a decrease of \$17,192.

Reimbursements from Youth Authority for mechanical and engineering services are estimated to decrease from \$7,895 in 1947-48 to