

RECOMMENDATIONS

Amount budgeted	\$36,074
Legislative Auditor's recommendation	36,074
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Reduction	None

ANALYSIS

It should be pointed out in connection with the Collection Agency Division that it is now estimated to be on a self-supporting basis. Estimated revenue for 1951-52 is \$39,500, while requested expenditures are \$36,074. Nevertheless, in the interests of sound government organization, we believe the Legislature should give consideration to the transfer of the division to the Department of Professional and Vocational Standards, which has primary responsibility for the licensing and regulation of business and professions.

DEPARTMENT OF AGRICULTURE

ITEM 39 of the Budget Bill

Budget page 54
Budget line No. 63

For Support of the Department of Agriculture From the General Fund

Amount requested	\$4,669,451
Estimated to be expended in 1950-51 Fiscal Year	4,562,730
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Increase (2.3 percent)	\$106,721

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$49,669	\$32,093	\$17,576	75	47
Operating expense	65,183	2,190	62,993	75	48
Equipment	-5,843	-15,986	10,143	75	49
Less:					
Increase in reimburse- ments	-2,288	-2,288	---	75	52
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Total increase	\$106,721	\$16,009	\$90,712		

RECOMMENDATIONS

Amount budgeted	\$4,669,451
Legislative Auditor's recommendation	4,669,451
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Reduction	None

ANALYSIS

The amount requested for support of the Department of Agriculture from the General Fund for the Fiscal Year 1951-52 provides for increases in departmental activities as follows:

Activities	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Departmental Administration	\$9,038	\$9,038	---	53	8
Division of Plant Industry					
Administration	404	404	---	53	12
Bureau of Entomology					
General entomology	-4,113	-4,113	---	53	14
Destruction and control of beet leaf hoppers and host plants	19,000	---	\$19,000	53	15

Activities	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Grape leaf skeletonizer eradication -----	—11,264	—11,264	---	53	16
Mexican bean beetle suppression -----	—805	—805	---	53	17
Oriental and other fruit fly surveys and host tests -----	1,210	1,210	---	53	19
Bureau of Plant Quarantine -----	8,558	8,558	---	53	20
Bureau of Plant Pathology Plant pathology -----	1,774	1,774	---	53	22
Quick decline of citrus... -----	1	1	---	53	23
Bureau of Rodent and Weed Control and Seed Inspections Rodent and weed control and seed inspection -----	—538	—538	---	53	25
Predatory animal control -----	300	300	---	53	25
Bureau of Chemistry Spray residue enforcement -----	629	629	---	53	28
Division of Animal Industry Administration -----	---	---	---		
Bureau of Livestock Disease Control Livestock disease control -----	25,821	---	25,821	53	36
Bovine brucellosis control -----	45,891	---	45,891	53	37
Bureau of Dairy Service... -----	—126	—126	---	53	38
Bureau of Meat Inspection -----	—125	—125	---	53	39
Division of Marketing Administration -----	417	417	---	53	45
General marketing service -----	834	834	---	53	47
Bureau of Market News... -----	5,406	5,406	---	53	48
Bureau of Agricultural Statistics -----	753	753	---	53	49
Bureau of Fruit and Vegetable Standardization -----	2,802	2,802	---	53	50
Bureau of Weights and Measures -----	854	854	---	53	51
Totals -----	\$106,721	\$16,009	\$90,712		

Bovine Brucellosis Control

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

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

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

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

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

<i>Number of Vaccinations</i>	<i>Fiscal year</i>		
	<i>Actual 1949-50</i>	<i>Estimated 1950-51</i>	<i>Proposed 1951-52</i>
Female dairy type calves-----	177,645	191,800	206,500
Male dairy type calves-----	2,888	3,200	3,500
Beef type calves-----	67,494	80,000	90,000
Total vaccinations -----	\$248,027	\$275,000	\$300,000
<i>Cost of Vaccinations</i>			
Female dairy type calves-----	\$175,566	\$200,911	\$227,150
Male dairy type calves-----	2,854	3,352	3,850
Beef type calves-----	66,704	83,800	99,000
Total cost -----	\$245,124	\$288,063	\$330,000
Cost per vaccination -----	\$0.99	\$1.05	\$1.10

During the budget year, the department proposes to provide free vaccination of 90,000 beef type calves upon the owner's request at a cost of \$99,000. There is no statutory authorization for this expenditure of state funds. This situation was directed to the attention of the Legislature on page 35 of the Analysis of the Budget for the Fiscal Year 1950-51.

When this matter was considered by the Senate Finance and the Assembly Ways and Means Committees, it was pointed out by cattlemen that any serious degree of infection in beef-type cattle would nullify the effectiveness of the mandatory vaccination program for female dairy-type calves. At the same time, the Legislature did not take steps to make vaccination of beef-type calves mandatory. If it is necessary to provide free vaccination of beef-type calves in order to protect this major industry we believe this expenditure is fully justified. However, if this is not the case, this expenditure should be regarded primarily as a subsidy to the beef livestock industry. This raises the question as to whether or not the State should subsidize disease prevention expenditures for specific branches of the agricultural industry unless the disease constitutes a major threat to the industry and is more or less emergency in character. Unless the State is ultimately to support all ordinary disease control measures in agriculture rather than meeting emergency situations only, a clear cut policy in this respect should be established and maintained.

Destruction and Control of Beet Leaf Hoppers and Host Plants

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

<i>Fiscal Year</i>	<i>Amount</i>
1943-44 -----	\$12,360
1944-45 -----	13,673
1945-46 -----	12,000 (approximately)
1946-47 -----	30,557
1947-48 -----	96,279
1948-49 -----	106,792
1949-50 -----	97,696
1950-51 Estimated -----	352,393
1951-52 Proposed -----	371,393

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

During the past three or four years, there has been a tremendous increase in Russian thistle acreage, particularly in the additional areas of marginal land placed under cultivation which, prior to 1946, had been in open range. The area now infested with Russian thistle is estimated at 300,000 acres, resulting in increased populations of leaf hoppers.

Climatic conditions during the spring of 1950 favored the survival of epidemic numbers of leaf hoppers. The spring flight of these pests resulted in practically complete loss of the table-tomato crop, valued at \$15,000,000, in the Fresno-Madera-Merced area, as well as significant losses in other crops including cantaloupes, cucumbers, flax, honeydew melons, peppers, spinach, sugar beets, watermelons and white beans. The Joint Legislative Interim Committee on Agriculture and Livestock Problems, meeting in Merced on June 10, 1950, requested that the department commence additional control measures, including fall spraying of host plants at an added cost of \$250,000. This action was expressly requested by Senate Concurrent Resolution No. 5 of September 23, 1950.

The budget for the 1951-52 Fiscal Year requests funds for the continuation of this added program for spraying of host plants in the fall of 1951. We recommend that if climatic conditions are unfavorable to the survival of a large number of leaf hoppers in the winter of 1950-51, and if there are but few leaf hoppers observable during the summer of 1951, the department evaluate the necessity or effectiveness of a fall spraying program. It may be unnecessary to expend \$251,000 for this fall spraying program in the 1951-52 Fiscal Year if the normal program of winter spraying and host plant control at a cost of \$120,000 will prove effective.

The present plan for the effective control of this pest is to reduce the acreage in Russian thistle to an absolute minimum, which will permit effective control at a nominal cost.

Bureau of Livestock Disease Control

The budget request of the Bureau of Livestock Disease Control provides for an expanded level of service with year-long operation of the new diagnostic laboratory at Fresno. The amount of \$709,092 is requested for livestock disease control, and provides for five diagnostic laboratories at the following locations :

<i>Livestock and Poultry Laboratories</i>	<i>Opening date</i>
Sacramento, Sacramento County-----	November, 1929
San Gabriel, Los Angeles County-----	January, 1950*
Fresno, Fresno County-----	May, 1951
<i>Poultry Laboratories</i>	
Petaluma, Sonoma County-----	December, 1930
Turlock, Stanislaus County-----	January, 1948

* Prior to completion of San Gabriel laboratory a poultry laboratory was operated in Los Angeles beginning April, 1927.

The new diagnostic laboratory at Fresno was constructed at a cost of \$215,000 for the building and \$2,533 for the site. The funds were made available from the Postwar Employment Fund by Chapter 145, Statutes of 1946.

Chapter 1063, Statutes of 1949, appropriated \$100,000 from the Fair and Exposition Fund for the construction of a new laboratory at Petaluma, Sonoma County. The State is negotiating for an acceptable site at an estimated cost of \$9,253, and the Public Works Board has allocated \$10,000 for plans and surveys. If the new laboratory at Petaluma is to provide diagnostic service for livestock as well as poultry, it will be necessary to provide an additional sum of about \$150,000 because of the increase in costs of construction. The Fresno construction, originally planned not to exceed \$200,000, could not be completed for less than \$215,000.

GENERAL SUMMARY

The function of the Department of Agriculture is to administer and enforce the provisions of the Agricultural Code and related statutes. These laws provide regulatory and service activities for the protection of crops and livestock from infectious diseases, pest animals, weeds and injurious insects, and provide aids to insure the marketing of quality agricultural products. The department cooperates with the United States Department of Agriculture and county agricultural services.

**Department of Agriculture
FEDERAL COOPERATIVE MARKETING RESEARCH**

ITEM 40 of the Budget Bill

Budget page 78
Budget line No. 54

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

Amount requested	\$90,000
Estimated to be expended in 1950-51 Fiscal Year	90,000
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Increase	None

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$2,618	\$2,618	---	78	46
Operating expense	—350	—350	---	78	47
Equipment	—1,390	—1,390	---	78	48
Unallocated	—878	—878	---	78	49
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Total increase	None	None	---		

RECOMMENDATIONS

Amount budgeted	\$90,000
Legislative Auditor's recommendation	90,000
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Reduction	None

ANALYSIS

In our analysis of the 1947-48 Budget Bill we pointed out that some of the 38 new positions requested by the Department of Agriculture from the General Fund, together with operating expenses and equipment associated with these new positions, would undoubtedly qualify as matching

money under Public Law 733 passed August 14, 1946. At that time we recommended this appropriation with the provision that such funds as are appropriated be made available by the Director of Finance only when projects are approved by the United States Department of Agriculture.

The projects now in operation are as follows:

	<i>Proposed expenditure 1951-52</i>	<i>Project started</i>	<i>Probable duration</i>
Bureau of Agricultural Statistics..... Development of new techniques in agricultural statistics, surveys of fruit tree, nut tree and vine acre- age and development of statistical data on lesser crops	\$81,260	March 15, 1948	4 years or more
Bureau of Markets..... Study of marketing, utilization and movement of agricultural com- modities	24,038	March 15, 1948	4 years or more
Bureau of Market News..... Development of improved techniques in compiling and distributing marketing data	22,788	March 15, 1948	4 years or more
Bureau of Fruit and Vegetable Standardization..... Development of proper maturing standards, studies of fruit and vegetable packaging and improve- ment of seed potato certification procedures	15,206	March 15, 1948	4 years or more
Bureau of Rodent and Weed Control and Seed Inspection..... Studies to improve quality and pro- duction of seed	10,397	March 15, 1948	4 years or more
Bureau of Plant Pathology..... Development of methods for certifi- cation that fruit, nut tree and vine nursery stocks are virus free	12,355	April 15, 1950	2 years or more
Unallocated — Anticipated expansion of existing projects or new proj- ects	13,956		
Total	\$180,000		

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

GENERAL SUMMARY

Public Law 733, usually referred to as the Hope-Flannagan Act, was passed by the 79th Congress on August 14, 1946. This act authorized federal funds on a matching basis for the purpose of assisting the various states in the development of marketing research concerning agricultural products.

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

Department of Agriculture
CONTROL OF PULLORUM DISEASE

ITEM 41 of the Budget Bill

Budget page 78

Budget line No. 69

For Control and Eradication of Pullorum Disease From the General Fund

Amount requested.....	\$85,000
Estimated to be expended in 1950-51 Fiscal Year.....	85,000
Increase	None

RECOMMENDATIONS

Amount budgeted.....	\$85,000
Legislative Auditor's recommendation	60,000
Reduction	\$25,000

ANALYSIS

The Poultry Improvement Advisory Board has conducted its activities with a reduced fee schedule for the past two seasons with a surplus of \$21,570.50 for the 1948-49 season and a surplus of \$39,028.65 for the 1949-50 season. *We therefore recommend that this item be reduced to \$60,000, a saving of \$25,000.*

This budget item amounts to a subsidy to the Poultry Improvement Advisory Board and approximates the annual administrative expense of the board. Prior to 1947, this program was financed in its entirety by hatcheries which are signatories to the marketing agreement for poultry improvement in California.

The Poultry Improvement Advisory Board supervises the testing of poultry for pullorum disease. This testing is done at a contract rate with the Department of Agriculture laboratory, a county laboratory and industry laboratories. There are 1,153 active signatories to the marketing agreement for poultry improvement in California maintaining 1,371 chicken flocks and 650 turkey flocks.

In our analysis of the Budget Bill for the Fiscal Year 1950-51, the Legislative Auditor recommended the elimination of this item from the Budget because of diminishing General Fund revenues. This recommendation received consideration by legislative committees, but the item was retained in the Budget. We wish to reiterate our stand, namely that if this is to be a recurring cost, this expenditure is a proper function of the chicken and turkey hatcheries and a nonessential expenditure of state funds. We believe that normal recurring expenditures for diseases peculiar to an agricultural industry should properly be borne by that industry and that the State should be responsible only for relatively short term, emergency-type disease control programs unless the program is essential to protect public health. We recommend that a termination date be established for this program.

The budget summary for the Poultry Improvement Advisory Board for last year and for the current year is as follows:

	Revenues			
	<i>Eleven months' period 8/1/49-6/30/50</i>		<i>Budget for fiscal year 1950-51</i>	
	<i>Actual amount</i>	<i>Percent of expenditures</i>	<i>Amount budgeted</i>	<i>Percent of expenditures</i>
<i>Egg Assessments</i>				
Chicken hatching eggs-----	\$25,305.93	---	\$23,040.00	---
Turkey hatching eggs-----	13,549.90	---	12,555.55	---
<i>Test Assessments</i>				
Chicken -----	47,546.83	---	45,136.00	---
Turkey -----	56,702.43	---	47,589.00	---
Total assessments -----	<u>\$143,105.09</u>	<u>76</u>	<u>\$128,320.55</u>	<u>61</u>
State appropriations -----	85,000.00	45	85,000.00	41
Total revenue -----	<u>\$228,105.09</u>	<u>121</u>	<u>\$213,320.55</u>	<u>102</u>
Expenditures				
Salaries and Wages-----	\$85,390.60	---	\$97,210.00	---
Operating Expenses-----	56,401.61	---	65,340.00	---
Contract Testing -----	46,428.68	---	44,200.00	---
Equipment -----	855.55	---	2,000.00	---
Total expenditures -----	<u>\$189,076.44</u>	<u>100</u>	<u>\$208,750.00</u>	<u>100</u>
Surplus (captioned "Reserve for Contingencies") -----	<u>39,028.65</u>	<u>21</u>	<u>4,570.55</u>	<u>2</u>
Total -----	<u>\$228,105.09</u>	---	<u>\$213,320.55</u>	---

During the 1947-48 season, the Poultry Improvement Advisory Board was confronted with a probable deficit of \$25,000. The appropriation of \$85,000 by the 1947 Legislature enabled the Board to conclude the 1947-48 season's activities with a surplus of \$60,471.18 which was refunded to the participating hatcheries on a pro rata basis as authorized by the marketing agreement. The following is a statement of the surplus from operations for a four-year period:

Statement of Surplus Fund	
<i>Operations 1947-48 Season</i>	
Assessments and fees-----	\$142,625.78
State appropriation -----	85,000.00
	<u>\$227,625.78</u>
Less: Expenditures -----	167,154.60
Surplus from operations 1947-48 Season-----	\$60,471.18
Less: Refunds to participating hatcheries-----	60,471.18
	<u><u>-----</u></u>
<i>Operations 1948-49 Season</i>	
Assessments and fees (reduced rates)-----	\$114,469.00
State appropriation -----	85,000.00
	<u>\$199,469.00</u>
Less: Expenditures -----	177,898.49
Surplus from operations 1948-49 season-----	\$21,570.51

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Operations 1949-50 Season

Assessments and fees.....	\$143,105.09	
State appropriation	85,000.00	
	<hr/>	
Less : Expenditures (11 months fiscal period)	\$228,105.09	
	189,076.44	
	<hr/>	
Surplus from operations of 1949-50 season.....		\$39,028.65
 <i>Budget for 1950-51 Season</i>		
Assessments and fees.....	\$128,320.55	
State appropriation (Authorized by Item 42 of the 1950 Budget Act)	85,000.00	
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Less : Expenditures	\$213,320.55	
	208,750.00	
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Budgeted reserve for contingencies 1950-51 season.....		\$4,570.55
Anticipated surplus June 30, 1951.....		<hr/>
		\$65,169.71

Item 42 of the Budget Act of 1948 provided for the continuation of the \$85,000 annual appropriation to the Poultry Improvement Advisory Board. For the 1948-49 season the Board reduced assessments from $\frac{1}{15}$ of a cent to $\frac{1}{25}$ of a cent on chicken eggs sold or set by hatcheries, and from $\frac{1}{10}$ of a cent to $\frac{1}{15}$ of a cent on turkey eggs. Fees for tests were reduced from 7 cents to $4\frac{3}{10}$ cents for chickens, and from 11 cents to $8\frac{1}{2}$ cents for turkeys. This reduction in fees is shown as follows:

Fee Schedule

<i>Classification</i>	<i>Season 1947-48 Unit rate (cents)</i>	<i>Season 1949-50 1950-51 Unit rate (cents)</i>
<i>Egg Assessments</i>		
Chicken eggs set or sold.....	1/15	1/25
Chicken eggs in excess of 4 times rated incubator capacity	1/15	1/30
Turkey eggs set or sold.....	1/10	1/15
Turkey eggs in excess of 4 times rated incubator capacity	1/10	1/18
<i>Test Assessments</i>		
Chicken—whole blood	7	4 3/10
Chicken—standard tube	11	8 3/10
Turkey—standard tube	11	8 1/2

Despite this reduction in assessments, the \$85,000 in state funds enabled the board to finish the 1948-49 season with a surplus of \$21,570.51.

During the 1949-50 season, the board took action to change from a fiscal period ending July 31st to a fiscal period ending June 30th. Results from operations from the eleven months period ending June 30, 1950 showed a surplus of \$39,028.65. This two-year surplus of \$60,599.16 is now available for refund, in whole or in part, to the hatcheries participating in the program.

GENERAL SUMMARY

This item first appeared as a special appropriation for the 1947-48 Fiscal Year in the amount of \$85,000 from the General Fund made by Chapter 1179, Statutes of 1947, which provided:

“It is the policy of the Legislature to assist poultry farmers in this State in the control and eradication of pullorum disease, an infectious disease of poultry which has caused severe losses among baby chicks and turkey poults within this State and has hampered the sale of hatching eggs, baby chicks and turkey poults produced by the poultry industry in this State by reason of the requirements for testing for pullorum disease enacted or made effective in other states to which California poultry products are normally shipped.”

An annual appropriation of \$85,000 for the same purpose was included in the Governor’s Budget for the Fiscal Years 1948-49, 1949-50 and 1950-51.

**Department of Agriculture
DEPARTMENT OF AGRICULTURE FUND**

ITEM 42 of the Budget Bill

Budget page 91
Budget line No. 43

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

Amount requested	\$3,312,119
Estimated to be expended in 1950-51 Fiscal Year	3,316,230
Decrease (0.1 percent)	<u>\$4,111</u>

Summary of Increase

	Total increase	INCREASE DUE TO			Budget page	Line No.
		Work load or salary adjustments	New services			
Salaries and wages	\$8,423	\$7,871	\$552	91	31	
Operating expense	5,997	5,852	145	91	32	
Equipment	<u>—18,531</u>	<u>—21,795</u>	<u>3,264</u>	91	33	
Total increase	<u>—\$4,111</u>	<u>—\$8,072</u>	<u>\$3,961</u>			

RECOMMENDATIONS

Amount budgeted	\$3,312,119
Legislative Auditor’s recommendation	<u>3,312,119</u>
Reduction	None

ANALYSIS

The functions of the Department of Agriculture Fund and increases in the amounts budgeted for the 1951-52 Fiscal Year over the actual and estimated expenditures for the 1950-51 Fiscal Year are as follows:

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Nursery Service -----	\$6,598	\$6,598	---	80	80
Field Crops -----	-1,598	-1,598	---	82	17
Seed Testing and Certifica- tion Service -----	783	---	783	82	49
Bureau of Chemistry -----	-5,507	-5,507	---	83	38
Agricultural Pest Control Operators -----	3,178	---	3,178	83	81
Dairy Service -----	-481	-481	---	84	61
Livestock Identification ----	337	337	---	85	48
Bureau of Markets -----	121	121	---	86	16
Market Enforcement -----	1,186	1,186	---	86	77
Milk Control -----	3,184	3,184	---	88	20
Canning Tomato Inspection --	626	626	---	88	67
Winter Seed Potato Test ---	32	32	---	89	29
Shipping Point Inspection ---	-12,529	-12,529	---	90	22
Gasoline Distillate Oil and Antifreeze Inspection ----	-36	-36	---	91	19
Totals -----	-\$4,111	-\$8,072	\$3,961		

Seed Testing and Certification Service

Chapter 6 of the Statutes of 1950 Regular Session provided for the testing and certification of seeds under the supervision of the Department of Agriculture. The Act requires the establishment of a reasonable schedule of fees for tests, examinations and services, to be based upon the approximate costs of the service rendered.

The cost of this service is estimated at \$14,186 for the year 1951-52, an increase of \$783 or six percent over estimated expenditures of \$13,403 for the current year. The increase is occasioned by provision for additional laboratory equipment.

Agriculture Pest Control Operators

Chapter 1043, Statutes of 1949, provided for the licensing and regulating of agricultural pest control operators by the Department of Agriculture on and after January 1, 1950. Revenues from license fees are estimated at \$18,000 for the 1951-52 budget year. The increase of \$3,178 in proposed expenditures consists of the following:

Salaries and Wages -----	\$552
Operating Expenses -----	77
Equipment -----	2,549
Total Increase -----	\$3,178

Included in the equipment request is the sum of \$1,890 to provide for an automobile. During the first year of operation travel has been in automobiles on loan from other bureaus of the department. The balance in funds for this activity is estimated at \$5,376 as of June 30, 1952.

GENERAL SUMMARY

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

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

During the war years 1941-1945 when personnel was not available, most of the functions increased their cash surplus materially. The surplus on June 30, 1940, was \$591,976 as compared with \$1,826,517 on June 30, 1947. Since that time increases in salary and operating expenses, the 40-hour week provision and the increase in overhead costs have made it necessary to raise fees in many activities. The unbudgeted surplus in the Department of Agriculture Fund is estimated at \$4,000,234 as of June 30, 1952.

POULTRY IMPROVEMENT COMMISSION

ITEM 43 of the Budget Bill

Budget page 92
Budget line No. 8

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

Amount requested	\$71,073
Estimated to be expended in 1950-51 Fiscal Year	70,974
Increase (0.1 percent)	\$99

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$939	\$939	---	92	47
Operating expense	1	1	---	92	73
Equipment	-841	-841	---	93	10
Total increase	\$99	\$99	---		

RECOMMENDATIONS

Amount budgeted	\$71,073
Legislative Auditor's recommendation	61,773
Reduction	\$9,300

ANALYSIS

The specific items comprising the recommended reduction of \$9,300 are as follows:

Postage expense reduced from \$750 to \$50, a saving of	\$700
Traveling expense for commissioners reduced from \$2,500 to \$1,250, a saving of	1,250
Cash awards eliminated, a saving of	5,000
Entry fees increased to \$6,000, a saving of	3,000
Total budget reduction	\$9,300

Revenues from entry fees, sale of eggs and poultry and miscellaneous are estimated at \$25,097 for the 1951-52 Fiscal Year, amounting to 34 percent of proposed expenditures. Additional support for the Poultry Testing Project Fund is derived from the Fairs and Exposition Fund.

The following is a comparison of revenues and expenditures for a five-year period:

	<i>Expenditures</i>	<i>Revenues</i>	<i>Percent</i>
Actual 1947-48 -----	\$24,474	\$12,400	51
Actual 1948-49 -----	39,859	13,501	34
Actual 1949-50 -----	60,009	22,658	38
Estimated 1950-51 -----	73,152	25,097	34
Proposed 1951-52 -----	73,317	25,097	34

Chapter 950, Statutes of 1939, provided for the establishment of the poultry testing project. The enabling act provides, in part, as follows: "The commission may provide for the collection of fees from exhibitors in such amount as, in the opinion of the commission, will make the poultry testing project self-perpetuating and self-supporting."

A review of the expenditures and revenues for the preceding four years and the proposed budget for the Fiscal Year 1951-52 indicates that the Poultry Improvement Commission has failed to require entry fees sufficient to cover costs. Revenues accounted for 51 percent of the total expenditures for the Fiscal Year 1947-48 but have declined to an estimated 34 percent of the total expenditures in 1950-51. Despite this unfavorable showing, the commission proposes to expend \$73,317 for the coming fiscal year when revenues are estimated at \$25,097.

We recommend the following economies:

First, that the commission make a charge for each of the recurring mimeographed reports concerning the progress of the tests being conducted; this charge to be sufficient to defray postage expense and printing costs. At present there are 1,200 names on the commission's mailing list.

Second, that the commission restrict its amount of travel so as to remain within a \$1,250 annual cost for this item. Attention is directed to the \$1,376 actual expenditures for this purpose in 1949-50.

Third, that the commission eliminate the \$5,000 provision for cash awards. Since the inception of this project, cash awards have been provided, not only for the winner, but for the first 10 places in each test. Members of the commission have expressed the opinion that the project will operate at capacity without cash awards.

Fourth, that the commission double the size of the entry fees to make the activity more nearly self-supporting.

GENERAL SUMMARY

The Poultry Improvement Commission was created by Chapter 950, Statutes of 1939, and consists of 10 members, seven of whom are appointed by the Governor. The Director of the Department of Agriculture, Chief of the Division of Poultry Husbandry of the University of California and the Chief of the Veterinary Division of the University of California are ex officio members.

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

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