

**STATE AID
TO LOCAL GOVERNMENT
IN CALIFORNIA**

BY

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PUBLICATIONS OF THE
UNIVERSITY OF CALIFORNIA AT LOS ANGELES
IN SOCIAL SCIENCES

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Volume 6, No. 3, pp. 223-422

Transmitted November 11, 1937

Issued March 11, 1939

Price, \$2.00

UNIVERSITY OF CALIFORNIA PRESS
BERKELEY, CALIFORNIA

CAMBRIDGE UNIVERSITY PRESS
LONDON, ENGLAND

X 791-796.7351

G9

21722

PREFACE

THE STUDY of governmental relationships has aroused appreciable interest among students of governmental administration in recent years. With the thought that a case study diligently pursued in one state should uncover evidence of interest to students generally, the present writer undertook to investigate the state-local relations in California as shaped by state aids. The studies that have been undertaken in other states previously have been carried on from the point of view of the economist rather than from that of the political scientist. If economic theory and practice appear to be placed in secondary position here, it is because I have been concerned with the governmental problems of relationship and control. However, I have attempted to suggest the implications of the state aid program for the economy of the state. At the same time I return to my original contention, that in evolving actual governmental programs economic theory is generally tempered by the compromising arrangements of politics.

This monograph is the outgrowth of a study begun at the suggestion of Dr. Austin F. Macdonald. Dr. Russell M. Story, of Pomona College, offered many valuable suggestions at various points in the development of the work. Chapter iii benefited materially from suggestions made by Miss Valeska Barry, of the Bureau of Public Administration at the University of California. Among the numerous public officials who gave information and assisted in enlightening the author in regard to the administration of the functions treated, particular mention should be made of Mr. Walter Morgan, assistant superintendent of instruction and chief of the Division of Research and Statistics of the Department of Education; Mrs. Edith Tate Thompson, chief of the Bureau of Tuberculosis of the Department of Public Health; and Miss Grace Replogle, of the Department of Social Welfare. Many other state, county, and city officials gave information and advice.

Among my colleagues, Professors Frank M. Stewart, Malbone W. Graham, J. A. C. Grant, and George McBride have been especially helpful and encouraging. To all these I express my gratitude.

WINSTON W. CROUCH

LOS ANGELES, CALIFORNIA
April, 1937



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STATE AID TO LOCAL GOVERNMENT IN CALIFORNIA

I. INTRODUCTION

THE EMINENT STUDENT of English local government, Mr. Sidney Webb, first brought grants-in-aid to the attention of students of government by his systematic study of the aid system in England.¹ His observations and proposals in the two editions of his work have done much to foster the belief that in the grant-in-aid system the English had a unique and effective method of controlling the relationship between the central and the local government. The chief interest in grants-in-aid in the United States has been in respect to the federal grants to the states.² State grants-in-aid to the local subdivisions of government have excited a general interest only recently.³ In the later 1890's several dissertations presented at Columbia University studied state grants-in-aid as means of developing state administrative centralization. During this same period several states along the Atlantic seaboard adopted the grant-in-aid method of developing state-wide highway systems. However, this practice was not followed extensively. More recently interest has been fixed upon the reorganization of local government areas and reallocation of the functions of local government. Research and publicity have let in some light upon the "dark continent of American government," the county.

For several years there has been a tendency to seek new sources of governmental revenue. Property and land, traditional bases of local taxes, have shown a declining ability to support local government. Newer sources of revenue, such as income taxes, sales taxes, taxes upon motor vehicles and motor fuels, are more effectively administered by

¹ Sidney Webb, *Grants-in-Aid: A Criticism and a Proposal* (rev. ed.; London: Longmans, Green & Co., 1920).

² See A. F. Macdonald, *Federal Aid: A Study of the American Subsidy System* (New York: Thomas Y. Crowell Co., 1928).

³ See Tipton R. Snively, D. Clark Hyde, and Alvin B. Biscoe, *State Grants-in-Aid in Virginia* (New York: Century Co., 1932); also *Report of the New York State Commission on State Aid to Municipal Subdivisions*, Legislative Document (1935) No. 58 (Albany, 1935).

the larger unit, the state. Consequently there is a general turning toward the state with demands that these newer revenues be shared with the local units either (1) as grants-in-aid, conditioned or unconditioned, or (2) as fixed percentages of state collections returned to the local units. Twenty-nine states now share state-collected gasoline taxes with local governments, nineteen share motor vehicle taxes, ten share income taxes, eight share sales taxes, twenty-three share liquor taxes, and many share other state-collected taxes.⁴ The financial conditions which were forced upon counties, cities, and districts by the economic depression following 1929 have made it necessary more than ever for local governments to seek assistance from the state and even the federal government. When demands for unemployment relief rose to a point that local governments could no longer meet the problem, many states made loans and grants to the local governments to carry them through the emergency period. In most states where a state and federal emergency relief program was set up, some plan of coöperation with the local agencies was devised. Although the problem of local relief had been present for some time, the necessities of this period brought out the problem in sharp detail.

California is an excellent case example for the study of state aid as a developing technique in state-local relations. The history of state aid here is virtually coincident with the history of the state government. California began subsidizing local school administration in 1852. In the same year the legislature moved to assist counties in caring for the indigent sick by allowing the counties a share of the tax upon immigrants. Under the state aid provisions of the Constitution of 1879 California became one of the first states to assist counties in the care of orphans and indigent aged by the "outdoor relief" method or by care within family homes. The state not only has a record of many years' experience with state aid, but it also has contributed quite extensively to the support of its local governments. The ratio of state aid to local income for expenditure through county and district channels has increased steadily since 1921 (see table 4).

⁴ Raymond Uhl and Anthony Vincent Shea, Jr., "State-Administered Locally-Shared Taxes," *The Municipal Year Book*, 1936 (Chicago: International City Managers' Assoc., 1936), pp. 367-375.

Widely varying factors have contributed to the development of state aid and have determined which units of government and which functions should be aided. In the first place, the state, the counties, and the cities have been merely the instrumentalities through which the process of government has been made operative. In certain times and for particular purposes the state was the agency to which individual groups looked for the fulfillment of their hopes and desires. In other times the counties sufficed. For other groups the cities were the instruments for satisfying needs. The state has not been something apart from the counties and the cities. They are all of the same material. State centralization and state aid have developed at the insistence of interested groups. To a certain degree the history of state aid in California can be characterized much as Herman Finer characterized the history of grants-in-aid in England: a history of extortion met by legislative resistance and unwilling concessions.⁵ Only occasionally has there been a consideration of principles and policies. One of the first of these occasions was when the Tuberculosis Commission presented its report in 1913. A rationalized plan for school support was embodied in an amendment to the State Constitution in 1920. The study of old age dependency made by the State Department of Social Welfare in 1929 was an attempt, although an inadequate one, to investigate the problems involved and propose a solution which would achieve the desired result. The survey of unemployment by the State Unemployment Commission in 1932 presented proposals in the light of extensive studies for meeting that problem. For the most part state aid for specific functions of local government has been won by special groups that either could bring pressure to bear upon the legislature or could obtain passage of a state constitutional amendment. Whether the state or the local governments assume responsibility for administration depends partly upon traditions of government, partly upon available financial resources, and partly upon the interest of the groups concerned. Local government has been strong in this state and a very appreciable degree of home rule has been given to counties as well as

⁵ Herman Finer, *English Local Government* (London: Methuen & Co., Ltd., 1933), pp. 427 ff.

to municipalities. Leagues of local governing officers have been quite effective in preserving the integrity of local government from state legislative or administrative interference. State supervision and control has been achieved without threatening local administration. In turn, state-local coöperation has been accepted by local governing groups to offset the possibility of further state control.

The purpose of the state aid program in several instances has been to make it possible for the local governments to provide a higher standard of performance than they had achieved unassisted. This "backwardness" on the part of local governments was due partly to a lack of resources and partly to a lack of interest. The state aid program made it possible for a minimum standard of performance to be attained. The subsidies for elementary schools illustrate this condition. In other instances state aid not only is given to make it possible for the local governments to improve, but is given in a way to induce them to improve and make all possible use of their resources. The state aid for tuberculous patients is a notable example wherein state aid is conditioned upon satisfactory performance by the local unit. When exercised by aggressive state officials, the power to bestow or withhold state aid is a powerful lever to induce the local governments to provide a standard of performance that cannot be obtained by mandatory legislation.

The elements of control and of encouragement of local action are important administrative and political techniques, but the element that has made state aid politically important in California is an economic one. This involves the distribution of funds to compensate for inequalities in ability of local units to provide certain governmental services. Equalization may be accomplished in several ways. One is to give a lump-sum grant to enable all units to provide a minimum standard of performance. A second provides unit grants allocated approximately according to need. School grants allocated on the basis of the number of pupils in average daily attendance are of this type. A third involves percentage grants. This is illustrated in the program of state aid to the aged whereby the state reimburses the counties for half the expenditure for relief per case up to a maximum amount. A fourth is a formula grant. According to this method the financial resources and the needs

of each of the local units are calculated and larger sums are allocated to the units having lesser proportionate ability to meet their needs. This scheme of apportionment was adopted in England by the Local Government Act of 1929.⁶ Several subventions and assigned grants were abolished. A widened area of local government was provided. The losses to local government occasioned by derating were made up by single grants based on a formula. In many respects central administrative control was lessened. The first three methods have been employed in distributing state aid in California. The fourth, although proposed in the report of the Public School Superintendents' Association in 1931 with respect to school support, has never been adopted in this state.⁷ A comprehensive study of equalization as between counties with respect to their ability to support all local government services has never been made.

Plans for equalization are complicated by a variety of factors. A thorough consideration of equalization leads inevitably to a consideration of the adequacy of governmental areas and the allocation of functions that local governments must support. Furthermore, political and sectional interests complicate the matter. Although the state undoubtedly has an obligation to contribute to the support of government in areas where there may be little population and low tax resources, governing groups in large cities are loath to see state money which is collected in the urban area distributed largely in the rural area. For several years the city of Los Angeles has been politically aware of the fact that it contributes a much greater share of the state gasoline tax than has been returned to it either in state highway construction or in locally shared state tax money.⁸ Since 1923 its representatives appearing before the legislature have urged that a part of the tax be shared with the cities. More recently there has been a movement to create a

⁶ *Knight's Local Government and Magisterial Reports with Local Government Statutes, Orders, etc.*, edited by W. L. L. Bell (London, 1929), Vol. XXVII, Part III, pp. 9-164.

⁷ See "Report of California Public School Superintendents' Association Committee on Equalization," in *Sierra Educational News*, 27 (April, 1931), 25-30. See also California Farm Bureau Federation, Research Department Bulletin No. 16, *Facts regarding Property Tax Relief Amendment No. 9* (Berkeley, 1932).

⁸ City of Los Angeles, Bureau of Budget and Efficiency, *Gasoline and Motor Vehicle Licence Taxation and Tax Distribution in Los Angeles County* (Los Angeles, 1935).

separate city-county in order that the city may be eligible for state apportionments of the gasoline tax among the counties. Although Los Angeles County received more than 46 per cent of all subventions and 42 per cent of gasoline tax distributions in 1935, the argument is often made that the county does not receive subventions in proportion to its contribution of state taxes.⁹ Furthermore, southern California legislative representatives have insisted that allocations of state funds for public works such as highways and flood control be divided between the ten counties comprising the southern group and the forty-eight counties in the northern group if for no other reason than that the southern group contributes the larger portion of state-collected taxes. Sectional politics have figured prominently in such programs. The smaller counties have won a kind of equalization, however, by insisting that when state-collected taxes are allocated for local highway construction a minimum amount shall be apportioned to each county regardless of the number of automobiles registered. This minimum allocation provides a very large share of the revenue for local road purposes in small mountain counties.

The greatest concern with respect to equalization has been the equalization as between tax sources. The year 1911 probably should be set as the date when state aid began to assume importance in governing the relations between the state and the local units of government. Prior to that time state aid had been used to encourage counties to maintain a minimum standard of performance. From the standpoint of county officials state aid offered an easy means of obtaining money for county expenditures without raising county taxes. In 1910 a constitutional amendment had been approved separating the tax resources as between the state and the local governments. From that time until the separation was abolished in 1933 most demands for state aid to local government had as a factor some element of equalization as between the two sources of revenue. Laws providing state aid for county administration of welfare and education were broadened between 1911 and 1921 and many special phases of those functions were added. Sev-

⁹ State Controller, *Annual Report of Financial Transactions of Municipalities and Counties of California, 1935* (Sacramento, 1935).

eral special grants were made for road construction, and the state began to share the state-collected motor vehicle tax with the counties. A definite trend of state aid to local government had begun. In the 1921 legislative session policies regarding state expenditures and state aid to local governments became the subject of several sharp skirmishes. The voters at the election in November, 1920, had approved a constitutional amendment that increased the state's subventions to elementary and high school districts. However, there was a threatening deficit in the state treasury. It had been reported that the tax rates paid by the public service corporations were 35 per cent lower than the average rate levied on common property.²⁰ Two major legislative programs were designed to meet the problems. One, the so-called King Tax Bill, sought to raise the utility tax rates. It passed by a margin of one vote, after having been defeated once earlier in the session. The other proposed to scale down all state expenditures that were not constitutionally fixed charges. Mr. Max Thelen, one of the spokesmen for groups urging the latter program, stated before the Senate committee that one of his assumptions in preparing his criticism of the state budget had been that there should be "no new functions or state aid."²¹ One suggestion in particular would have cut \$40,000 from the item for the Bureau of Tuberculosis and would thereby have practically eliminated state aid for that function.

As the 1921 session progressed, the legislature inclined toward increasing state aid rather than reducing it. Before the legislature adjourned it had added state aid to junior college districts, had guaranteed to give the Los Angeles County Flood Control District \$300,000 annually for ten years, had passed acts distributing the increased school aid made mandatory by the Constitution, had encouraged part-time and evening schools and rural school supervision, had granted aid to county agricultural fairs, and had given Los Angeles County aid in preventing forest fires.

There was no determined attempt made to call for a survey of the

²⁰ Franklin Hichborn, *The Story of the Session of the California Legislature of 1921* (San Francisco: James H. Barry Co., 1922), p. 120 *et passim*.

²¹ *Ibid.*, p. 133.

problems surrounding state aid after the 1921 session. A small state aid was instituted for mosquito control in 1923. In 1927 an additional call was made upon the school funds for encouragement of instruction of handicapped children. The 1929 legislature added the aids to counties for the care of the blind and the aged. State money could be obtained fairly easily to encourage new governmental undertakings.

The locally shared state taxes have not figured especially as equalization funds. The basis of their apportionment has been to distribute the yield in accordance with resources rather than need. These taxes are collected by the state and the proceeds are then distributed, at least in part, to the local divisions without losing their identity as the yield of specific taxes.²³ As a general thing state-collected taxes have been shared with local governments not because the local units have been deprived of any element of their property tax revenues, but because it has been recognized that the growing functions of local governments require the development of additional sources of revenue if an undue burden is not to be placed upon real estate. The local governments have been charged with many of the more expensive governmental functions, and the lucrative sources of revenue can be administered effectively only by the state.²³ The chief aim of the state in sharing tax revenues has been to assist local governments and to provide a relief for their tax base, common property. This form of state aid has steadily increased in amount and importance. The state of California made a continuing grant to the counties of a share in the motor vehicle tax, beginning in 1913. It has shared the gasoline tax with the counties since 1923. Truck and highway transportation company taxes were added later. In 1935 the various taxes on motor vehicles administered by the state and shared with the counties amounted to \$14,167,165.44. The total listed by the state controller as county expenditures for highways and bridges in 1935 was \$18,402,991.86.²⁴ Thus the shared taxes

²³ Ruth G. Hutchinson, *State-Administered Locally-Shared Taxes* (New York: Columbia University Press, 1931), p. 34.

²³ See *Report of the New York State Commission for the Revision of Tax Laws, 1932*, Legislative Document (1932) No. 77 (Albany, 1932), pp. 209-233.

²⁴ State Controller, *Annual Report of Financial Transactions of Municipalities and Counties of California, 1935*.

equaled 76 per cent of the county expenditures for roads in that year. Individual county ratios range between 40 and 60 per cent state aid, although under exceptional circumstances, such as prevail in Alpine County, state funds support local road work entirely. As the locally shared state taxes have increased in amount there has been no corresponding increase in the degree of control exercised by the state over the expenditures of these funds. This absence of control has been maintained in spite of the fact that the state has constructed a system of highways financed by the same taxes.

During the decade following the 1921 legislative session the problems of state and local relationship and of governmental finance were worked out without much controversy. Additional subventions were granted and new tax sources shared periodically without materially invoking the equalization principle. By the time the legislature came into session in January, 1933, however, numerous problems of state and local government were demanding attention. The counties and the larger cities were having to care for an increasing number of families made dependent upon public help by unemployment. Tax delinquencies were mounting, and in several counties delinquencies threatened the continuing existence of county government. Groups that had long been vocal in representing the interests of agriculture, real estate, and schools were coming together in an attempt to solve the problems of school finance. These had combined to propose a plan whereby the state would assume the counties' share of school costs and would allocate all state aid for education according to an equalization formula. This plan was rejected at the election in November, 1932, but a solution of the problem remained incumbent upon the legislature. The program worked out in the spring of 1933 involved at least three major aspects: increased allocation of money raised by state-wide taxation to locally administered functions; general tax limitation; and return of utility property to local tax rolls, from which it had been removed in 1910. The compromise plan that was evolved transferred the fixed charge for education, which had been placed upon the counties by the 1920 amendment, to the state. The increase in state subventions was to be met by a state-administered sales tax. The aid was to remain

a subvention based on average daily attendance of pupils in school districts, however, and was not a state tax to be shared with local units of government.

Groups that had been insisting upon retrenchment and reduction of state and local expenditures succeeded in obtaining a tax limitation feature as a part of the program of adjusting state and local finances. After the counties were relieved of the fixed charge for education, the state, counties, cities, and districts were prohibited from increasing their annual expenditures more than 5 per cent over those of the previous year. Any increase over that fixed percentage had to be approved by a two-thirds majority of the popular vote in counties and districts and by a simple majority in cities. The State Board of Equalization also was given power to grant increases if it thought that conditions justified such increases. This expenditure limitation was set by constitutional amendment for two years, with permission given the legislature to extend the law at two-year intervals. This was extended until June 30, 1937.

The State Unemployment Commission reported in 1932 that unemployment relief problems were confined chiefly to the larger and more populous counties, but that these counties were exhausting their resources rapidly. The commission recommended that the state negotiate a bond issue for \$20,000,000 and lend the funds to the counties to finance relief. These loans could be amortized from the gasoline tax by withholding the county allocations in the future. These proposals were adopted by the legislature and approved by popular vote. Although the money was to be lent to the counties, the conditions set for the loans followed the grant-in-aid principle in most respects.

The state aid system had now assumed vast proportions in California. The 1933 legislature adopted several aids in addition to the all-important ones for education and relief. For the first time the cities were given a share of the gasoline tax. A sum equal to one-fourth cent per gallon taxed was set aside for expenditure by state highway authorities within cities. The state also took over 6,600 miles of county roads as a part of the state secondary system, thereby relieving the counties of the maintenance cost. When prohibition was repealed, the

state undertook liquor law enforcement and agreed to share with the local areas the proceeds of a license tax upon liquor establishments. Local government groups were willing to be relieved of the difficulties of administration provided the new tax source were shared to help support other functions.

Although the 1933 tax program returned utility property to local tax rolls, there was no effective demand made to reduce state subventions. Well-organized moves to cut state and county support of education and to reduce state aid for aged and tubercular were defeated in the first part of the session. Several minor aids, such as those for flood control and mosquito abatement districts, were eliminated. In spite of the pressure by economy groups state expenditures for aid of local government increased greatly.

The 1935 session continued the program begun in 1933. An additional percentage of the gasoline tax was set aside for expenditure within cities. In addition, the state substituted a state-collected tax for local property taxes upon motor vehicles and returned a share of the collections to counties and cities. A special session of the legislature, called the previous year, had arranged for the state to take over the administration of unemployment relief in conjunction with the federal government and thereby relieve the counties of that responsibility. The 1935 session revised the state aid for aged, children, and blind, making the state and counties eligible for federal grants-in-aid under the social security program. When the state authorized race tracks and taxed the pari-mutuel betting, it guaranteed to return a share to the counties for encouragement and assistance of county fairs.²⁵

In view of developments during the 1921 and 1933 legislative sessions it appears not only that an extensive program of state aid for local governments is strongly established in this state, but that the program will go on expanding. The two factors, equalization and guaranty of minimum standards of performance by local administrative units, dominate the program. The state is not only assuming functions that the county performed previously, but it is also subsidizing the remaining county functions.

²⁵ *Stats.* (1933), ch. 769, p. 2046; *ibid.* (1935), ch. 515, p. 1586.

LEGAL BASIS FOR STATE AID

The legal problems of state aid to local government in California are partly those that are characteristic of the relations between the states and the local governments in the American governmental system and are partly those that are unique to California. In the American scheme of government the county, the municipality, and the special district are all creatures of the state and have only those powers which are granted by the state or those which derive from and are requisite to the specified powers. In the absence of restrictions in the State Constitution the legislature may transfer functions to these units, direct the establishment of boards and agencies to supervise their administration, and devise such programs for their financing as seems desirable. The citizens of California by the Constitution of 1850 placed few restrictions upon the legislature in this respect. However, by the time the second Constitutional Convention met in 1879, a general distrust of the legislature was becoming manifest. In the first place, the legislative bodies of the state, counties, and cities had shown a prodigal disregard for public funds and public lands in making grants to railroads and similar enterprises in order to induce construction of transportation lines. In several instances railroads had obtained public grants and then had failed to give satisfactory service in return. Discontent with these conditions produced demands for constitutional restrictions upon the power to make appropriations. Legislative bodies had fallen low in public esteem in the state.³⁶ The state legislature had given good cause for the suspicion that, under the pressure of special-interest groups, it had passed acts that exploited local funds and property and local offices. The Constitution of 1879 not only restricted the legislature in its control of state money, but also restricted its control of local funds and local government in general. First of all, the legislature was prohibited from appropriating money for the benefit of any corporation, association, or institution not under the exclusive management of the state.³⁷ Furthermore, it was prohibited from extending the credit

³⁶ See Carl B. Swisher, *Motivation and Technique in the California Constitutional Convention, 1878-79* (Claremont: Pomona College, 1930), *passim*.

³⁷ *Constitution of California*, Art. IV, sec. 22.

of the state or making any gift of public money or anything of value to any individual or corporation.²⁰ Municipal corporations were included in the corporation category in both prohibitions.

The sweeping terms of these restrictions would seem to bar all possibility of state grants-in-aid to local units of government. Municipalities were specifically mentioned and from the language of the two sections cited it would appear that counties could receive no state funds unless it were presumed that county functions were controlled by the state and were state functions. However, it is apparent that the writers of the 1879 Constitution were intent upon preventing further abuses of certain powers and did not fully consider the nice details of governmental operation. The prevailing opinion appears to have been that if there were to be exceptions to the ruling restrictions they were to be placed in the Constitution and not left to legislative discretion. State support of education by grants-in-aid to counties to be apportioned among school districts was a notable exception. However, the convention was by no means unanimous in its purpose to restrict state expenditures. Certain groups forced a proviso into section 22 of Article IV that permitted the legislature to give aid to private institutions for the aged and orphans. Although counties had not yet entered upon an organized program for care of the poor, it was provided in this section that when counties did undertake this function they should receive the same amount of state aid as that provided for private institutions.

The fears and antagonisms expressed in the Constitution of 1879 have done much to govern the relationships between the state and its local units. Several groups that have sought state aid for enterprises in which they were interested have found it necessary or desirable to obtain a constitutional amendment granting the desired legislation. Section 22 of Article IV has been amended to permit state aid to counties for care of children of a father incapacitated for gainful work because of permanent injury or tuberculosis, and for the care of the indigent blind. In 1920 a program of state and county support of the public schools was written into the Constitution to guarantee it from

²⁰ *Ibid.*, sec. 31.

legal attack and from fluctuations of legislative policy.²⁰ This was amended in 1933 to transfer the county responsibility to the state. State aid to counties for construction and maintenance of county highways is permitted by an amendment approved in 1902.²¹ When the state tax plan was revised by constitutional amendment in 1910, a mandatory direction to reimburse counties which suffered a loss of revenue by the change was written in.²² The constitutional amendment directing the state to tax highway transportation companies also provided that the counties share half the revenue derived.²³ In 1934 the voters approved an amendment that authorized the state to collect liquor license taxes and directed the legislature to apportion the amount collected between the state, counties, and cities.²⁴ This was the first amendment permitting state money to be given directly to cities. Legislation passed in pursuance of this authority gives the counties and cities 50 per cent of all money collected within their borders.²⁵ At the election in November, 1936, the voters approved an amendment authorizing the state to aid special assessment districts.²⁶ This is calculated to aid cities in clearing up difficulties involved in the financing of public improvements.

Whatever may have been the intent of the groups that wrote the sections in the 1879 Constitution which prohibited the giving of state money, credit, or things of value, it has not been necessary always to amend the Constitution to obtain state aid. The courts have followed a line of reasoning in regard to state encouragement or aid of county administration that has relieved the pressure for constitutional amendment. In general the counties in the United States have been regarded as administrative units, agents of the state created for convenience in carrying on public affairs, and therefore the legislature's power over them is complete and plenary except where specific provisions of the Constitution govern. The California Constitution directs the legislature to establish a system of county governments that shall be uniform throughout the state.²⁷ The powers that the counties have are appor-

²⁰ *Constitution of California*, Art. IX, sec. 6. ²¹ *Ibid.*, Art. XX, sec. 22.

²² *Ibid.*, Art. IV, sec. 36.

²³ *Stats.* (1935), ch. 330, p. 1123.

²⁴ *Ibid.*, Art. XIII, sec. 14, sub. (f). ²⁵ *Constitution of California*, Art. IV, sec. 31C.

²⁶ *Ibid.*, Art. XIV, sec. 15, sub. (a). ²⁷ *Ibid.*, Art. XI, sec. 4.

tioned to them by the legislature subject to constitutional limitation.²⁷ In California the principle of local autonomy has been popular. The Constitution of 1879 forbade the legislature to delegate to any special commission, corporation, or person the power to supervise any county or municipal improvement or property. Such special commissions were not to be permitted to perform any municipal function or to levy taxes or assessments.²⁸ Furthermore, the legislature was prohibited from making special laws regarding county business or the election of county officers.²⁹ A third restriction upon the legislative power directed that the state should not impose taxes upon counties or cities or their inhabitants for county or municipal purposes.³⁰ A constitutional amendment approved in 1911 gave positive assistance to the home rule of counties by permitting counties to draft freeholders' charters, subject to legislative approval.³¹

Several important problems are raised by this development of county home rule. Does the freedom from a certain amount of legislative interference plus the power to draft a freeholders' charter make a county a municipal corporation within the meaning of the Constitution? May the legislature make grants-in-aid to counties subject to administrative supervision by a state commission or department? May that commission or department exercise delegated power to make rules and regulations to which the county must conform before receiving aid? Must the state legislature provide a uniform staff of local officers and deputies in all counties to perform functions for which state aid will be granted or may it delegate to the counties the power to set up the necessary staff and equipment in order that they may take advantage of inducements offered by state aid? The courts of this state have ruled that counties are not municipal corporations.³² The county, by its functions, is linked so closely with the state that it cannot claim the status of a municipal corporation. Furthermore, the courts have held on

²⁷ *Sacramento County v. Chambers*, 33 Cal. App. 142; 164 Pac. 603 (1917).

²⁸ *Constitution of California*, Art. XI, sec. 13.

²⁹ *Ibid.*, Art. IV, sec. 5.

³⁰ *Ibid.*, Art. XI, sec. 12.

³¹ *Ibid.*, sec. 7½.

³² *Sacramento County v. Chambers*, 33 Cal. App. 142; 164 Pac. 603 (1917).

three occasions that the nature of county functions is such that constitutional restrictions against state aid cannot apply. Unless the Constitution prohibits the delegation of a function to counties the state may delegate any state function to the counties. Also the state may take back the power delegated. Hence, since the state has power to take the full responsibility for performance of some function such as care of the sick, care of the poor, or controlling floods, it may take either exclusive or partial control and assume corresponding liability for support.³³ The accepted rule arising from these cases is that the state may assume all or only a part of the expense and allocate such part of the expense for payment by local sources as the legislature may see fit to determine. The courts refuse to question the determination and consider it as a legislative matter. A case that came before the State Supreme Court recently raised the question, May there be county purposes or functions with which the state may not interfere? In 1935 the legislature abolished the personal property tax levied upon automobiles by counties and cities and substituted a state-collected tax reckoned on the market value of the vehicle. A part of the collections was to be allocated to the cities and a part to the counties, the remainder to be retained by the state. The local shares were to be spent by the cities and the counties for policing and controlling highway traffic. This sharing with the counties and cities was challenged as an imposition of state taxes upon local inhabitants for local purposes. The court held that the purposes to which the local shares were directed were state purposes and hence the state was within its constitutional powers.³⁴ These decisions indicate that the state will not be limited in its power to withdraw revenue sources from local taxation and to share the revenue with local units so long as it directs the purpose of the expenditures. The legislature must set the conditions and " earmark " the funds for a purpose.

However, if the relations between the state and the local units that are developed through state aid are to be governed entirely by legis-

³³ *Sacramento County v. Chambers*, 33 Cal. App. 142; 164 Pac. 603 (1917); *Reclamation Board v. Chambers*, 46 Cal. App. 476; 189 Pac. 479 (1920); *Los Angeles County Flood Control District v. Hamilton*, 177 Cal. 119; 169 Pac. 1028 (1917).

³⁴ *City of Los Angeles v. Riley*, 6 Cal. (2d) 621; 59 Pac. (2d) 137 (1936); *County of Los Angeles v. Riley*, 6 Cal. (2d) 625; 59 Pac. (2d) 139 (1936).

lative determination there can be little flexibility, and administrative standards must be left to local determination. The courts have indicated that the constitutional prohibition of special commissions for control of local affairs and property do not apply to regular commissions and departments of the state government.⁸⁸ The legislature may delegate to a state agency such as the Bureau of Tuberculosis of the Department of Public Health power to supervise and control the counties' administration of tuberculosis sanatoriums. The State Board of Health makes rules governing the standard of administration and these requirements must be met before a county is allowed state aid for the care of tuberculous patients.

State grants-in-aid have not been given to induce counties to undertake functions entirely new. In the first place, the counties have no powers except those allocated to them by the legislature. Because counties operate primarily as agents of the state in performing functions that are of state-wide interest, they can be allowed little option in determining whether they will perform a function. However, state aid has been employed as a spur to local administration to induce a higher standard of performance. Little attempt has been made to use state aid as a means of inducing counties to organize adequate administrative staffs and organization to administer the function aided. State aid for the care of tuberculous patients is an exception. This difficulty is due partly to subtle distinctions of legal restrictions upon the counties. The legislature may not delegate to counties the power to create county offices.⁸⁹ The determination of distinctions as between county officers and county employees has fallen to the courts. Once the legislature has created an office, the board of supervisors may provide for the selection of subordinates and deputies. In matters that do not involve the enforcement of laws, the legislature may lodge responsibility with the supervisors, who may employ the necessary employees to perform the task. The boards of supervisors are charged with the responsibility for caring for the poor, but the boards may hire social workers and clerical staffs to perform the task as directed by state law.

⁸⁸ *Sacramento County v. Chambers*, 33 Cal. App. 142; 164 Pac. 603 (1917).

⁸⁹ *Coulter v. Pool*, 187 Cal. 181; 201 Pac. 120 (1921).

State aid to municipalities has developed in a manner different from that for counties because of the restrictions in the 1879 Constitution. Ways have been found to circumvent these restrictions, although none of these ways satisfy the cities when problems of governmental support become acute. In California law streets and highways are considered as being of state-wide importance and consequently their maintenance and regulation is not entirely a "municipal affair." Policing of street traffic is a state affair, and the legislature may allocate funds to the municipalities for that specific purpose.⁸⁷ The state may also set aside funds from the gasoline tax for highway construction within cities and delegate responsibility to the cities to do the actual work.⁸⁸ In such instances the constitutional requirement that the state must control the expenditure is met to the letter at least. Although a municipality is a corporation, it is also an agency of the state. There is no constitutional restriction upon the power of the legislature to transfer state property and things of value to its local agents in trust. The California legislature has bestowed numerous grants of tidelands upon municipalities to be controlled and administered in trust for all the people. However, the revenues and benefits derived from administration of the trust accrue to the municipality that receives the grant. The restrictions upon the powers of the legislature are partly the result of fears of "raids" upon the state treasury and partly the result of legislative meddling with local affairs. A set of laws has been produced from these combined fears that prevents the cities from receiving aid or property from the state unless the legislature controls the use of the money or property in the interest of the state. This has produced closer legislative and administrative control of local performance than has been necessary when the state gives aid to the counties or districts. The cities must either bargain their home rule or seek to have the State Constitution amended before they obtain additional state aid.

⁸⁷ *City of Los Angeles v. Riley*, 6 Cal. (2d) 621; 59 Pac. (2d) 137 (1936).

⁸⁸ *Stats.* (1935), ch. 29, sec. 203; *ibid.*, ch. 164, p. 824.

II. STATE AID TO LOCAL GOVERNMENT FOR SCHOOLS

STATE AID for a locally administered function has been carried out most extensively in providing funds for public schools. From the first year of its government as a state, California has provided aid to the local units for school administration. The amount of state aid has increased until in 1935 the state paid out \$39,773,848.07 for elementary schools, \$24,008,385.42 for high schools, and \$1,652,304.51 for junior colleges.¹

It has been a matter of state-wide concern that a system of free public schools be maintained and kept open for at least a minimum term each year. The State Constitution directs the legislature to provide for a system of schools that shall be operated for a fixed minimum period annually. Although constitutionally the schools form a state system, the traditional, decentralized, district system of administration has been followed from the earliest years. The California system is a district system in which the management and control of schools is vested in local boards of trustees or boards of education elected by the people of the district. However, the state and county exercise a share in the administration.

The school system is a state system, first of all, because it is governed by state law. School districts derive their powers from the State Constitution and state legislation, as do all local units of government in the American states. However, the deciding factor that has made school districts in California units in a state system has been the granting of state funds under terms specified by statute or constitutional provision. State aid has been subject largely to legislative terms rather than administrative discretion, although state school authorities have been given some power of control. Conditioned state grants have guided and encouraged the development of schools, specialized curriculums, and organization and of improved standards of educational administration. In general terms the state's relation to common school

¹ State Controller, *Annual Report of Financial Transactions of Municipalities and Counties of California, 1935* (Sacramento, 1935).

education in California has been expressed in prescribing a minimum performance and in assisting to finance that minimum, and at the same time encouraging the local district by giving additional grants to develop wider programs of education.

As each new aid for a school activity was granted, a greater amount of state control was prescribed. Statutes granting aids for high school activities contained a longer enumeration of standards to be observed by the schools in order to receive state aid than did statutes for elementary schools. Later legislation granting aids to junior colleges and to special class activities delegated some discretionary power to the state administrative authorities to set standards. From a reading of school laws it would appear that administrative authorities held a very considerable power through allocation of state funds to guide local school administration. However, state school administrators have interpreted their power as being ministerial and not discretionary except in those few instances in which a clear grant of discretionary authority has been given. The controlling opinion is that state aid money must be granted if the local district qualifies in any way under the statute, and that it may not be withheld in order to compel the local district to meet the state department's interpretation or standards. The matter has never been brought to a legal test at any time in California school history, although one state superintendent, Will C. Wood, used the threat of withholding funds on some occasions, and thereby obtained the results he desired.

Much of California school law has been written by interested groups in an attempt to ensure a standard of performance. State administrators in the performance of their duties under such directive legislation may exercise discretion, however, to prevent special legislation from overthrowing school policy as generally developed by the professional educational groups. An example of such administrative discretion is provided by the free state textbook law. Local districts are directed by law to accept the state textbooks or be deprived of all state funds by the State Department of Education. By administrative practice it has been interpreted that school districts which prefer a non-state textbook program cannot be compelled to use the books provided by the state.

State aid has been only one factor in the development of a strong and diversified public school system in California, but it has been an important one. Although it may not have been an important control device in that it developed state administrative control, it has been a device encouraging improved administration. Certain standards set by legislation had to be met by the districts to qualify for state aid. Furthermore, it was financially worth while for districts to undertake new functions and new programs. Although the chief interest has been in economic aspects of state aid, grants-in-aid have been important in school government as well.

The Constitution of 1849 provided for a school fund to be raised from the sale of five hundred thousand acres of land granted the state by the federal government under the Public Lands Act of 1841, and from estates of deceased persons who died without leaving a will or heir. The interest from this fund and such other means as the legislature might provide were to be appropriated to the use of the common schools of the state.² The legislature was directed to set up a system of school districts, and any district that did not maintain a school for at least three months during the year was to be deprived of its share of the state school money.

The first real school law, that of 1852, set up the main outlines of the school organization, and these broad outlines have been followed since that date. The school organization existing in the state of New York was taken as a model for the new system. An ex officio State Board of Education was created to superintend the school lands and the funds derived from their sale. Each local school district was to be governed by a board of three trustees elected within the district. In 1855 the office of county superintendent of schools was made an elective office. City school organization consisting of a board of education and a city superintendent was provided also.

Support of the schools in the early years was largely a district and county matter. The state participated only to the extent of its permanent fund. This fund was to be used, as in most states, to aid the local communities in the support of schools until such time as the state

² *Constitution of California* (1849), Art. IX, sec. 2.

sources would be sufficient to enable the state to take over the school system.³ However, it soon developed that the funds were not sufficient for the state to play the part in school support that the advocates of better schools had desired. Recourse had to be taken to taxation. A state ad valorem tax was levied in 1864 to supplement the invested funds.⁴

Throughout most of California school history support of schools has been spread over three bases: state taxes or revenue sources, county property taxes, and district property taxes. County support was made mandatory by state law; district support was largely optional. As the state increased its contribution, the mandatory county support was increased. State and county funds were to be used to enable districts to maintain schools on a minimum basis. An Act of 1864 required counties to raise at least \$2.00 for every child between the ages of four and eighteen years.⁵ If state and county funds were not sufficient to maintain a school for five months of the year, the district trustees were directed to levy a tax sufficient to do so. However, to obtain state aid, a district was required to maintain school for three months in the year. In 1865 an act directed the county to raise a sum equal to at least \$3.00 for every child between five and fifteen years of age. If the supervisors failed to observe the directions, the auditor should levy the tax. However, if both supervisors and auditor refused or were lax in their duty, the state superintendent was to withhold 25 per cent of the next year's allotment of state funds.⁶

The length of the school term was the subject of greatest interest to the state in this period. There was no uniform term throughout the state. Many mountain counties held school only for a short time in each year. In 1870 the legislature raised the standard and directed that sufficient local taxes be levied to provide a school term of eight months during the year, exceptions being made for certain smaller communities.⁷

³ B. F. Pittinger, *An Introduction to Public School Finance* (Cambridge: The Riverside Press, 1925), pp. 27-271.

⁴ *Stats.* (1863-1864), ch. 209, p. 209. ⁶ *Ibid.* (1865-1866), ch. 562, p. 783.

⁵ *Ibid.*

⁷ *Ibid.* (1869-1870), ch. 556, p. 824.

The second major interest of the state was in the teaching staff. The chief item of expense in operating a school was the salary of the teacher or teachers. Although state funds were apportioned according to child population, legislation directed that state money must be used exclusively for teachers' salaries. County school money was apportioned according to child population at first, but in 1874 the county superintendents were directed to ascertain the number of teachers to be allowed each district on the basis of one teacher for every hundred census children or fraction thereof not less than fifteen. On this basis each district was to receive \$500 of state and county money per teacher allowed.

State aid was used as a means of control at an early date. It was used as a means of achieving some standardization and uniformity in the educational system, while making it financially worth while for the districts to cooperate. The legislature stipulated that no school district should be entitled to receive state or county money unless its teachers held valid certificates from the state and county boards of examiners.⁹ Also, if any district refused to adopt and use the state textbook series, it could not receive state and county funds.

The regulation of schools was legislative except in those instances in which the superintendent of instruction or the county superintendents carried out their instructions in withholding state and county funds from the districts that failed to comply with the law. The State Board of Education made rules concerning the financial work only to specify methods of reporting.

The members of the 1879 Constitutional Convention were unfriendly to centralized school administration and they gave no thought to secondary education. They particularized that all state money should be applied solely to the support of primary and grammar schools.¹⁰ This initiated a system of segregation of funds for elementary and secondary schools that was to work later to the advantage of both. Elementary and secondary school money has been kept strictly apart, and the high schools have not been able to obtain funds at the expense

⁹ *Political Code*, secs. 103, 106, as amended in 1872.

¹⁰ *Constitution of California* (1879), Art. IX, sec. 8.

of the elementary schools, as has been done in some states where all school moneys are placed in one fund.²⁰ The new Constitution took away the legal power of the State Board of Education and decentralized the school system even more by creating county boards of education and giving them the power to examine and certify teachers and to select textbooks. Five years later, however, the ex officio State Board of Education was reestablished by constitutional amendment and given power to edit and publish textbooks for the schools of the state. Several acts have directed that state funds be withheld from districts that did not adopt state textbooks.²¹

Methods of apportioning state and county funds underwent experimentation during the years following the 1879 Constitutional Convention. The census-child method whereby funds were apportioned according to the number of children resident within the district was continued. However, this method did not encourage the district in efforts to compel attendance. Although state money had to be devoted to teachers' salaries, it was apportioned on the basis of a very large number of pupils per teacher. This number was later reduced and the amount of county funds increased from time to time. The Act of 1893, however, introduced a new principle of apportionment that was to have lasting effect.²² County superintendents were to apportion state funds on the basis of the average daily attendance of pupils. This apportionment method has proven to be the most satisfactory means of encouraging districts to enforce attendance laws; and it also measures the real school population.

Public secondary schools were a development of the latter part of the century. High school departments were authorized by state law as early as 1855,²³ but so long as they were dependent upon district support alone their development was slow. High schools as separate school organizations were limited to cities for many years because of the lack of demand and because of the small population in rural dis-

²⁰ California Legislature, Forty-third Session, *Report of the Special Legislative Committee on Education* (Sacramento, 1920).

²¹ *Stats.* (1891), ch. 237, p. 453; *School Code* (1929), sec. 6.307.

²² *Political Code*, secs. 1817, 1858, as amended in 1893.

²³ *Stats.* (1855), ch. 185, p. 234.

tricts. However, as state aid was granted for high schools and high school courses, districts were encouraged to undertake this function. Agitation for better preparatory schools by the University of California for entrants of the University helped to secure authorization of a "grammar school course." The so-called Caminetti Act of 1887 provided \$3.00 of state money for every pupil in grammar school courses preparatory to the scientific department of the State University.²⁴ However, the Act of 1891, which permitted separate high schools, provided for support by special district taxes.²⁵ A later act completed organization by allowing cities, towns, and districts of at least 1,000 population to vote to establish a high school and support it by local taxation. Both the separate high school and the grammar school course had proved popular under local support, so that by 1890 there were 3,558 pupils enrolled in grammar school courses and 3,548 in high schools.²⁶

As this type of school became popular, local tax burdens increased, until it was proposed that the state aid the program. In November, 1902, the State Constitution was amended to provide state aid for secondary schools by means of a special tax. The legislature of 1903 passed an act providing for a special ad valorem tax of one and a half cents on the hundred dollars, to be put into a separate state high school fund. A later law required that the state fund average at least \$15 per pupil in average daily attendance.²⁷ The money was to be apportioned as follows: one-third of the fund was to be divided between the high schools of the state irrespective of size; the balance was to be divided on the basis of average daily attendance.²⁸ No high school that had not employed at least two regular certified teachers for at least 180 days or had less than twenty pupils in average daily attendance was to receive state aid. The school was required, furthermore, to give evidence satisfying the state superintendent that it possessed a building, laboratory, and library reasonably well equipped and that it had operated that

²⁴ *Ibid.* (1887), ch. 107, p. 124.

²⁵ *Ibid.* (1891), ch. 63, p. 57.

²⁶ Superintendent of Public Instruction, *Fourteenth Biennial Report* (Sacramento, 1890), p. 11.

²⁷ *Political Code*, sec. 1760, as amended in 1909.

²⁸ *Stats.* (1903), ch. 60, p. 64.

equipment for a full term. The state-aided high school could admit only pupils who had finished the prescribed course in elementary school. If it had room for them the school was required to accept qualified students from outside the district without tuition charge. The high school was also to provide at least one course of study within a year which would admit graduates to the State University. To make sure that this requirement was being fulfilled, the school was to be inspected regularly by a representative of the University.

State control of district policy was assured soon after the state aid program was outlined. First of all, state money was to be used exclusively for the payment of teachers' salaries. Furthermore, the state superintendent was to withhold funds from a district if evidence were presented that the district refused or neglected to establish a course of study approved by the State Board of Education. State control of textbooks was not to be as rigid as that provided by the law governing elementary schools.

After the state undertook to aid in the development of high schools, beginning in 1902, increasing demand was made that the state support a variety of special schools and curriculums. School attendance was made compulsory in 1903 for all children between the ages of six and fourteen. Enforcement of the law was made a local responsibility. Attendance officers were to be appointed and paid by the district board. However, state aid was provided for salaries of teachers in special parental schools in which habitual truants were to be kept. Two or more districts might also combine to provide such a school.

A constitutional amendment, ratified in 1908, allowed state elementary school money to be spent for evening elementary schools, and authorized a special state tax for the aid of day and evening high schools and technical schools.³⁰ The evening schools were for adults under employment. However, these new schools had to be fitted into the existing educational setup, rather than being adjusted to meet the special requirements of the people for whom the program was designed. In practice, this law was limited in its effect for many years because only the larger cities could attract a sufficient number of stu-

³⁰ Amendment of Art. IX, sec. 6.

dents to meet the rigid requirements for state aid to this type of school.²⁰ The evening school was compelled to meet five evenings a week and to have an average daily attendance of ten pupils. The elementary evening schools were useful in the larger cities, however, as a means of providing citizenship training for foreigners.

In 1907 the legislature was informed by its special committee investigating the needs of the schools that the greatest need was for more teachers in the grammar schools.²¹ Economic and social conditions had outrun legislation, and a demand for higher salaries had to be met before a sufficient number of persons would be attracted to teaching as a profession. One remedy which was proposed was to increase the amount of state aid, and inasmuch as the law required that state money be applied to teachers' salaries it was thought that this would bring the desired result. Another remedy was to increase the age limits for census children from a range of from five to seventeen years to a range of from five to twenty years. This was calculated to increase the state aid by \$500,000. A third proposal was to increase state aid from \$7.00 to \$8.00 per census child. The members of the committee could not settle upon the plan to be followed, although they were agreed that no matter what plan was adopted some means of control had to be worked out to compel the districts to apply any increase in funds to the desired purpose. The previous legislature had increased the amount to be raised for schools by \$700,000. The purpose of this move was to increase salaries. Many counties did report salaries increased and school terms lengthened in rural districts, yet many districts had allowed the increase to remain unexpended. The committee believed that an automatic increase in salary funds would not guarantee increased pay for teachers. Therefore it proposed that the legislature pass a salary schedule, and that 60 per cent of the county funds go to teachers' salaries as a means of increasing them. State aid amounted to 44 per cent of the total expenditure for schools at that time, yet the state school officers had little control over the school system. The committee recommended

²⁰ *Biennial Report of the Commissioner of Industrial and Vocational Education, 1916* (Sacramento, 1916), p. 58.

²¹ California Legislature, Thirty-seventh Session, *Report of the Assembly Special Committee on Education* (Sacramento, 1907).

that the State Board of Education be given more control, especially over textbooks and courses of study.

The 1907 legislature followed the committee's recommendations in part and directed that all state funds and 60 per cent of county funds should be spent by districts for teachers' salaries. The remaining county portion might be spent for support and maintenance.²² In 1909 this provision was amended to aid districts in paying members of their staffs other than classroom teachers. Superintendents and supervising principals who held regular teaching credentials might be paid from the school funds allocated for teachers' salaries.²³

In 1910 the entire state tax system was changed to provide a separation of sources of taxation between the state and the local units. The new arrangement provided for the taxation of public utilities by the state on a basis of their gross receipts from operations. All these revenues were to go for the support of the state government, and the state, under normal conditions, was not to make use of the general property tax. The latter source was left as the support of local governments, including school districts. The state's general fund, supplied by taxes on state sources, provided 100 per cent of the state's support for high schools, but income from invested funds provided a small part of the elementary school fund.²⁴

During the ten-year period following the separation of sources of revenue the schools were treated to several increases in the rate of state and county support. However, the county share was increased at a greater rate than the state share. In 1911 the average daily attendance of pupils was fully adopted as the basis of apportionment and the census-child method was abandoned. It was found that average daily attendance was slightly more than half the total census children. The teacher unit then was calculated on the basis of 35 pupils in average daily attendance rather than on the basis of 70 census children. State aid was increased from \$7.00 to \$13.00 per pupil in average daily at-

²² *Stats.* (1907), ch. 86, p. 110.

²³ *Ibid.* (1909), ch. 203, p. 310.

²⁴ See Department of the Interior, Bureau of Education, Bulletin No. 29, *State School Taxes and School Funds and Their Apportionment*, by F. H. Swift and B. L. Zimmerman (Washington: Government Printing Office, 1928), p. 39.

tendance.²⁵ The counties were to provide a similar amount. This method of apportioning funds emphasized continued attendance of pupils, and it behooved the district to enforce compulsory attendance laws as strictly as possible in order to obtain the maximum aid.

In 1915, when the poll tax was abolished as an educational revenue source, the state share was increased by \$2.00 per unit of average daily attendance. Educational organizations insisted that the balance be made up by state taxation rather than by district taxes.²⁶

State aid was used largely throughout this period to promote the educational program, which was developing rapidly. However, as the state's portion was drawn from tax sources collected throughout the state, the emphasis in state aid came to rest upon encouragement and assistance to poorer rural areas. Although rural executives complained that the 1911 act apportioning funds on the basis of average daily attendance worked against the rural districts, apparently the opposite was true. The one-teacher elementary school was favored by the method of apportioning money according to a teacher unit based on 35 pupils in average daily attendance. The average daily attendance per teacher throughout the state was 27.5. In Mono County it was 11.3; in Trinity, 12.7; in Alpine, 14; but in a populous county such as San Francisco it was 31.7. The state distributed funds at a rate of \$250.00 per teacher and \$9.52 per unit of average daily attendance. The apportionment per teacher actually employed ranged from \$351.00 per teacher in Mono County to \$552.55 in San Francisco County.²⁷ The one-room school district met most of its expenses through state and county aid.

The High School Support Act of 1915 was designed to assist smaller high schools in rural districts in adjusting their organization and courses of study to meet community needs. Of the 257 high schools in the state at that time, 132 enrolled less than 100 students.²⁸ Most of the

²⁵ *Stats.* (1911), ch. 649, p. 1245.

²⁶ E. Morris Cox in *Sierra Educational News*, 11 (May, 1915), 322.

²⁷ Mark Keppel, "Shall the State School Money Be Apportioned Equitably?" *Sierra Educational News*, 9 (January, 1913), 13-17.

²⁸ Will C. Wood, "The Reorganization of High School Legislation," *Sierra Educational News*, 10 (November, 1914), 623 ff.

courses in the small schools were academic because they cost less than others. These schools did not present subjects that met community needs because they were unable to provide continuity in administration and in teaching force. Lack of continuity in teacher personnel was due to the fact that teachers were attracted by the better salaries and conditions offered by the city districts. A large part of the plight of the rural districts was attributable to the fact that they were without sufficient funds to offer inducements to competent teachers to stay. Will C. Wood, commissioner of secondary schools, recommended that a county tax be levied to raise \$60 per unit of average daily attendance instead of increasing the state contribution. Many counties had large sections not in high school districts and these were escaping taxation, although children from these sections enjoyed the use of the schools. The 1915 act was designed to meet both problems.

The increase of general funds, however, did not solve the problem confronting the rural high schools of financing expensive special courses that required specially trained teachers and more equipment. Compulsory attendance laws, more effectively enforced under the encouragement of state aid based upon attendance, were bringing into the schools a type of pupil that could not be held by the academic study, that expected something more from the school than "the tools of learning." Educators began to rationalize the "needs of the community" in terms of vocational training and of avocational training that added to the social activity of the community. Teachers for these special subjects had to be trained in the special skill as well as in the skill of teaching. Furthermore, the school had to compete with private enterprise for such skilled persons and consequently higher salaries had to be paid. Existing means of school support were not adequate to meet these special needs.

Several developments led to extensive legislative activity in the 1917 session, whereby state aids were given to encourage development of special and vocational classes. The program of the federal government in aiding the state to carry out a vocational education program had much to do with this activity. Federal and state aid encouraged establishment of coöperative part-time classes in which school instruction

was coupled with part-time supervised work. Courses in agriculture and in commercial, industrial, trade, or other vocational subjects were permitted and encouraged. Students in this program were to spend three hours per day in vocational shop training and three hours in either part-time supervised employment or academic subject work.²⁹ The State Board of Education was given power to decide if the three hours per day in employment should be counted in making up a six-hour daily minimum required for a unit of average daily attendance. The state's terms for administration of this aid followed the federal Smith-Hughes Act very closely. The State Department of Education is given considerable discretion, in coöperation with the federal board, in making administrative rules for the regulation of the districts in spending the money.

Federal and state funds are confined to the payment of salaries of teachers of agriculture, home economics, and industrial subjects in classes maintained under high school district boards. The types of classes encouraged by this act include: day vocational courses in agriculture; part-time day coöperative trade and industrial courses; full-time day courses in household economics or industrial subjects; part-time general continuation classes in civic and vocational subjects. Courses must be approved by the State Board of Education before state and federal aid may be received.³⁰ In applying to the board for permission to set up an aided course, the high school board must supply certain information concerning the economic conditions of the district so that the state board may judge if that type of course is suited to the needs of the district. The course established must be of less than college grade, and must be open only to children fourteen years of age or older. The local communities are required to provide the minimum plant and equipment as prescribed by the board's ruling. The state board sets a certain minimum amount that the district must spend annually for teachers' salaries and for overhead and other current expenses before reimbursement is granted. Administrative regulations

²⁹ *Stats.* (1917), ch. 717, p. 1382.

³⁰ State Department of Education, Bulletin No. 23, *Vocational Education* (Sacramento, 1917), p. 3.

specify the types of work to be offered in these courses, the number of hours that the pupils must put in, and the minimum salaries that may be paid the instructors.

It was the purpose of the federal-state aid to promote vocational education; therefore, the state board refused to grant any of the money for general education or vocational courses already aided by the state. To bar the possible use of such funds for encouragement of evening schools, the board proclaimed that it would not reimburse for classes of which more than half the period was maintained after 6:00 P.M.²¹ However, the law controlling state aid for evening schools was modified to eliminate many difficulties previously encountered. The local districts were permitted to determine the length of the term of evening and part-time classes. Furthermore, these classes might be held on Saturdays if the district board wished. Attendance was to be counted in such a way as to enable evening high schools to secure state and county aid for their classes on a basis proportional to that received for attendance in full-time day classes. This aid, together with federal funds, placed vocational and adult education on a better basis.²²

Shortage of skilled teachers made the establishment of special part-time classes slow. Part-time classes in domestic science were set up first in greatest number. However, the part-time, vocational program received a lively impetus during the World War when great demand was made upon the high school classes to provide vocational training for those who wished to equip themselves for the specialized labor required in shipyards and other wartime plants.

During the first years after their establishment vocational classes are relatively more expensive than book courses of instruction. Because of the additional expense involved, the high school authorities were not inclined to take up vocational instruction except in coöperation with the State Vocational Education Division. With the special aid provided and the supervision given by this agency as encouragement, 50 schools undertook to establish vocational courses in the first five years. How-

²¹ State Department of Education, Bulletin No. 23, *Vocational Education*, p. 21.

²² *Biennial Report of the Commissioner of Industrial and Vocational Education, 1918*, p. 14.

ever, there were about 250 rural high schools that were denied aid during that period because the state funds were not sufficient.²³

Between 1915 and 1919 state aid was applied to encourage the establishment of several special school programs. This was a period of growth and specialization in school organization, and administrators and school boards were willing to experiment if state funds could be obtained on an average daily attendance basis so that the districts would not be forced to carry the entire cost of the new programs. Although attendance has been made compulsory, the state school officials discovered that approximately half the children of the state were not completing the elementary grades. Approximately two-thirds of the pupils of high school age were not attending any school. Some had entered apprenticeship and needed training, others were in occupations offering no opportunity for advancement. The vocational training program might assist these groups of young people, but it was thought that all needed some further subjection to the mores of civic participation. Hence, part-time education was made compulsory until the age of eighteen. The Part-Time Education Act of 1919 required illiterate persons between eighteen and twenty-one years of age to attend evening classes for at least four hours per week, and required children between sixteen and eighteen who were not in attendance full time to attend part-time classes for not less than four hours per week throughout the school year.²⁴ State aid was granted to assist in paying the salaries of teachers and a coördinator who would be an attendance officer. Regulations issued by the State Board of Education emphasized a vocational training and civic training program for these schools. The coördinator was to assist as far as possible in placing pupils in employment and following up their careers after leaving school.

For a number of years the state had been attempting to work out means for educating deaf children in the public schools, but under conditions as favorable as possible for the children. An Act of 1903 merely had permitted them to be counted along with those not handi-

²³ *Biennial Report of the Commissioner of Industrial and Vocational Education, 1922*, p. 7.

²⁴ *Stats. (1919)*, ch. 258, p. 406.

capped in determining average daily attendance units. However, establishment of special classes for deaf children meant additional expense for the district. An Act of 1917 made it possible to have special classes if there were not less than five deaf children in the district. State funds were to be apportioned so as to allow a special teacher for every nine children.³⁶

A reshuffling of the traditional grade structure of the schools was permitted and encouraged by state aid legislation as legislators sought to reorganize the curriculum and organization of the schools. The so-called intermediate school or junior high school was to bridge the gap between the general elementary school and the departmentalized high school. The junior college was to provide a general cultural curriculum between the high school and the more specialized work of the last two years in the university curriculum. An Act of 1915 governed the allocation of funds to school districts which operated schools comprising the seventh and eighth grades. In addition to the usual seventh- and eighth-grade subjects, secondary, vocational, and industrial subjects might be taught. These elementary grades were to function within the high school district organization, however, and receive some of its financial support.³⁷

A high school district that had an assessed valuation of \$3,000,000 or more might establish junior college classes in the existing plant and receive the regular state aid for high schools on an average daily attendance basis. The State Board of Education was given much discretion in the regulation of courses of study and the determination of general rules for the operation of the schools. Two different types of courses might be offered: one leading to junior standing as accredited at the State University, the other being more in the nature of vocational training for those who did not desire to enter a university or college.³⁷ This program was designed partly to assist districts in establishing these schools, but it was devised also to assist schools already in existence. There were 16 junior colleges or schools offering post-graduate work that were interested in obtaining additional state

³⁶ *Stats.* (1917), ch. 719, p. 1385.

³⁷ *Ibid.* (1917), ch. 302, p. 463.

³⁸ *Ibid.* (1915), ch. 90, p. 113.

funds.³⁸ The districts actually began the work and then asked for financial aid in carrying it on.

In the midst of this period in which school districts were encouraged to undertake a more extensive program of education, the entire system of financing education was revised and fixed in terms of constitutional mandates. Will C. Wood, the aggressive state superintendent, had agreed for several years that increased state support was necessary to raise salaries to a level that would attract a sufficient number of teachers. The average salary of teachers was about \$1,000 per year. In August, 1920, approximately 600 schools were without teachers, most of them being rural schools that paid low salaries. Furthermore, state aid had not kept pace with rising school costs. The proportion of state aid to total expenditures for schools had consistently declined since 1900.³⁹ Furthermore, state aid had not increased in proportion to the increases in school enrollment and school attendance. It was proposed that the ratio of state support to the total school cost be brought back more nearly to what it was before the tax structure was reorganized in 1910. The second purpose in reorganizing the school finance program was to equalize the load as between state tax sources and local tax sources. State and county support of elementary schools was increased, as was state support of high schools. The constitutional amendment which was approved November 2, 1920, required the state to contribute \$30 for every student in average daily attendance in the day and evening elementary and high schools. The counties were directed to match the state grant for elementary schools up to a maximum of \$30 per unit of average daily attendance, and to double the state high school apportionment or appropriate at least \$60 per unit of average daily attendance. All state funds and 60 per cent of county funds were to be used exclusively for payment of teachers' salaries.⁴⁰ Thus the state and county support of schools became a constitutionally fixed charge beyond legislative control.

³⁸ State Department of Education, Bulletin G-3, *The Junior College of California* (Sacramento, 1928), p. 8.

³⁹ A. R. Heron, "Constitutional Amendment Sixteen: Its Accomplishment," *Sierra Educational News*, 19 (November, 1923), 537-542.

⁴⁰ *Constitution of California*, Art. IX, sec. 6, as amended in 1920.

The 1921 session of the legislature was responsible for a large number of laws governing the apportionment of the increased state funds. The state elementary fund was to be apportioned on the basis of \$700 per teacher unit and the remainder apportioned according to average daily attendance. A teacher unit remained one teacher for every 35 pupils.⁴⁴ County funds were to be apportioned on a basis of \$1,400 per teacher unit. Elementary school supervision was to be encouraged by requiring that \$1,400 per teacher allowed in districts having less than 300 pupils in average daily attendance be set aside as an emergency and supervision fund to be controlled by the county superintendent.

The greatest encouragement given secondary schools was in the part-time and evening schools. The state superintendent was to apportion to each district on account of each day senior high school and each day junior high school \$550 for each year of the four-year course covering grades nine to twelve, inclusive. In addition, \$80 was to be apportioned for each unit of the first ten units of average daily attendance in evening schools, \$60 for each unit of the second ten units, and \$40 each for the third ten. The same provision was made for the part-time schools. The remainder was to be apportioned according to average daily attendance. The county apportionment was to be calculated in a similar manner.⁴⁵ These allotments for part-time and evening classes were in the nature of a "bonus" given in addition to the regular school allotment. This encouraged special classes and general continuation classes for pupils who were required to attend part time between the ages of sixteen and eighteen. Pupils attending part-time classes were supposed to be employed before being permitted to enroll. To encourage this, the State Department of Education adopted the policy of reimbursing the districts for part-time instruction only when the district established a coördination program and assigned one of the staff to coördinate the youth's home, school, employment, and recreational activities.⁴⁶ This prevented some districts from setting up part-time schools, but, by 1924, 54 districts had such schools under state

⁴⁴ *Stats.* (1921), ch. 467, p. 709.

⁴⁵ *Ibid.*, ch. 507, p. 777; *ibid.*, ch. 508, p. 781 (county apportionment).

⁴⁶ *Biennial Report of the Commissioner of Industrial and Vocational Education, 1922*, p. 26.

aid and 13 of the larger schools had a director in charge of the school and coordination program.

Restrictions were removed from the evening school program by the 1921 acts, and districts were encouraged to offer a greater diversity of subjects of interest to adults. Before 1921 several evening high schools had been disqualified for aid because they did not give instruction preparing for entrance to the State University. This restriction was removed and evening classes, taking the place of special day classes, increased in number.

After the close of the World War the demand for higher education in this country was greater than ever before. But this higher education was more costly than the education provided by the secondary and elementary schools. Consequently, the facilities for higher education were centralized in university centers and the state supported a University and normal schools exclusively. The interest in higher education was largely reflected at this time in increased attendance at the junior colleges or the six-year high schools, as they first developed. These junior colleges gave promise of relieving the pressure upon the University at Berkeley. A special legislative committee under Senator Herbert C. Jones recommended to the 1921 session that supplementary junior colleges be established at a number of well-located points.⁴⁴

Following up this increased interest in junior colleges, the state extended special aid to this type of school as a separately governed institution. Under the Act of 1917 the principal cost of junior college classes was borne by the high school districts. The state and county grants provided only a fraction of the cost. The 1921 act authorized separate junior college districts. Petition for the formation of the district had to be approved by the State Board of Education and the board had to be convinced that the state aid and the district taxes would be sufficient to support a school.⁴⁵ The course of study approved by the district board was also to be approved by the state board, and no state funds were to be paid to the district on account of average daily attendance unless the courses had been approved. The state board

⁴⁴ *Report of the Special Committee on Education, 1920, p. 73.*

⁴⁵ *Stats. (1921), ch. 495, p. 756.*

was given power also to adopt rules fixing the minimum standards of performance to which the schools must conform as a condition to receiving state aid. It was required to make periodic investigations to determine if such standards were being met.⁴⁶ If any junior college failed to meet these standards for three consecutive years, it was to be deprived of state aid.⁴⁷

In actual practice the state authorities have not deemed it necessary to enforce these requirements. No standards have been drawn up for a course of study and the only forms of control that seem to operate to shape junior college courses of study are demands of students, economic resources available, and those professional controls exercised by other institutions in accrediting transferring students. Although one might believe, from the law, that the state officials are required to make an extensive survey before admitting junior colleges to state aid, we are informed that to date all junior colleges have been "blanketed in" without regulation or requirement. The earnest desire to provide all educational facilities possible in answer to local wishes seems to have blotted out any conception that state aid might be made use of to provide an integration of policy. The point on which the state board has exercised some authority is more ministerial in nature. Proposals for junior college districts have been denied if it appeared that financial resources of the proposed district would not be adequate. State law sets that point of determination, however.

All moneys obtained from bonuses, royalties, and rentals derived from the public domain are placed in the junior college fund. This money is apportioned in the following manner: \$2,000 is apportioned to each district, and the remainder is distributed in proportion to the units of average daily attendance.⁴⁸ These special funds have not been sufficient to apportion as the law directs because junior college enrollment has increased and funds have not increased. In 1929 the legislature directed that, if the amount received from these sources was not sufficient to provide the amount required, a sum not to exceed \$30 for each student in average daily attendance in junior colleges was to be

⁴⁶ *Stats.* (1921), ch. 495, p. 756.

⁴⁸ *Ibid.*, secs. 4.941, 4.942.

⁴⁷ *School Code* (1935), sec. 4.944.

transferred from the general fund of the state.⁴⁹ This was changed in 1931 to permit drawing upon the general fund for the full \$100 per unit of average daily attendance for junior college support. The supplementary grant from the general fund is not automatically forthcoming and the legislature makes an appropriation to supply the deficiency. The 1933 session appropriated \$750,000 from the general fund.

A number of special classes have been provided for from time to time and state aid has been given to encourage the special care of certain types of children whose needs throw a peculiar burden upon the regular administrative organization. One of these aids is to the special classes for children of migratory workers in the seasonal industries. Direction of the program was placed under the state superintendent at the request of Will Wood, then superintendent. The state set aside \$10,000 to be apportioned under the direct authority of the superintendent. The setup gives that officer power to make regulations and establish conditions for the apportionment of the money. The county superintendent is authorized to apportion an amount not to exceed \$150 per teacher for such work. The apportionment must meet the approval of the state superintendent.⁵⁰

When the local districts provide for special facilities for the instruction of physically handicapped children, they may be reimbursed by the state on a special average daily attendance arrangement. The State Department of Education sets a minimum standard for all such special classes which must be met before state funds are forthcoming.⁵¹ Under this plan the state reimburses the district for the net cost of the instruction above the cost of educating an equal number of regular pupils, although it will not reimburse for more than \$100 per unit of average daily attendance. This special aid applies to both high school and elementary pupils. The 1927 legislature made it the duty of the state superintendent to promote education of speech defectives. A sum of \$30,000 was appropriated to be apportioned to such counties as in his judgment required the maintenance of such classes. The aid was not to exceed \$75 per month for each teacher employed in the special class, and the county was to match dollar for dollar. The School Code,

⁴⁹ *Ibid.* (1929), sec. 4.852. ⁵⁰ *Ibid.* (1935), secs. 3.610-3.612. ⁵¹ *Ibid.*, sec. 3.629.

as drafted later, authorized the superintendent to incur such additional charges as may be needed to promote and superintend such instruction.⁸⁸

The state also has attempted to encourage supervision of rural schools and apportions aid to a special county elementary school supervision fund. This fund is to be devoted to salaries and expenses of supervisors overseeing instruction in districts of less than 300 pupils in average daily attendance. All but a few of the smallest rural counties employ supervisors under this grant. In the smaller counties, supervision may be performed directly by the county superintendent alone.

STATE AID AND STATE CONTROL

The two dominant themes that run through all these laws designed to develop the state school system are encouragement of local activities and assistance in supplementing local revenue sources. It is evident that most of these activities have been given state aid on the demand of the local units or of persons interested in various types of instruction. In numerous instances legislation authorizing a type of school program and granting aid to it followed the actual establishment of such schools or programs as units of local school systems.

Although a very appreciable degree of discretionary power has been delegated to state administrative authorities, the main outlines of state control remain legislative in nature. Eighty per cent of the funds other than those supplied by the districts are controlled entirely by state law. State funds have been earmarked almost from the start for payment of teachers' salaries. However, state aid funds provide a technique of control over at least nine items in school policy. Administrative control and legislative control are combined in these. For instance, new elementary districts must have the approval of the state superintendent, or of the State Board of Control when appeal is made from the superintendent, before proceedings may be taken to form the district. State aid is not to be given until such approval is obtained. The only instructions that the legislature has given the superintendent are that he shall take note of the "necessity" for the organization of a dis-

⁸⁸ *School Code* (1935), sec. 3.441.

tract.⁶⁴ Formation of high school districts and junior college districts is dependent upon the approval of the State Board of Education.⁶⁵ In the instance of high schools, the board must determine that the district from which the new one is withdrawing is left with at least 1,000 pupils in average daily attendance and \$20,000,000 assessed valuation. Junior college districts are to be approved only after a survey has been made. These provisions do not apply to city high school and elementary districts, however. Cities may form their own districts on vote of their citizens.

Once a school of any type is approved, it must employ only teachers who hold credentials approved by the state board, or state aid will be withheld. Through this power of supervising credentials the state has been instrumental in raising the standards of teaching. The state board must approve all courses of study in state-aided courses or the state's money may not be paid out to the district. The free textbook laws direct that if the district or city neglects or refuses to use the prescribed state elementary books, or uses another book in a prescribed course, 25 per cent of the district's aid must be withheld until the district complies. If the school authorities of any city or district knowingly permit the teaching of sectarian doctrines in the schools, the state and county subventions to the local unit are to be withheld.⁶⁶ The local units must maintain a minimum school term as set by law or state and county funds cannot be paid them. Exception is made in the event of epidemics, and so forth, and the state administrative officers are given some discretion in apportioning funds in an emergency.

It has been noted that in practice the state officials do not enforce these provisions for state control strictly. The responsibility for supervising the schools in order to guarantee that they meet the state requirements falls largely upon the county superintendents. However, the state officials do exercise a much closer supervision over the special courses and have set up more detailed administrative regulations conditioning state aid for the special work. The federal-state aid for vocational education sets the pace. However, many of the special programs

⁶⁴ *Ibid.*, secs. 2.126-2.131.

⁶⁵ *Ibid.* (1931), sec. 3.52.

⁶⁶ *Ibid.*, secs. 2.675, 2.440a.

required promotion and encouragement before any but the large city districts would undertake such work. Consequently, the function of the state officials came to be that of promoting and encouraging. It was necessary then to leave questions of policy and apportionment more to administrative determination.

All of these controls, however, are in relation to educational matters rather than financial. The state directs that the districts spend the state subvention for teachers' salaries, but does not provide a review of expenditures to determine if adequate salaries are paid. On occasion, some districts have not paid salaries to attract the best teachers, although the money was available.⁶⁶ For some years a limited degree of control over the district budget has been given the county superintendent. Penalty of the withholding of state and county funds is threatened by the law if the district board refuses or neglects to make a school budget as prescribed.⁶⁷ However, the county superintendent merely has the power to review and advise, and if the district board refuses to give way in its plan the county superintendent must approve the budget as submitted.

The plan of state aid followed in California to date has been one of general relief on the basis of a fixed amount per child. The 1921 amendment sought to raise the percentage of support given by the state to "equalize" the burden upon common property and corporate gross earnings. Although the state's share was increased, the compulsory matching features which were made mandatory upon the county accentuated inequalities among the counties and did not equalize the ability of districts to support the remaining part of the program. This state and county apportionment, amounting in most instances to less than \$350 per teacher, was insufficient to provide anything beyond the barest necessities for operation of the smallest and least expensive schools.⁶⁸ The counties' ability to pay for schools varied from \$55,684 true valuation per pupil in average daily attendance in elementary

⁶⁶ "Report of the Council of Education Committee," in *Sierra Educational News*, 19 (January, 1923), 7.

⁶⁷ *Political Code*, sec. 1612, as amended in 1925; *School Code* (1935), sec. 4.367.

⁶⁸ *Report of the California Commission for the Study of Educational Problems* (Sacramento, 1931), Part I, p. 181.

grades for Mono County to \$10,581 per pupil in Placer County. Mono County would have to levy a \$0.06 tax on \$100 true valuation to produce \$30 per unit of average daily attendance, whereas Placer County would have to levy a \$0.30 tax. The difference is even greater between districts. In some districts the maximum district tax allowed, \$0.30 per \$100 assessed valuation, will raise less than \$100 per teacher unit, whereas in certain others it will raise over \$4,000 per teacher unit.⁸⁹

As the equalization idea has taken hold, one school of thought believes that the state has only one function in participating in educational finance and that is to equalize educational opportunity for all pupils in the state.⁹⁰ The large urban districts have opposed the complete substitution of an equalization fund for the general relief plan because they would lose a large amount of state aid. Consequently, in 1931 the Superintendents' Association Committee on Equalization proposed that a state equalization fund be established in addition to the regular funds.⁹¹ The additional fund would be used to bring poorer districts up to a higher acceptable standard than they were hitherto able to afford. This plan would increase the power of the county superintendent of schools and the state superintendent over the districts, giving them authority to apportion funds under conditions that would probably have forced many districts to consolidate. Schools regarded as "unnecessary" would not receive state aid under this plan. Such a proposal found little favor with those who wished to scale all school expenditures downward because the equalization fund was in addition to that already granted.

A compromise plan was worked out by conference of representatives of the State Grange, the California Real Estate Association, the State Department of Education, the California Teachers' Association, and the State Association of County Supervisors. This plan would remove the mandatory county school tax and increase the state share by \$48,000,000. The additional amount was to be raised by an income tax and

⁸⁹ *Ibid.*, p. 166 *et passim*.

⁹⁰ H. E. Allen, "The Problem of Equalization of Educational Opportunity and Taxation," *California Quarterly of Secondary Education*, 7 (April, 1932), 285 ff.

⁹¹ See "Report of the California Public School Superintendents' Association Committee on Equalization," in *Sierra Educational News*, 27 (April, 1931), 25-30.

selective sales tax. The proposed fund was to be apportioned in such a manner as to equalize the school tax burdens among the counties and districts and afford a maximum degree of tax relief to common property.⁶³ This plan was proposed as a constitutional amendment by initiative measure but was defeated by popular vote in November, 1932.

A growing awareness of the weight of local taxes upon real estate brought pressure to bear upon the legislators to do one of two things: alter the requirements for school support or increase the amount of state aid. Attempts made in the first part of the legislative session in 1933 to scale down state aid were defeated. The next move of major importance was to attempt to cut the counties' share of school support. This was a move to regularize a condition that was developing in the counties. The state law required the counties to match the state appropriation for elementary schools or provide \$30 per pupil, and to double state aid for high schools or provide \$60 per pupil. However, in 1930-1931, seventeen counties failed to meet the constitutional requirement for high schools and one failed in the elementary school requirement. In 1931-1932, twenty-three did not meet the constitutional requirement and three additional did not meet the statutory requirements for high school support. Sixteen did not meet the constitutional requirement and seventeen additional failed in the statutory minimum for elementary schools. Economic conditions had placed these counties in the position of violating the Constitution. In most of these counties the violation was the result of a percentage of delinquency in tax payment that ran higher than the supervisors had allowed for. In a county such as Sutter, where the reported tax delinquency ran to 40 per cent, county school support was uncertain. In a few instances, the boards of supervisors had deliberately refused to set a tax rate sufficient to raise the sums required. Under these conditions, some remedy had to be sought, rather than attempt to enforce the existing law. School support and the educational problems were interwoven with the need for reorganization of the tax structure for the entire state.

⁶³ See California Farm Bureau Federation, Research Department Bulletin No. 16, *Facts regarding Property Tax Relief Amendment No. 9* (Berkeley, 1932).

The so-called Riley-Stewart plan was evolved out of many conflicting demands for legislation. This plan relieved the counties of the responsibility for matching state school funds and transferred the charge to the state. The additional state support was to be supplied largely by a state-collected sales tax. This would leave the state and the districts the only units concerned with school finance. As a second part of the Riley-Stewart plan, corporation property was to be returned to local units after 1935 for local taxation. The scheme was entirely concerned with equalization of the tax responsibility as between local sources and state sources. There was to be no change in the relationship between the state and the districts in respect to policy or administration of schools.

This plan was approved by the 1933 legislature and ratified as a constitutional amendment by the electorate on June 27 of that year. The plan had the merit of removing the inequalities among the counties in ability to support education. Such counties as San Bernardino and Placer gained a considerable tax resource with the return of operative property to the local tax rolls. All counties were to receive the minimum support guaranteed by the Constitution in 1921, but spread over the wider tax base of the state. However, evidence appears that inequalities between districts have not been removed, and may actually have been accentuated. Inequalities in ability to provide an adequate district support of schools had been pointed out prior to 1933.⁴⁸ Sample studies made by the research section of the California Teachers' Association confirms that which was earlier surmised: a large number of districts that have operative property to be returned to them already have tax resources above the average; poorer districts have little or no operative property.⁴⁹ For a considerable percentage of districts, however, state aid has already eliminated some of these inequalities. In 1931-1932, 1,114 of the elementary school districts, or 34 per cent, levied no district maintenance tax. In 1934-1935, after the Riley-Stewart plan became effective, 1,625 of the 2,735 elementary districts, or 59 per cent, levied no tax. Twelve, or 4 per cent, of the 295 high school districts

⁴⁸ H. E. Allen, *op. cit.*

⁴⁹ E. D. Stafflebach, in *Sierra Educational News*, 32 (September, 1936), 13-15.

levied no district tax in 1934-1935.⁶⁶ These districts found state aid and other subvention funds adequate to carry on school work in their communities. Most of these districts are rural, and, in the instance of the elementary schools, support for the most part one-room rural schools.

The finance plan adopted in 1933 has failed to produce the result that the Superintendents' Association Committee plan proposed to achieve, namely, consolidation of one-room schools into large units under pressure of state aid apportionments. In fact, it is to be expected that the result would be the opposite. So long as any considerable number of school districts can support themselves on state funds, they will find it financially and politically worth while to remain in status quo. The state, because of its constitutional responsibility for education, has the obligation incumbent upon it of maintaining a minimum standard of education throughout the entire state territory, even if there be no local contributions. However, the state is defeating its own purpose if it supports educational units in such a manner as to make the solution of the local government problem more difficult. Inevitably, as the state contributes more funds collected from the state at large, it has the increasing responsibility of insisting that the local units so supported shall spend the money in the most effective manner. To achieve that result can be the only rationalization for taking tax money from the wealthier areas and transferring it to the poorer areas. Thus far state aid has been used as a means of encouraging the establishment of programs, and even of new types of districts. It seems quite probable that the time has been reached when the pressure and encouragement of state aid might well be applied toward consolidating the organizational units. Such consolidation suggests a more effective administration of the programs whose growth has been encouraged by state aid.

⁶⁶ Information supplied by the State Department of Education by letter, September 28, 1936.

III. STATE AID FOR POOR RELIEF

POOOR RELIEF traditionally has been the responsibility of the local unit and especially that of the county. Not until unemployment relief proved too large a responsibility for local financial resources did the states undertake any extensive program of state administration for relief of the poor. The state of California, however, has participated in certain specialized poor relief programs for many years through giving grants-in-aid to the counties.

The legal basis for poor relief originated in the Constitutional Convention of 1879 in a compromise between representatives of church relief homes in the cities and representatives of the mining counties. The factors underlying the compromise of 1879 date back to the first years of the state government. The first legislature, of 1850, began the practice of granting relief directly to individuals. It was hindered by no constitutional prohibitions. In the very earliest years the legislature granted state aid to the counties for care of the indigent sick. Income from a state tax on persons coming into the state was turned over to the counties for the care of indigent sick. Although this aid does not seem to have amounted to any large sum, it is significant in that it was the first state aid to counties for care of indigents to be made in any state. However, most of the work of caring for orphans at that time was performed by church organizations or benevolent societies. These organizations were not always able to carry the burden, and they appealed to the legislature for aid. As long as there were no constitutional restrictions, the legislature made grants to these institutions, beginning in 1869.¹

In 1879 California was in the midst of an economic depression, a period characterized by political unrest among many elements. Distrust of the legislature was quite prevalent. The state and local units had been lavish in granting public money to various private enterprises, railroads as well as private charitable institutions. The anti-corporation sentiment in the convention seems to have colored the

¹ State Department of Social Welfare, *Second Biennial Report, 1928-1930* (Sacramento, 1931), pp. 13-14.

proposals for restrictions upon expenditures of state money. This sentiment was crystallized into a prohibition upon granting state money to any but state enterprises. As the article governing the legislature came from committee, section 22 provided that no money should ever be appropriated or drawn from the treasury for the use or benefit of any corporation, association, asylum, hospital, or any other institution not under the exclusive management and control of the state.³ A minority report, however, argued that state aid to orphan asylums should be continued, that withdrawal of state aid would mean the closing of the institutions. Debate on an amendment based on the minority report ran to a surprising length.

State aid to the private institutions figured largely in all the debates. San Francisco had the only publicly supported almshouse in the state. In opposition to the proposal for continued state aid to the private institutions two delegates, Tinnin of Trinity County and West of Los Angeles, proposed that publicly supported institutions should be undertaken as county responsibilities. Although this proposal was defeated on the first vote, it ultimately figured in the compromise that determined the final draft of section 22. Delegate Tinnin proposed the solution that when cities or counties provided for the support of orphans or indigent aged they should receive state aid on the same basis as institutions.⁴ This plan seems to have been favored by the mountain and rural counties because the counties might thus obtain state funds to assist in caring for orphans or aged in private homes, and county institutions would not need to be built. It is particularly significant that such methods of poor relief administration were considered in this state many years before social welfare workers began to advocate the same program under the title of outdoor relief. This proposal grew out of the fact that the mountain counties, with no almshouses of their own, either public or private, were being taxed to help support state-aided institutions located some distance away in the cities. An undercurrent urban-rural conflict dominated the thinking of the delegates

³ *Debates of the California Constitutional Convention, 1879* (Sacramento, 1880), I, 363.

⁴ *Ibid.*, p. 1262.

on this matter. A compromise effected an exemption in one section of the Constitution so as to permit the legislature to grant state aid to counties, cities, and private institutions for support of orphans and indigent aged.

No move was made by the counties to provide relief, however, and the state legislature did not offer any inducements by grants-in-aid. The Political Code, compiled in 1872, made the "support of the county hospitals, poorhouses, and the indigent sick and otherwise dependent poor" a county charge.⁴ A general statute detailing the amount and method of administering state aid for orphans was passed by the legislature of 1880.⁵ The same scale of aid as that granted prior to 1879 was provided: \$100 per year for each orphan, \$75 for each half-orphan or abandoned child. A statute of 1883 included foundlings under state aid. Agencies caring for these children were to receive \$12.50 per month from the state for each child until the child died, was adopted, or reached the age of eighteen months.⁶ After that age the child became eligible for the regular orphan aid.

None of the state aid statutes contained any provision for aid to counties or cities that might wish to care for orphans in private homes. Institutions only were mentioned in the acts.⁷ A rather elaborate system of reports was to be made by the institutional authorities to the State Board of Examiners before warrants for the state money were forthcoming. A transcript of books of the agency requesting state aid had to be sent to the State Board of Examiners before claims could be approved. Furthermore, the books had to be open for inspection at all times or the institution might have its aid withdrawn. Although the Board of Examiners inspected the books and audited the claims, it had no power to go behind the reports to determine if administration were adequate or if the children for whom aid was claimed were really dependent.

⁴ Section 4344 of the *Political Code*, passed in 1872 and amended in 1880, became part of the Local Government Act of 1897 (*Stats.* [1897], ch. 278, p. 576).

⁵ *Stats.* (1880), ch. 19, p. 13.

⁶ *Ibid.* (1883), ch. 32, p. 57.

⁷ Counties were not included in state aid legislation until 1907. A new section was added to the *Political Code* by *Stats.* (1907), p. 909, to include counties specifically.

State aid for institutions caring for indigent aged was provided by a statute of March 15, 1883. Any institution caring for indigent persons over sixty years of age was to receive \$100 per person. Each institution receiving state aid was to care for a minimum of ten persons before it was eligible.

From the language of these three acts it was apparent that the legislature did not intend to encourage county care of indigents. To all intents the situation was the same as before 1879 except that aid was granted under general, uniform law rather than by special act. As certain counties began to undertake the poor relief function, they were forced to appeal to the courts for a determination of the claims under the constitutional compromise. In the case of *San Francisco v. Dunn*, brought in 1886, the State Supreme Court ruled that counties were entitled to receive state aid on the same scale as private institutions.⁸ This was not an automatic grant directed by the Constitution, but one dependent upon legislative initiative. However, once the legislature granted aid to institutions it was forced to grant aid to counties on the same scale when the latter qualified and presented their claims. San Francisco was caring for its aged in an institution and the same conditions were held to apply as prevailed for private institutions.

The question whether a county must maintain an institution in order to qualify for state aid was presented two years later. Yolo County was caring for twelve aged indigents, seven in the county hospital and five elsewhere. The question presented to the court was, Must a county care for a minimum of ten in an institution, as required by statute, in order to qualify for state aid? The state controller had refused to draw a warrant for aid to the county and based his refusal on interpretation of the statute. The court interpreted the section of the Constitution to mean that counties should receive the same scale of aid as institutions but without the restrictions. The Constitution was silent on the conditions necessary for receiving this aid. Such restrictions as the legislature sought to impose must be imposed explicitly upon counties and upon institutions. The conditions did not apply by implication.⁹

⁸ 69 Cal. 73; 10 Pac. 191 (1886).

⁹ *Yolo County v. Dunn*, 77 Cal. 133; 19 Pac. 262 (1888).

These two decisions cleared the way for the counties as they entered the field of poor relief administration. The legislature, however, did nothing to recognize the situation brought about by judicial interpretation of the constitutional provision. The legislature continued to ignore the counties in this respect. The Board of Examiners continued to audit claims in the manner provided by the Act of 1880. Once the counties were admitted to eligibility for state aid the state's expenditures rose sharply year by year. The demand upon the state grew until in 1895 approximately 7 per cent of the state's revenues went for support of the needy aged.²⁰ From time to time the state controller made sharp protests against the unsupervised and extravagant expenditures of state funds by the counties and in 1895 all state aid for relief of the aged was abolished.²¹

The result was that poor relief was made a county responsibility. In 1901 the so-called Pauper Act placed the responsibility for all such work upon the counties.²² This act had the effect of accentuating public relief as well as defining the responsibility of the local units. The state also began to establish its own agency for controlling welfare administration. A Board of Charities and Corrections was set up, charged with the function of supervising the institutions of charity and correction.²³

AID TO THE ORPHANS

State aid for care of orphans had not been affected by the withdrawal of state aid for aged. The program entered a new phase, however, when the Board of Charities and Corrections was created. Institutions caring for orphans then were subjected to some supervision by two state agencies. The Board of Examiners continued to audit and ap-

²⁰ State aid granted under the Act of 1883:

1884 \$ 5,735	1888 \$142,908	1892 \$414,690
1885 13,218	1889 210,028	1893 379,150
1886 109,927	1890 214,566	1894 461,698
1887 173,148	1891 226,186	1895 543,921

²¹ *Stats.* (1895), ch. 12, p. 23.

²² *Ibid.* (1901), ch. 210, p. 636.

²³ *Ibid.* (1903), ch. 363, p. 482. The board was to examine all state and county institutions and all public officers charged with administering funds for poor relief in institutions.

prove finance claims, whereas the new board supervised the administration of the institutions. Creation of the latter board was a move to improve the standard of welfare administration, yet the power of the board proved inadequate. It had no means by which to investigate the eligibility of children for which aid was granted.¹⁴

Governor Pardee in his biennial messages to the legislature particularly attacked the problem of obtaining supervision of county administration where state aid was claimed. In 1905 and 1907 he raised the issue that the state was being forced to pay larger sums than necessary because of ineffective investigation and supervision.¹⁵ The Board of Examiners had effected many economies by insisting upon more careful inspection of claims and investigations of applicants. The make-up of the state board made thorough work impossible, however. It consisted of the governor, the secretary of state, and the attorney general, all officials with other duties which occupied most of their time. As state work increased, their effectiveness as a board of examiners decreased. In 1907 the legislature allowed them an expert agent to visit and supervise institutions and counties drawing aid in support of children. This investigator checked on records and made hundreds of personal investigations where there was doubt concerning the need of the claimants. New and uniform methods of keeping accounts were installed. This gave promise of a more adequate system, although the emphasis was upon auditing and accounting rather than upon welfare administration as such. By 1911 the Board of Examiners reported that they were unable to cope with the problem satisfactorily.¹⁶

Not only was the state handicapped in seeing that its program was carried out according to state law, but the counties were poorly equipped to administer relief on a proper standard. There were no county welfare agents or special agents to investigate claims for aid. Claims were received directly by the board of supervisors or by various county officials designated to receive them and pass them on to the supervisors for approval. Political considerations controlled entirely,

¹⁴ See State Board of Charities and Corrections, *Third Biennial Report, 1906-1908* (Sacramento, 1908), p. 169.

¹⁵ *Biennial Message of the Governor to the Legislature, 1907* (Sacramento, 1907), p. 23.

¹⁶ State Board of Examiners, *Biennial Report* (Sacramento, 1911), p. 7.

and where the claimant might be eligible for state aid the board of supervisors felt little responsibility because the claim could be passed on to the state. The board of supervisors were merely acting as agents of the state and there was no penalty for lax administration. In fact, the more state money the county spent the more popular would be the supervisors. The greatest weakness of the system was that the counties were not required to match state funds. Consequently, in the absence of efficient supervisors, there was no inducement for the county board to consider the state's interest.

One proposal that gained rather widespread support was that eligibility for children's aid should be determined by juvenile courts. Governor Pardee and the State Board of Charities and Corrections strongly recommended this, inasmuch as administrative agents were not available and the juvenile court was available and was well qualified to determine the matter.

Continual complaint by the governor and the Board of Charities and Corrections that state agencies lacked authority to supervise state-aided welfare administration brought some results during the 1911 legislative session. One measure abolished the Board of Examiners and substituted in its stead a Board of Control composed of three members appointed by the governor to serve at his pleasure.³⁷ Thus, instead of dividing responsibility for expenditure control among three elective officials, responsibility was centered more on the governor and the officials directly responsible to him. The Board of Control was solely an auditing and investigating body, devoting its entire work to those functions. As a part of its constructive program the board undertook to set up new standards and methods of accounting in public offices reporting to it. The board found that many counties were being deprived of state aid for care of children because records were improperly kept or because proper procedure had not been adopted to comply with the law. This was a service that the old Board of Examiners could not have performed.

In keeping with their policy, the Board of Control published a list of rules formulated by it that must be observed by agencies seeking

³⁷ *Stats.* (1911), ch. 349, p. 590.

state aid. Dependency of a child for whose care reimbursement was being asked had to be proved. If sufficient showing of proof were not made, aid would be disallowed. However, the board was not parsimonious. It extended the scope of the legislative act by administrative interpretation to include children who might otherwise have been excluded. A child whose father had been committed to a state prison or state insane asylum in this state was considered eligible for aid as a half-orphan during the time the parent was in the institution, if dependency could be proved.²⁸ If the mother was dead or committed to an institution and the father was living, the board refused to grant aid unless the father was physically unable to support the child by reason of being disabled or because he was suffering from some disease. In the event that one parent was dead and the other committed to an institution, or if both were committed, the child was considered a full orphan and entitled to state aid if no other support was available. These provisions made by the board took care of a considerable number of children who, although not strictly orphans, were in need of care and certainly had some social claim upon the state. Another class of children was looked upon with disfavor, however. These were children who were brought from some other state and placed here to receive aid. The board demanded that bona fide residence of the child should be established before state aid would be granted. These regulations are particularly significant because they were administrative regulations laid down by the state auditing authorities to enforce uniform standards upon the counties. These administrative rules were later adopted by the legislature as statutes regulating state social welfare administration.

The second major improvement made in 1911 gave the Board of Charities and Corrections additional power to investigate, examine, and make reports on such public officers as were in any way responsible for administration of public funds for relief and maintenance of the poor.²⁹ It was important that the state board have power to supervise local officers as well as institutions. In general the counties cared

²⁸ State Board of Control, *Biennial Report, 1911-1912* (Sacramento, 1912), pp. 74-75.

²⁹ *Stats.* (1911), ch. 602, p. 1134.

for orphans in their charge by placing them in private homes rather than in orphanages. By 1906, at least, only one county maintained an orphanage.²⁰ The practice of caring for publicly supported dependent children by "outrelief" rather than in private institutions was being accepted widely throughout the state.

The growth of outrelief as a technique of public welfare administration was based upon at least two factors in California. The first and probably strongest factor was that pointed out by Governor Pardee. Outrelief entailed no expenditure on the part of the county for orphanage buildings, and cost of maintenance of the children could be passed on to the state. Thus the county was merely the intermediary for receiving claims and extending aid, but the cost was ultimately borne by the state. The other factor was that the outrelief method was attracting favor among social workers throughout the country. The National and State Conference of Social Workers advocated acceptance of that method of poor relief administration wherever it could be used practicably. In 1911 the State Board of Charities and Corrections reported that it was working on a plan of state aid for widows with families whereby aid would be given in the home. Differences arose, however, among proponents for a state welfare program, and before the board could complete its work a program was crystallized into state law.

Two bills intended to improve the children's aid law were introduced in the 1913 session. One bill aimed to increase the amount of the grant in order to provide more adequate care. Another bill, introduced and sponsored by Assemblyman MacDonald, received the backing of Governor Johnson and the Progressive majority in the legislature.²¹ This bill, known as the Mothers' Pension Bill, was an administration bill that originated in the Board of Control. Assemblyman MacDonald was a strong labor man, and apparently organized labor favored his bill. With such powerful backing the bill was forced through by this group, which prevented it from being smothered un-

²⁰ A. J. Pillsbury, *Institutional Life—Its Relationship to the State and to the Wards of the State* (Sacramento: State Printing Office, 1906), p. 75.

²¹ *Sacramento Star*, March 11, 1913.

der the mass of legislation facing that session. However, the bill did encounter opposition in the Assembly and was attacked on several points.²² One group alleged that the creation of the offices of children's agents by the bill was purely a political move to give more jobs to supporters of the administration. However, it had been shown that there was a real need for state supervision to regulate the administration of aid. Opposition by the Board of Charities and Corrections was encountered. That board advocated that a special commission be appointed to study the problem and work out details for an improved administration. In spite of this opposition the administration and the Board of Control were able to obtain passage of the bill substantially as introduced.

The chief administrative feature of the Act of 1913 was that it created a Children's Aid Bureau within the State Board of Control.²³ This continued the division of responsibility that had previously existed with both the Board of Control and the Board of Charities and Corrections functioning in the field of poor relief. The latter board had proposed that a similar bureau be organized within its jurisdiction,²⁴ but other factors had favored the Board of Control. The act made allowance for three children's agents who might inspect institutions and visit those children who were receiving state aid through outrelief. In an effort to stimulate local activity and to offset some of the centralizing tendency of the new law, the Board of Control was permitted to appoint an advisory board in each county to act in conjunction with the state agents. This permissive power was not used to any extent, however.

A second feature of administrative organization under the act was the provision for appeal from the decisions of local administrative officers. Under former laws the applicant for public aid applied to the county authorities, who dealt with the matter. The state officials could disallow any claims sent up by the county authorities, but the state did not interest itself in claims which had been rejected by the county. Under the Act of 1913 any mother whose claim had been disallowed

²² *Sacramento Star*, March 18, 1913.

²³ *Stats.* (1913), ch. 323, p. 629.

²⁴ State Board of Charities and Corrections, *Fourth Biennial Report, 1908-1910*, pp. 35-44.

by the county authorities was permitted to appeal to the State Board of Control, which acted as an administrative board of final appeal.²⁶ When such an appeal is made, the agent of the state board investigates and on the basis of that report the board determines the case. This procedure provides an element of fairness to applicants.²⁶

The Act of 1913 added little to welfare administration rules, although it marked a turning point for public welfare by putting into statutory form regulations that had been the subject of administrative rulings. The act was the first move toward systematizing the state's welfare administration program. The principle of outrelief had become well established and the orphanage was being considered more and more merely as a temporary shelter until a suitable foster home could be found. The act gave force to this trend by directing that no child could be kept in an institution if a bona fide offer of a foster home were made.²⁷ Emphasis was placed upon relief for the widow with minor children, where the family could be kept intact in their own home.

The transient and immigrant relief problem had been met by the Board of Control by requiring one year of residence before state aid could be claimed in the care of children. The Act of 1913 raised this limit to two years. This requirement has been continued, although it conflicts with the residence requirement in the Pauper Act of 1901 as amended in 1931. The latter law requires three years' residence in the state before relief can be obtained. In order to overcome this difficulty, the state grants relief through the county after two years' residence and the county supplements the aid after another year has elapsed.

When the system of state supervision by children's agents was first instituted, it was necessary for the state agents to inspect children on aid personally, because most counties had no investigating machinery. The procedure for obtaining aid was to apply to the board of supervisors on blanks furnished by the State Board of Control. The forms were then turned over to the investigating agents in those counties that

²⁶ Section 2283 of the *Political Code* as amended in 1923 requires that a petition setting forth the facts and verified by at least five reputable citizens of the county be presented.

²⁶ According to officials of the State Department of Social Welfare this procedure is followed but infrequently.

²⁷ *Stats.* (1913), ch. 323, p. 621.

had such agents. In San Francisco County application blanks of half-orphans were sent to the Widow's Pension Bureau; all others were referred to the juvenile court. Alameda County handled its cases through specially appointed private agencies. Los Angeles County distributed aid through a county charities office.²⁸ These three counties were far in the lead in their standards of administration. They supplemented the state grant and employed agents for investigation and follow-up work based upon accepted welfare principles. These local agents were delegated to make the original investigation and recommend acceptance or denial of applications. The ultimate decision lay with the respective board of supervisors. Claims were paid by the counties, which in turn called upon the state semiannually for reimbursement.

In counties where there was no relief worker for the administration of outrelief the applicant for state aid went to the county clerk or auditor, who forwarded the claim to the board of supervisors and then made request to the State Board of Control. Applications received little investigation and no social case treatment other than that made by the state children's agents.²⁹

Administration of outrelief in the counties throughout the state was extremely chaotic. There were four general types to be found in 1916: (1) administration by private charity organizations acting as the paid agents of the county (two counties); (2) administration by county charities office (four counties); (3) administration by a single county officer (eleven counties); (4) administration directly by the board of supervisors without investigation or supervision (thirty-nine counties). This situation threw a large responsibility upon the State Children's Aid Bureau.

The Act of 1913 simply continued the existing arrangement whereby the counties were not requested nor required to match state funds. Without supplementary county funds, however, relief for a widow and orphan was not adequate. Living costs increased during the period following adoption of the act and aid became increasingly less adequate. Several organizations such as the State Parent-Teachers' Asso-

²⁸ State Board of Charities and Corrections, *Sixth Biennial Report, 1912-1914*, pp. 182-186.

²⁹ *Idem, Seventh Biennial Report, 1914-1916*, pp. 65-66.

ciation and others campaigned to have state aid increased. The Board of Control advocated that the counties should be forced to provide part of the cost and should match state funds. The legislature of 1919 raised the scale of state aid to \$120 per year for orphans, half-orphans, and abandoned children.⁸⁰ Matching of state aid funds was not required, however.

The counties were nevertheless beginning to appropriate local funds to supplement state aid. By 1920 every county receiving state aid supplemented state money to some degree. According to the Children's Bureau report, two counties supplemented state aid to an equal amount in every instance where needed. Eight counties supplemented in all instances, but not to an equal amount. In fourteen counties some applicants were given additional aid equaling the state grant. Because there was no uniformity among the counties, many thought that each county should formulate rules for its own protection.

The counties were not required to make any report of the amounts that were spent for care of orphans over and above the state aid received. Consequently a valid analysis of the effect of state aid upon local financial matters cannot be had. From reports made by county social workers and from reports of the state agencies it appears that state aid has been of greatest assistance to rural and mountain counties. Living costs in general have been lower in these areas than in cities, and state aid has been adequate, or at most the counties have been required to add but little. The urban counties have found it necessary to supplement state aid, particularly to help the mother caring for her children at home. Consequently state aid has been of greatest assistance to the poorer counties.

In general the state has been more successful in raising the standard of welfare administration in the counties by education and persuasion than by the pressure or lure of state grants-in-aid. The state increased its power of supervision over affairs of the county as it sought to improve the administrative setup of the counties. Section 2285 of the Political Code as amended in 1917 required the counties to keep the same type of records as had been required of institutions. Section 2287 as

⁸⁰ *Stats.* (1919), ch. 292, p. 473.

amended in 1921 specified the manner in which claims for state aid should be presented and allowed the State Board of Control to require the county to produce its books in support of its claims.

In one respect the Act of 1913 had an immediate effect upon welfare administration. Soon after the law went into operation the number of orphans cared for in institutions declined and the number cared for by the counties on an outrelief program showed a marked increase. The decline in the number within institutions was due both to the state's policy of encouraging public outrelief and to the insistence of the Children's Aid Bureau that all orphans who were eligible be placed for adoption.²¹ In 1911 state aid was given for the care of 4,062. By January 1, 1928, only 817 were cared for in institutions, whereas 11,398 were receiving county care. Seven out of eight state-aided children were with their own families, and nearly 80 per cent were with their mothers. In 1930 there were 239 children in institutions and 14,400 on county relief.²² The state has followed a policy since 1913 of insisting that children be placed in private homes, and to encourage this it offers aid in paying the expense of transporting children to homes offered outside the state. The county from which the child is being sent is required to pay half the expense.²³

The increase in the number of children receiving aid through the counties cannot be attributed altogether to the insistence upon outrelief. Many other factors entered into this growth. In 1920 the Board of Control analyzed four reasons for the steady increase in the number of county claims: (1) the natural growth of the state population; (2) better understanding of the aid law; (3) more liberal rulings established by the state administrative authorities in matters of property and cash holding; (4) additional cases due to dependency resulting from the postwar influenza epidemic. Still another factor has been the change of maximum age limit at which children were eligible under the aid law. The original age limit set in 1880 was fourteen years. When the state passed a child labor law preventing children from

²¹ State Board of Charities and Corrections, *Seventh Biennial Report, 1914-1916*, pp. 13-20.

²² State Department of Social Welfare, *Second Biennial Report, 1928-1930*, pp. 9-10.

²³ *Stats.* (1927), ch. 439, p. 732.

working full time until they were fifteen years of age a conflict in provisions resulted. The 1917 legislature remedied this by raising the age limit for aid to fifteen years. In 1921 the maximum age limit was raised again, to conform with the state education laws that required children to attend school full time until sixteen. The Children's Aid Bureau estimated that this latter change increased state aid expenditures by \$60,000, but it helped to coördinate the welfare and education programs, the effectiveness of which was being improved materially.

As the state social welfare program expanded, the number of children eligible for and receiving public relief increased likewise. Inasmuch as health and poor relief are often coördinate problems, the state welfare program was expanded to give relief where a serious health problem incapacitated the father of a family to earn a living. Although children of a father incapacitated for work are not orphans, the orphan aid laws were expanded to include them. The Children's Aid Bureau found that 27 per cent of deaths of parents of children who were receiving state aid was due to tuberculosis.⁸⁶ When the father was suffering from tuberculosis the family often had to apply for public aid. If the children received inadequate care and were allowed to come in contact with the sick person, they were in danger of contracting the disease. If the parent died, the children became dependent on the state for orphan aid.

The State Conference of Social Agencies interested itself in the problem and in 1919 advocated legislative action to provide aid for destitute children of a father incapacitated by an incurable disease. A constitutional amendment was worked out in line with this proposal, to include within the state aid program children of fathers incapacitated by a permanent physical injury or tuberculosis. This was approved by the legislature and the electorate in 1919 and was put into operation in 1921.⁸⁷ Because of the difficulty of setting up adequate standards to determine how long a father might be incapacitated to a degree sufficient to make the family eligible for state aid, the Children's Aid Bureau ruled that aid would be allowed only in those instances in

⁸⁶ State Department of Finance, Children's Aid Bureau, *Biennial Report, 1920-1922*, p. 14.

⁸⁷ *Stats.* (1921), ch. 890, p. 1687.

which the father was proved to be permanently disabled. Determination of the existence of this condition was to be based on the diagnosis of a physician, preferably one connected with an accredited health center, clinic, or hospital. With respect to children of tuberculous fathers the bureau made an administrative ruling offering two alternatives of action: either the father must be placed in a sanatorium or the children must be placed in a foster home. Under no circumstances were children to be left in contact with the disease.

These various changes in the state aid laws served to broaden the scope of relief and to increase the number for which the county might claim reimbursement in aiding. As the volume of state aid affairs increased, more organization was demanded of the state government to cope with the problem. In 1919 more children's agents were appointed to the state bureau to carry on inspectional work.

A serious handicap to efficient handling of inspectional work of the state in poor relief administration existed for several years in the overlapping of the jurisdiction of the Board of Control with that of the State Board of Charities and Corrections. The two bodies had worked in cooperation and had used each other's facilities to advantage, but duplication of effort and organization existed. In March, 1924, a consolidation was effected by administrative arrangement. The Board of Charities and Corrections appointed as its executive officer the chief of the Children's Aid Bureau in the Board of Control. This consolidation saved some \$52,314 in administration costs.⁸⁶ This was but a temporary arrangement. Several recommendations had been made for the reorganization of the state government advocating that administration of allied services be placed under central heads instead of being scattered among various boards and agencies. Public welfare was among the first service to profit by the state administrative reorganization move. The 1925 legislature created a State Department of Public Welfare to succeed the Board of Charities and Corrections, and all welfare activities of the state were placed within the jurisdiction of the department. The Children's Aid Bureau was transferred to the new agency.⁸⁷

⁸⁶ *Biennial Message of the Governor to the Legislature, 1927*, p. 24.

⁸⁷ The department was renamed the State Department of Social Welfare by the 1927 legislature.

Although the Children's Bureau operates through its children's agents, it has found that branch offices are advisable for convenience. Because of the size of the state, regional offices have been opened to conduct the business and to provide closer contact with local conditions. Three offices have been maintained, in Sacramento, San Francisco, and Los Angeles. The regional offices make the investigations assigned them by the central office and maintain coöperative contacts with county officials. The children's agents operate from these offices and in all matters that do not require the authority of the central office exercise the authority of the state in child welfare work in that region. The regional agents come in contact with applicants for aid only as the county officials call for assistance in solving certain difficult cases or as the central office asks that an investigation be made to determine if the applicant is really eligible. Investigation of appeals are also assigned to the regional agents. This regional decentralization has permitted some flexibility in supervising local problems.

As the state has improved its administrative system it has thrown additional safeguards around the distribution of state aid, more carefully limiting it to those who are really in need and who have a claim upon this state through residence. State aid today is not an automatic grant but is made upon a basis of need. Administrative rulings and legislative enactments have placed the administration of state aid on a definite basis and have established standards of performance to which the counties must conform if they are to be reimbursed for aid extended to orphans and needy families. On the whole the administration of child welfare has been raised to a high level of efficiency. The counties now have a real responsibility in the administration of state aid, although their matching of state funds remains voluntary. As ideas of welfare administration have improved, the constitutional section has been translated into effective action. The state aid program ensures a minimum standard in all counties and leaves the additional work necessary in meeting local conditions to the local unit. State administrative costs are kept low because the county bears the expense of receiving applications and provides whatever social case work that is done. The state participates only in the care.

AID TO THE AGED

Administration of public relief for the needy aged has not had the long history in California that children's aid has had. Inaugurated under the same conditions as children's aid, the law guaranteeing state aid to the aged was repealed in 1895. Relief of the aged has been thought of as the function of families and private charities. Those who looked with disfavor upon the state aid program of 1883 believed that it was an unnecessary drain upon the state revenues, which were not in a strong condition. Therefore it was simpler to repeal the law than to provide remedies for a defective system. Responsibility for care of the indigent was returned to the counties.

A growing interest in the phenomena of an industrial society brought forth some conception of an obligation of organized society to underwrite the care of individuals cast out of industrial competition because of age. The impact of industrial life upon the institution of the family had destroyed many of the former modes of providing security for the aged. To some it seemed that the laborer and the employer should absorb the loss caused by superannuation. To others it seemed that because government had the coercive power to collect taxes and to provide services government should absorb the loss by providing old age pensions or relief.

The present era of state-provided old age pensions or assistance in the United States began really in 1925. Wisconsin led the list of states by passing a state old age pension act in that year. Special groups were active in bringing the matter into the legislative consciousness in many states. California followed Wisconsin's example, but Governor Richardson vetoed the bill on grounds of economy. The matter was re-introduced at the 1927 session and referred to a special commission for study and report. The State Department of Social Welfare was commissioned to make a study of the old age relief problem in the state and to investigate practices in other states and countries.

The special report prepared by Esther DeTurville showed that the average aid given by counties was less than \$15 per person per month. In twenty-five counties the monthly allowance to needy aged was fixed

at \$10 per person. Only six counties gave an allowance of \$20 or more. Contrary to what might have been expected, inasmuch as California had been receiving a large influx of population from other states, 64 per cent of the needy aged had lived in California for more than twenty years. It was found that many of the old pioneers remained in the mountain counties where population was slight and county funds were limited. In nearly every instance the cost per capita of maintaining the needy aged in these counties was much higher than in other counties. The report concluded that these counties were financially unable to maintain a higher standard of aid and that state aid was desirable. It was recommended that the state share in the care of the pioneer 64 per cent and leave the remainder to the counties exclusively.

Several relief plans were recommended in the study, including (1) old age insurance, (2) a state home for the needy aged, (3) general old age pension, without a "means" qualification, (4) noncontributory system of old age pension to needy aged, (5) public bequest fund for the aged. However, the majority of county officials and social workers favored a system of state aid similar to the children's aid system. It was thought that such a system would entail less administrative cost for installation.⁸⁸

It was hoped that such a system of administration would avoid the defects of other state old age relief laws that were relatively inflexible. The Department of Social Welfare was impressed with the fact that medical care, nursing care, and housing were often more important than a money pension. The outrelief method was favored except where continued medical or nursing care was needed. Several counties of the state had organized social welfare departments and it was believed that a decentralized scheme of administration would be practicable. The act as proposed and adopted placed responsibility for administration of state aid on the county. Local knowledge could be utilized and flexibility of organization would recognize local differences in needs and conditions. However, the state was to encourage and make possible a higher standard of care.

⁸⁸ State Department of Social Welfare, *Old Age Dependency—A Study of the Care Given to the Needy Aged in California* (Sacramento, 1929), p. 12.

A draft law providing for state aid to needy aged was proposed by the State Department of Social Welfare in its report to the legislature, and this report, with some alterations, was passed by the 1929 legislature. The benefit features and the administrative provisions of the bill followed closely those of the standard old age pension bills sponsored by the American Association for Labor Legislation and by the Fraternal Order of Eagles.³⁹ These two organizations actively supported the bill before the legislature, as did certain labor organizations, the State Department of Social Welfare, and the governor. No serious opposition developed in the legislature, although several amendments were made.

The bill as originally proposed made the county share of the financing optional. This was struck out in the Assembly and the terms of the act were made mandatory upon the state and county alike. Under these terms aid was to be granted to persons seventy years of age or older who had been citizens of the United States for fifteen years before making application for aid. Residence within the county for one year was made necessary. Other general stipulations were that the applicant must not be an inmate of any prison, jail, infirmary, insane asylum, or correctional institution. No person having a child or other person responsible for his support under the laws of the state could receive aid. Dependency had to be established before the state would reimburse the county for relief granted. The amount to be granted was to be determined by conditions in each case, but in no instance was the recipient to receive more than one dollar per day from all sources. The maximum amount of state aid was set at \$180 per year for each needy aged person.⁴⁰

The principle of a family budget worked out by case work methods has been insisted upon for old age relief. The budgeting procedure prescribed by the State Department of Social Welfare must be followed if the county is to be reimbursed. This requirement has forced county

³⁹ (Unsigned) "California Rescuing Her Aged," *American Labor Legislation Review*, 19 (March, 1929), 68-73.

⁴⁰ *Stats.* (1929), ch. 530, p. 914. The original bill set a lump appropriation of \$350,000 but was amended to set a maximum figure of \$180 per year per person aided.

welfare agents to follow case work methods to a greater degree than under the orphan aid plan. Orphan aid is granted frequently as a flat sum which is not increased nor decreased to budget calculations. Aged relief takes into account sources of income or small resources that are budgeted and deducted from the total aid. The average monthly allowance to the aged has been \$22.56 including state and county aid.⁴⁴ This figure was exclusive of other income or savings.

Inasmuch as the policy of caring for aged dependents by the out-relief method was based on the supposition that the dependents would be cared for in their own homes where possible, some property limitation had to be set. It was stipulated in the law, therefore, that no aid should be paid to any applicant whose property was valued at an excess of \$3,000 or, if the applicant was married, the combined property could not exceed that amount. The county board of supervisors might require that all or part of the property of a person applying for aid be transferred to the county if the state department consented to such an arrangement. The board of supervisors was to act as trustee for the property. Approximately one-third of the counties made regulations regarding transfer of property to the county before aid would be given.⁴⁵ The usual requirement was that the county should be given a lien on the property. On the death of the aid recipient the amount of aid given would be recovered from the estate. Amounts remaining were distributed to eligible relatives of the deceased. This provision was generally misunderstood by applicants for aid and caused much difficulty. The attorney general has since ruled that it is incumbent upon the county to take a lien on property before giving aid.

Before the 1929 act went into effect the State Department of Social Welfare held a series of conferences with supervisors and county welfare officials concerning the most advisable administrative procedure to follow. From determinations worked out at these conferences with local agencies the department issued administrative rulings for the guidance of local officials in administering the new relief. To facilitate the preparation of applications, the forms required to secure the neces-

⁴⁴ State Department of Social Welfare, *Third Biennial Report, 1930-1932*, p. 22.

⁴⁵ *Ibid.*, p. 21.

sary information for awarding aid were prepared and sent out by the Department of Social Welfare. The financial statement sworn to by the applicant for aid is of especial importance. It is a very detailed statement of all sources and kinds of income that the applicant may have. The expenses of the individual are detailed and a complete budget is worked out according to a standard plan.

It was the purpose of state aid to encourage outrelief, and consequently the State Department of Social Welfare ruled that if a resident of an institution wished to move out and apply for state aid his case should be investigated and application made. Outrelief has been favored both by the recipients of aid and by the counties. Receipt of aid in a private home avoids the psychological objection attached to receiving relief in a public institution. The cost of maintaining a person in an institution ranges from \$25 to \$40 per person, whereas outrelief costs the county but \$15 per person, plus some administrative expenses.

The administrative scheme set up by the Act of 1929 is a coöperative arrangement integrated by the State Department of Social Welfare under supervision and control of funds. The counties bear the primary responsibility of making sure that all local old people who are in need are cared for, that the matter is done properly, and that accepted standards of social service are maintained. The counties bear all the expense of investigating the cases and the administrative expense involved in certifying the cases to the state and in disbursing the local relief. Inasmuch as this is a state-wide system of assistance, the state is a supervising, standard-raising agency. The state shares the cost of the actual relief expenditure. In order to obtain this share the county must meet the state's standard.

In the local administrative setup for disbursing this relief California has departed from the usual procedure in making no attempt to dissociate the new form of assistance from the established poor relief setup. The same agents who had been administering outrelief for all classes of the needy were permitted to manage the allowances granted to the aged under the new law. Power to receive applications and administer aid under the state rules is delegated to the board of super-

visors. In practice the supervisors delegate their responsibility for interviewing applicants, filling out the required forms, and investigating the needs of applicants to subordinate officials, although the responsibility for approval of claims rests with the supervisors. Some of the larger counties, such as Los Angeles, have assigned special workers to have charge of investigating and filing the claims for old age relief. In such instances the old age relief workers operate within the regular relief setup, but the records and accounts are kept separate from the regular county relief records.

The smaller counties, however, have not had welfare staffs large enough to allow specialization. The county welfare agent or official assigned to this duty handles all indigent cases, including the state aid cases. In the counties that provide but one or two welfare agents the case load per worker is sometimes large. Under such conditions investigation and follow-up of individual cases is very inadequate. In reply to a questionnaire many county welfare workers have stated that they visit state aid cases only as some need arises; or if the person has a complaint to make he comes to the office. Most smaller counties report that the size of case loads per worker makes it impossible to visit aid recipients as often as good case work standards might require. Counties with more specialized staffs usually insist upon a regular home call once a month, and additional calls if special need arises.

The administration of state aid is not only entrusted to overworked county officials, but is often placed in the responsibility of untrained officials. Some of the smaller counties have no welfare agents, but delegate the work to various officials. In nine counties the probation officer attends to the work, and in three counties the public health or school nurse attends to whatever needs there may be. The county clerk or board of supervisors handles the matter directly in a few counties. In twenty-four counties welfare departments have been organized. Some who are designated as welfare workers have had no special training, their principal recommendation being conscientiousness, common sense, and good political standing with the board of supervisors. The policy followed by the agents of the State Department of Social Welfare is to attempt to educate the county agent to the necessities of the

job. Because they have no power over the local administrative official, the state agents have had to exercise tact and much ingenuity in order to carry out their educational campaign.

Ingenuity and experience in social work investigation are at a premium in determining eligibility of applicants. The controlling factor that impels the county welfare worker to exercise his ability to the utmost in discovering if an applicant meets the tests as stated in the statutes and administrative orders is the fact that if clear proof of eligibility is not established to the satisfaction of the reviewers in the State Department of Social Welfare the state will not reimburse the county for the money spent in aid of the applicant. Documentary or sworn proof is necessary, not a personal estimate.

Two of the most difficult problems in judging the eligibility of an applicant for old age relief are, first, to discover his true age and, second, to find if he has any resources or relatives capable of supporting him. Sometimes the applicant does not know his true age. More often he has no proof of the date and place of his birth. Bibles, voters' records, census reports, and the like have been used as sources of evidence. The Old Age Security Act of 1935 outlines such procedure and leaves the enactment of requirements for additional proof to the Department of Social Welfare.⁴⁸ Property and bank accounts outside the county are exceedingly difficult for a county agent to locate if the applicant intends to conceal his resources and make a false application. However, exchange of information between agencies frequently helps clear up some of these problems.

The more skilled case work is necessary in determining if relatives legally liable for support of an aged person are really capable of doing so. Claims and needs of the family must be considered. Although the state aid is really direct relief and not an old age pension, the popular concept has persisted that it is an automatic pension for the aged and that family responsibility ceases. State and county welfare workers have been caught between two dilemmas, partly of their own making. The program was referred to in the beginning as a pension program because it was thought that such a title would lessen the opposition of

⁴⁸ *Stats.* (1935), ch. 29, p. 248; *ibid.*, ch. 631, p. 1767.

the aged toward receiving public relief. In practice it was found that the aged were more willing to accept this than county poor relief and apparently often they thought that any subterfuge to obtain the "pension" was fair. During the economic depression many families were not able to discharge the responsibilities that they would have been able otherwise to carry. A vast amount of investigation is required to determine if families can support, however, and experienced social workers become a necessity.

In setting up the program, the State Department of Social Welfare has attempted to establish a high standard for work and has organized the investigation of cases according to accepted standards of social service. This requires detailed checking of applications and reports by the state staff, with the result that many county reports are sent back for further investigation. State welfare officials have estimated that about 20 per cent of the claims are returned for further checking.⁴⁴ Most of the questioned items are minor points concerning eligibility and are faulty because of negligence of the county worker in filing the claim or lack of thorough investigation.

All claims for state aid for the aged are sent to the Bureau of State Aid to the Aged in the State Department of Social Welfare. This bureau was authorized by the Act of 1929 and its director was charged with the duties of investigation, determination, and supervision of state aid or such functions as were delegated by the director of the department. The bureau does not maintain its contact solely with the county welfare agencies through reports, although a large part of the work is carried on by correspondence. The bureau may investigate applications and hold up payment of state aid pending their investigation. Agents sent out from the three regional offices make periodic visits to the counties to check over questioned claims and to assist the county officials in solving particularly difficult problems. These visits help to integrate the system and to educate the county officials to the standard of performance desired by the state officials. County welfare agents uniformly state that they welcome these visits from the state bureau officials and report that the state agents are of real assistance

⁴⁴Information obtained by interview.

to them in solving local problems. In no instance did county agents express a belief that the state officials were interfering in local affairs. Officials in two counties expressed gratitude because the state agents acted as a buffer between local welfare workers and local political interests. In one county the worker was not able to withstand political pressure to place certain persons on state aid relief. The state bureau saved the situation by ruling out the claims and relieving the local worker of responsibility. The promotional and educational work of the bureau would have been more effective, however, if a slightly larger staff had been available. When state aid to the aged was first undertaken, all available members of the departmental staff were assigned to the work. The staff has not grown in proportion to the increase in work and the number of claims received.

Although applications for state aid are reviewed by the board of supervisors, appeals may be taken from the judgment of the county authorities to the State Department of Social Welfare, which acts as an administrative board of review under the Act of 1929. In taking an appeal the applicant is required to present a petition signed by at least five reputable citizens. If the appeal is sustained, the county must extend aid. If the claim is refused, the applicant may not apply again for a year. Branch offices in San Francisco and Los Angeles investigate claims and appeals. This allowance of appeals standardizes the system of granting aid, but may have the effect of placing a charge upon the county. In the last analysis the county may not escape responsibility for care of the indigent by declaring standards different from those of the state. In that respect it is exercising a state function purely and is liable to state direction.

One of the purposes of state aid was to relieve the counties of some of the cost of improved poor relief, but in all events to extend relief to a group in need. The result of the program was to increase the total cost for the counties. Individual counties have not kept records that would give a basis for statistical comparison of case loads carried prior to the inauguration of the act with those since. The consensus of opinion of state and county workers is that the terms of the act, as popularly understood, served to increase the number of applicants for aid.

Many applicants had to be accepted under the Pauper Act. The old age aid law set up a standard of qualification somewhat higher than absolute poverty. Experience in a number of states shows that there is a substantial increase in the number of aged persons applying for assistance under the old age relief laws as compared with the number who had formerly asked for help under poor relief as administered by the counties. A number of reasons may be advanced for this. Those who are too proud to ask for relief seem to hold a different attitude toward accepting an allowance from the state. By singling out the aged from the general class of the poor and giving them special consideration, by setting legal requirements for eligibility, by emphasizing the fact that the assistance is different from poor relief, the new legislation has removed the stigma of pauperism and has resulted in an increase in the number applying for aid.⁴⁶

California's experience was no exception to the rule. During the first six months of operation of the act four times the number that had received county aid made application. The counties had sent up 2,105 applications to the state department by June 30, 1930. Men predominated in these applications. In the metropolitan counties the proportion of men and women making application was about equal, but in the mountain counties the applications were preponderantly from men. These latter areas, according to the 1927 survey, were the ones that needed state assistance most acutely. Indeed these mountain counties availed themselves most promptly of this aid, probably because of the greater proportion of old people eligible under the "means" provision of the law. The mountain sections were settled in the early days and contain a large number of pioneers, whereas the southern counties have many aged who had not been in the state long enough to qualify.⁴⁷

The immediate effect of the state aid act was to increase net county relief costs, although the state was to absorb half the cost of relief. Comparison of county expenditures in 1927 with state-aid expendi-

⁴⁶ See National Industrial Conference Board, *The Support of the Aged* (New York, 1931), p. 51.

⁴⁷ State Department of Social Welfare, *Second Biennial Report, 1928-1930*, pp. 15-25.

tures in 1930 indicates this. The 1927 survey showed that 2,470 persons seventy years of age were receiving county outrelief at that time and that an additional 3,612 persons were in county institutions. This made a total of 6,082 receiving county aid. It was estimated that of this number 2,082 could qualify under the state aid law. In the six-months period of January-June, 1930, state aid was granted to 6,173 applicants, a number larger than the total of county dependencies previously. The greatest percentage of increase was noticed in the rural counties.

The problem faced in Los Angeles County is typical, however, of the urban counties. Although the act did not go into effect until January 1, 1930, 3,318 persons applied to the county department of welfare between August 1, 1929, and January 1, in anticipation of aid. Of this number, 3,293 were refused as not being eligible. However, the county had the administrative expense of interviewing applicants, ascertaining facts, and interpreting the act to the applicants. This caused a substantial increase in administrative costs for the county without benefit.⁴⁷ During the next year unemployment and the unfavorable economic conditions were responsible for the continued large volume of applications which poured into the county department. Applications averaged five hundred per month during the year. Of this number, 1,778 applicants were approved as being eligible for state aid during the year.⁴⁸

The record of applications approved within the first few months shows that the new system served not so much to relieve counties of burdens already assumed but to bring a class of people within the protection of public relief who had never received it before. Of 2,105 applicants, 790 had received no aid from any source prior to their application under the 1929 act. The counties had cared for 487 and county and private aid together had cared for 118; 207 had received aid from friends or had some slight resources, whereas 503 had been supported by children or other relatives prior to applying.⁴⁹ It is in respect to the latter that the most careful case investigation must be made. It

⁴⁷ Los Angeles County Board of Supervisors, *Annual Report, 1930*, pp. 97-98.

⁴⁸ *Ibid.*, 1931, p. 89.

⁴⁹ State Department of Social Welfare, *Second Biennial Report, 1928-1930*, p. 18.

becomes a matter largely of administrative discretion to determine when children or relatives should continue to support dependent aged. In instances where there are young children in the supporting family the state board has ruled that the family should not be held responsible for care of the aged if it means depriving the children of proper health or educational advantages. The problem cannot be handled according to definite rules and its solution depends largely upon the discretion of the case worker and his ability at getting the family to undertake its proper responsibility.

Another matter that depends upon adequate facilities of the county for social case investigations is the determination of occasional income earned by relief recipients. In general the aged person is encouraged to obtain some work. However, earnings of any amount are to be deducted from the individual's monthly budget allowance.

Criticism has been directed at the state aid program on both these points. As the number of recipients grew steadily, relief organizations were placed on the defensive to justify their giving aid to persons who had relatives or who might obtain odd jobs. Without a reasonable standard of administration and without adequate reporting devices this defense became a difficult matter. The greatest deficiency in the state aid program has been the inadequacy of an experienced staff in the counties. The program would undoubtedly have been inaugurated under more favorable circumstances and much criticism might have been avoided if more trained personnel had been available at the point it was needed most, the case workers in the field. A supplemental grant-in-aid for administration probably would have produced better administration. The impact that the federal relief program had upon relief administration in the state and in the counties illustrates what might have been done earlier under state grants-in-aid. The state aid program was inaugurated before an adequate administrative machinery could be set up. Even by 1933 accounting and statistical reporting by the state department was inadequate in giving any picture of the work. Consequently, when an economy-minded legislature undertook to reduce state administrative costs and fixed state expenditures, the state aid program for the aged suffered materially. The appropriations

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for administrative expenses of the department were cut and the state staff was reduced.

The number of persons qualifying for aid under the Act of 1929 has grown steadily by rather large percentages. The largest single factor in this increase no doubt is the economic depression and the consequent displacement of older people in gainful occupations. A second factor that causes a new increase was introduced in 1935 when the legislature amended the law to conform to the Federal Social Security Act.⁶⁰ The age limit for eligibility was reduced from seventy years to sixty-five years. The minimum residence requirement was reduced from fifteen years within the state to one year's continuous residence in the state prior to application and a total of five years within the previous nine. Another significant provision was that a minimum of \$20 and a maximum of \$35 per month could be granted but it was stipulated that the maximum sum should be given unless there were actual income. This was directed at those counties that granted the minimum amount on the principle that living costs did not warrant a larger relief budget. The state also helped to relieve the problem which arose when aid recipients moved from one county to another by undertaking to pay the entire cost of aid until residence were acquired in the county to which the person moved. The state department was given the power to determine disputes between county agencies over the matter of residence eligibility under such circumstances.

When California adopted the terms of the Federal Social Security Act, federal funds became available to the state. For a person receiving \$35 per month, the federal government pays \$15, the state \$10, and the county \$10. In less amounts the federal government grants 50 per cent. This lessens the amount per individual that the state and county each gives, but the number of those eligible has grown under the more liberal terms of the act. In August, 1936, the state received 3,271 applications from the counties. At the close of the fiscal year on June 30, 1936, a total of 27,381 were receiving aid for the aged.⁶¹

⁶⁰ *Stats.* (1935), ch. 633, p. 1767.

⁶¹ State Department of Social Welfare, "Report to the Governor's Council" (manuscript), September 28, 1936.

AID TO THE BLIND

Prior to 1929 the state and the counties cared for various classes of the blind according to a rather definitely marked out division of responsibility. The state maintained an educational and rehabilitation program. Care of the indigent blind was the responsibility of the counties. In 1919 permissive legislation had been passed to allow counties to levy a tax to create a special fund for the blind. By 1928, however, only seven counties had availed themselves of this act. Twenty-one counties were giving aid to the blind from the general outrelief fund.⁸²

Early in 1928 Governor Young appointed a commission composed of directors of the State Department of Social Welfare, the Department of Institutions, and the Department of Education to study the problems of the blind and to formulate a program. In carrying out these instructions the commission called into consultation social agencies of all the counties, school officials, probation officers, school workers, nurses, and county officers. The work was completed in time to present a constitutional amendment for popular vote in November, 1928.

The commission reported that in its estimation the blind aid problem lay in three different fields and that each deserved different treatment. Education of blind children and reeducation of adults who had become blind as the result of industrial accident or occupational disease were the responsibility of the state. The support and care of the needy blind who have become incapacitated by reason of physical infirmity due to age, disease, or accident and who need institutional care should continue as a county responsibility. However, there was a third group, those who were capable of earning a part of their livelihood but because of their handicap were not able to maintain an adequate standard of living. It was recommended that the state and counties share the responsibility for these.

The constitutional amendment as approved in 1928 permitted the legislature to provide aid to the counties or cities which were supporting the needy blind. The only qualification upon the county was that the person receiving aid should not be cared for in an institution. Two

⁸² State Department of Social Welfare, *First Biennial Report, 1927-1928*, p. 147.

bills were introduced in the 1929 legislature to carry out this program. The one introduced by Assemblyman Crowley of Suisun, a blind war veteran, was the officially sponsored bill. However, it met opposition because it proposed a separate commission and staff to administer the aid. This was considered an unnecessary burden. The two bills were combined and the final draft of the law created a bureau within the State Department of Social Welfare to administer the state money.⁸⁸ The state was to grant a maximum of \$300 per year for each indigent blind person. The counties were permitted, but not required, to match the state sum. The maximum then was \$600 per year. A minimum of ten years' residence in the state and one year within the county was set for eligibility of those whose blindness had resulted while in residence in other states. If blindness occurred in this state, merely one year's residence in the county was required. The minimum age was set at sixteen years, the age at which children's aid ceased. In general this aid was to be available only for the care of those who did not need or were incapable of benefiting by the state's rehabilitation program. The chief purpose of the act was to eliminate mendicancy and to encourage the solution of this problem by means of outrelief.

The administration of state aid to needy blind is left very largely to the counties, the county boards of supervisors being held responsible by the statute. The State Department of Social Welfare is charged with the responsibility of supervising the management by the counties in such ways as it sees fit. Any county refusing to allow this examination or failing to comply with the conditions laid down by the statute may not receive state money for blind care. The counties advance the aid to applicants from county funds and are reimbursed at semiannual intervals upon certification to the state board. A procedure similar to that in other relief applications is followed. An affidavit is required of the applicant stating his financial status, ability of relatives to support, age, residence, and information concerning his blindness. Affidavits from at least two reputable citizens who can verify financial conditions and residence eligibility are required. A physician's affidavit is necessary to prove the degree of blindness. The board of supervisors

⁸⁸ *Stats.* (1929), ch. 529, p. 910.

has responsibility for approval of applications, but the applicant may appeal to the state board.

The application, once approved, must be recertified annually to the state. If the outside income of the recipient varies, the aid may be varied, deducting amounts of outside income. However, appeals from decisions in regard to deductions may be taken to the state board, as in the original application. Very few appeals have been made, however.

As soon as blind aid became available, many persons who had not received aid under the Pauper Act applied for the benefits. Up to June 30, 1930, 1,114 applications were received and approved by the state and the counties. It was estimated that 66.3 per cent of all blind receiving aid of any kind were receiving state aid, and that approximately 60 per cent of the total blind population of the state were receiving aid in some form.⁸⁴ In practice this aid benefited the older age groups. Of the 1,114 first applicants, only 3 were less than twenty years of age; 928 were less than forty. Sixty per cent, however, were over sixty years old.

The standards set by the Act of 1929 were very liberal and did not give the state board the same amount of power in regulating standards of eligibility that the Old Age Security Act of 1929 gave. Approval of county claims was nearly automatic. Little attempt has been made to draw a definite line between those capable of rehabilitation training and those not capable. The program has become very largely an automatic grant for care of blind who are in any degree in need of aid. Little controversy has arisen over the administration of this program largely because a smaller sum is involved and the requirements are less stringent than in old age relief.

In 1935 the act was amended to meet conditions set by the Federal Social Security Act. Residence requirements have been reduced to one year's continuous residence in the state prior to application. The federal government pays one-half the grant up to \$15 per month. The counties match the state payments. On August 31, 1936, there were 4,244 persons receiving this aid, and during the fiscal year ending June 30, 1936, the state paid out \$445,284.72 in aid to the counties.⁸⁵

⁸⁴ State Department of Social Welfare, *Second Biennial Report, 1928-1930*, pp. 25-32.

⁸⁵ State Department of Social Welfare, "Report to the Governor's Council" (manuscript), September 28, 1936.

IV. STATE AID FOR RELIEF OF THE UNEMPLOYED

PROBLEMS OF RELATIONSHIP between the state and the local governments were multiplied many times as the economic depression caused large numbers of unemployed to apply for relief. New governmental relationships and new techniques of administration had to be worked out quickly. Although the state of California adopted the state aid principle in the first stages of state participation in unemployment relief, it abandoned this by the latter part of 1934 and substituted direct state administration. Very little seems to have been borrowed from the experience gathered under the administration of state aid for aged, orphans, and blind. Organization and methods were largely developed anew in terms of the problems at hand.

When the depression first made itself felt in terms of unemployment relief needs, county poor relief administration was but one agency in the relief field. Private agencies, independently supported or financed through a central agency such as the Community Chest, assumed much of the responsibility for relief. The local governing units often made contractual arrangements with private agencies to carry on relief administration on a coöperative financial basis. For several years the City and County of San Francisco granted public funds to private relief agencies.¹ County agencies such as the Widows' Pension Bureau were concerned with special problems and administered relief under the state aid laws. In November, 1930, San Francisco officially assumed responsibility for a public work relief program begun by a citizens' committee. A bond issue for \$2,500,000 was voted on February 6, 1931, to finance a municipal work relief program. When this money was exhausted, \$700,000 was appropriated from the general tax fund. A second bond issue for \$6,500,000 was voted on August 30, 1932.

Alameda County was another thickly settled county that had no county welfare agency. A county welfare council appointed by the board of supervisors advised concerning administration of county funds by four contractual agencies that performed the work for the

¹ *Report and Recommendations of the California State Unemployment Commission* (Sacramento, 1932), p. 304.

county.³ These agencies included three private organizations and one city bureau. In the city of Alameda the city social service board administered relief under authorization of the city charter. In 1931-1932 the county provided 89.1 per cent of the funds and the city 10.9 per cent. In Oakland the Associated Charities contracted with the county. From 95 to 99 per cent of the funds spent by this agency were county funds. The city contributed a small amount, largely for administration. The Berkeley Welfare Society contracted with the county to perform relief services in that community. The city of Berkeley contributed \$11,546, or 6 per cent of expenditures, in 1931-1932, the county contributing the remainder. The county and the three cities each organized unemployment relief work programs. The State Free Employment Office coöperated in Berkeley to register applicants for work on the city project.⁴ About seven hundred were given work on these projects.

In Los Angeles County the largest number of dependent families were handled by the county welfare department, although numerous private agencies cared for many families and single persons. The number of cases handled by the county agency had grown from 18,650 in 1928-1929 to 63,415 in 1931-1932.⁵ General outrelief expenditures had grown from \$1,364,420 in 1928-1929 to \$3,791,383 in 1931-1932. Supplementing the work of the county in unemployment relief, the city gave part-time employment, food, and transportation to unemployed families. It spent \$5,201,500 between 1930 and 1932.⁶ The city social service bureau also undertook some care of homeless men. This bureau was organized in 1928. Some work was given by the bureau at first, but the city attorney ruled against this. Thereafter the bureau acted as a clearing house to give medical examinations to check communicable diseases and determine fitness for work, interview and register applicants for work, and assign the men to the proper social agency.

The state of California assumed a part in unemployment relief administration in 1931 by organizing labor camps for needy transient men. Large numbers of these men were entering the state and the camps helped relieve the local communities of a burden that county

³ *Ibid.*, p. 383. ⁴ *Ibid.*, p. 429. ⁵ *Ibid.*, p. 336. ⁶ *Ibid.*, p. 351.

welfare organizations could not carry so long as the Pauper Act set residence requirements for local relief. The 1931 legislature created a State Unemployment Commission to study the problem and report to the next legislative session.⁶ This commission held several hearings throughout the state, consulted local governmental and private officials, and conducted some field investigations of its own.

The commission reported that an estimated 700,000 able and willing persons, or 28 per cent of the potential gainful workers of the state, were unemployed in June, 1932. Unlike the problems of old age relief, this problem was most acute in the urban counties. It was calculated that 49.2 per cent of the unemployed were in Los Angeles County, 12.3 per cent in San Francisco County, and 6.9 per cent in Alameda County. Seventy-five per cent of all unemployed were in five counties and 85 per cent in eleven of the fifty-eight counties.⁷ These counties were also the ones that had undertaken to assume their responsibilities. County expenditures for direct relief in the eleven most populous counties had increased from \$2,187,252 in 1928-1929 to \$7,571,205. These figures did not include the municipal bond issues voted by San Francisco and Los Angeles.

A few counties attempted to give relief as wages for work performed. However, as numbers of applicants increased, it was simpler and cheaper merely to provide standardized food packages. Few counties attempted to assist in the payment of rents or utility bills. Food allowances were cut as demands increased. Standards of administration, such as they were, had to be sacrificed. Case records and verifications of claims fell behind in the pressure for quick relief. To maintain former standards of individual case treatment and adjustment of problems was out of the question. The effect was demoralizing upon both the agencies and the applicants for relief. An old problem—the determination of county residence qualifications of transients—presented itself in such increased proportions that it became a new problem.

After surveying the conditions within the state and studying the programs operating in other states, the commission proposed a pro-

⁶ *Stats.* (1931), ch. 61, p. 54.

⁷ *Report and Recommendations of the California State Unemployment Commission*, p. 39.

gram wherein the state and the counties would cooperate to finance relief work. It recommended, however, that administration of relief for the unemployed should be decentralized as much as possible and that therefore the county should remain the unit of administration. However, the work had to be coordinated and standards of administration greatly improved. Furthermore, the local governments were in real need of financial assistance. As an emergency measure, the commission recommended that the state should provide a \$20,000,000 unemployment relief fund by bond issue. State aid should consist of loans to the counties and municipalities administering relief work. The commission also recommended that an ex officio board be appointed to administer the loans and that it be permitted to set standards for local performance. Local matching of state funds was to be according to the grant-in-aid principle.

Meanwhile, the federal government had entered the unemployment relief field and thereafter the state policy was largely determined by the federal policy. Under the Federal Emergency Relief Act of 1932 the Reconstruction Finance Corporation was authorized to make loans to states or their subdivisions. Several California counties requested the governor to apply for loans. Between January and May, 1933, \$9,800,259 was received. These loans were made through the State Department of Social Welfare until March 24, 1933. In the belief that a special organization would facilitate federal cooperation, the Office of Emergency Relief Administrator was created. The administrator was to be a special assistant to the governor, but an Emergency Relief Commission was to advise on policy. When the \$20,000,000 state bond issue became effective in June, 1933, administration of state funds was placed with the administrator and commission. Allocation and supervision of both federal and state loans to the counties were controlled by this new agency.

Although state control of local administration was indirect and state bond money was merely lent to the counties, the administrator set out to raise local standards of performance. The legislature had delegated power to the administrator and commission to determine standards of relief to be met by the borrowing units. This included the

power to set conditions under which each county would be granted a loan. Inasmuch as practices and conditions were extremely diverse, the state body did not attempt to establish uniform requirements. Each county applying for aid was to have its work supervised by a non-partisan citizens' relief committee appointed from within the county. Members of the local committees were to be approved by the state commission.

Soon after its creation, the State Emergency Relief Administration requested the counties to supply estimates of the amount of money that would be required from the state bond issue to carry on the work. Plans called for allocation of funds: one-third federal funds, one-third state bond funds, and one-third strictly local funds. Some difficulty was encountered in obtaining accurate statements from the counties inasmuch as records and accounts did not show segregation of unemployed family relief cases from other types of relief cases. On the basis of information obtained, the state administration set loan quotas in terms of need and ability to repay the loan. Automobile registration was taken as an index of ability to repay. All counties were declared eligible for a loan, although special conditions were provided for the counties that verged on bankruptcy.⁸ Between July 1, 1933, and December 31, 1934, state loans were made to twenty-six counties. Approximately seventeen of the twenty million dollars were lent to the three largest counties. All funds lent to the counties were to be repaid out of future allocations of the state gasoline tax.

Pressure was brought to bear in compelling the counties to supply local funds to match the state funds. As the state and federal administrations outlined a work relief program, the counties were forced to provide local funds or forego state and federal work relief money. This power of the state commission was the more effective because the Federal Emergency Relief Administration delegated its power as the local agency to administer federal relief funds under the Federal Emergency Relief Act of 1933. Federal funds were granted contingent upon state and local matching. This delegation of responsibility was

⁸ *Summary Report of the California State Emergency Relief Administration, May, 1933-December, 1934* (Sacramento, 1935), p. 14.

made in July, 1933. Federal policy directed that all federal-aided relief work be performed by public agencies after August 1, 1933. This accelerated the trend from private agency care to county care.

During the first period in which state aid was extended, the state commission and administrator exercised some control over local administration. Field representatives were sent out to supervise and advise local administrators. Counties were hesitant about increasing their social service personnel and insisted upon keeping relief allocations as low as possible. Many feared that any improvement in standards would lead more persons to apply for relief. County administrators often expressed the belief that their work could be lightened if they made relief as unattractive as possible. In many communities, pressure was exerted to keep relief low so that there would be no incentive to turn from low wage scales to relief.

The state administration insisted that the counties maintain an adequate staff of case workers. Inasmuch as many of the smaller counties did not have experienced or trained social workers, some supervision and a program of training on the job were necessary. Federal rather than state funds, however, were used to improve these conditions. Full-time case supervisors were placed in areas where necessary and were paid out of federal funds.⁹ The chief success of the state lay in assisting the counties to solve their administrative problems and in promoting better standards. Educational material was sent out to instruct and assist local social workers. State agents advised boards of supervisors and local officials in improved methods of administration. The state administration worked to standardize procedure by preparing food budgets for various-sized families, the budgets being based upon nutrition and food cost studies.

The relief program was divided into two approaches from almost the very first months. The more populous counties and cities undertook some work relief in 1930 and 1931. Federal funds were available for this program in 1933 and twenty-nine counties operated approximately 1,000 projects.¹⁰ This was supplanted, however, by the federal

⁹ *Review of Activities of the State Relief Administration of California, 1933-35* (Sacramento, 1936), p. 41.

¹⁰ *Ibid.*, p. 95.

program in November, 1933. Whatever county work projects remained were locally financed.

The second part of the program was direct relief in cash, groceries, or rent payments. When state funds became available in June, 1933, for loans to the counties, the state commission compelled the local units to make more liberal allowances. Average monthly allowances per family on direct relief rose from \$13 in May, 1933, to \$24 in May, 1934.¹¹ Most of this direct relief was given in kind, such as standardized food packages. Approximately 72 per cent of direct relief was given in this way. Payment of utility bills was included in the family budgets and rent payments were included where necessary. Counties generally had to bear the cost of medical care of the unemployed through the regular county medical organizations, although state funds could be used for certain medical services.

During the winter of 1933-1934, beginning in November, 1933, a federal work program known as the Civil Works Administration was put into operation. This was the first attempt to set up in this state a centralized relief administration apart from the counties. The counties were left with the problem of caring for the unemployables. State control was continued to the extent that the counties were required to provide an adequate relief program before Civil Works projects would be approved within the county. The CWA program was handicapped in several counties by lack of coöperation between the office established by the state and the existing county agency. Consequently, special units were set up in many counties for the purpose of certifying and placing applicants on projects.¹²

The CWA program was meant to be only a short-time program and, consequently, gave way to a federal relief program of longer range in the spring of 1934. For a period of several months the county agencies were responsible for the major portions of direct relief in this state until the bigger program was put under way. In May, 1934, the State Emergency Relief Administration came upon the scene as a work relief agency to administer its program directly. Its work was almost

¹¹ *Summary Report of the California State Emergency Relief Administration, May, 1933-December, 1934*, p. 20.

¹² *Ibid.*, p. 25.

exclusively financed by federal funds. From May to October, 1934, it conducted a work program exclusively in most of the counties and direct unemployment relief was administered by county welfare departments. In the latter half of October, 1934, the SERA took over approximately 17,000 direct relief cases from the San Francisco county welfare department, and in November approximately 50,000 cases were transferred from the Los Angeles county welfare department.¹³ Direct relief as well as work relief became the concern of the state. The counties again were left with the unemployables. In certain less populous counties, such as Calaveras, Inyo, Mariposa, Mono, Nevada, Plumas, Sierra, and Yolo, no SERA program was initiated until the winter of 1934. In some of these counties there were no unemployment cases, and in others there were so few that they were cared for by the county welfare department.¹⁴

The establishment of the State Emergency Relief Administration as a relief agency rather than an administrative agency for the supervision of county relief work meant the setting up of a new organization. For the most part, county areas were adopted by the special agencies of the SERA. Some counties, such as Los Angeles, had such a tremendous problem that a separate organization was set up and made almost autonomous in its local work. A local administrator and staff were appointed and were made responsible more directly to a local citizens' committee, but they worked in cooperation with the state director. In other counties the director of the county ERA was largely responsible to the state director. The smaller counties were combined into areas or districts for convenience of administration. This centralized organization of relief was calculated to improve methods of relief administration, provide some standardization, and remove relief administration from local, county political control. A second state bond issue, for \$24,000,000, was voted in November, 1934. The money became available in March, 1935, and was applied as a direct state expenditure. Proceeds of the first bond issue had been lent to the local units and must be counted really as local expenditures. The federal government

¹³ Emergency Relief Administration, State of California, *Monthly Bulletin*, June, 1935, p. 16.

¹⁴ *Ibid.*, July, 1935, p. 12.

and the local units had been carrying the total cost until March, 1935. Local participation reached a high point in July, 1934, when the local governments supplied 50.4 per cent of relief expenditures in California. This participation dwindled, until by February, 1935, the federal government provided almost 99 per cent of the funds.¹⁸ The federal government and, later, the state government removed the greater part of the burden from the counties. In relieving them of the burden, however, the federal government insisted upon removing the responsibility from local quarters to central, state- and federal-controlled agencies.

As the state withdrew its supervision of the regular county welfare departments and ceased to make loans, a certain amount of state-county coöperation had to continue. For the most part, however, the SERA made its own investigation of eligibles for work relief and later for direct relief. In the beginning of the project in May, 1934, families on county relief were transferred to the SERA, but were later reinvestigated by the state social work staff. By March, 1935, all families that were eligible for relief and had at least one able-bodied member were under the jurisdiction of the state and federal agencies rather than the county welfare departments.

Several interesting factors appear as the state took back the responsibility for unemployment relief from the counties. One lay in the fact that, although the problem first became acute in the more populous counties, by the time the state took over relief activities many rural counties had large numbers on relief. During the period of January to March, 1935, the average proportion of the population in all counties on relief was 14 per cent. Eighteen counties exceeded this average, including such large counties as Los Angeles; such medium-sized counties as Orange, Riverside, and San Diego; and mountain counties such as Tuolumne, Trinity, Mono, Shasta, Nevada, and Mariposa. Trinity County had a record of 45 per cent of its population on relief.

As the counties returned to the function of giving relief to those unable to support themselves because of injury or social maladjustment, the important question arose whether the administrative methods and standards enforced upon county welfare departments by the state ad-

¹⁸ Emergency Relief Administration, State of California, *Monthly Bulletin*, May, 1935.

ministrative agency during 1933-1934 would have any lasting effect. It may be too soon to determine the answer. However, the program may have had some effect. Several counties that continue to have a large social case load have found it necessary and desirable to centralize their social welfare work in a county welfare department with an administrative department head responsible for direction. In such counties there has been a definite tendency to set up a small staff of workers with some training and experience. Formerly social work was done by probation officers, school nurses, and others who had little training for the various types of social case work. The federal and state programs have left some imprint upon the county organizations.

In the spring of 1936 the federal government began to emphasize that responsibility for care of the unemployables, who could not be placed on standardized work projects, must rest with the states and local governments. In California several groups demanded that poor relief be returned to the counties and that the state participate only in equalizing the cost. The governor indicated that steps would be taken to organize a program wherein the counties would be the sole administrative agents, except for a crew of state auditors and investigators to supervise financial matters of relief. It was proposed that the state provide finances on a plan similar to the state aid programs for orphans, aged, and so forth.²⁶ A similar program has been pushed by the Supervisors' Association and has received the approval and coöperation of the State Chamber of Commerce and others interested in tax problems. Under such plans the state becomes a coördinating agency that will equalize the costs of relief administration and attempt to keep a minimum standard of performance current. However, if the state is to give financial aid under any such plan there should be some fundamental understanding concerning the purpose of a long-time plan. An excellent opportunity is offered to make use of some of the experience gained in the last three years. The SERA found it worthwhile to recognize the existing counties as useful units for administration in most areas. However, several of the smaller rural counties were

²⁶ *Message of Governor Frank E. Merriam to the Legislature of the State of California in Extra Session, May 25, 1936* (Sacramento, 1936).

TABLE 1
 OBLIGATIONS INCURRED FOR GENERAL RELIEF IN EACH COUNTY, JULY 1, 1933—
 DECEMBER 31, 1935*

County	Total	Federal	State	Local
Alameda.....	\$14,340,348	\$ 9,691,529	\$2,685,022	\$1,520,454
Alpine.....	276	210	68
Amador.....	171,921	124,358	41,710	5,673
Butte.....	543,857	322,804	142,844	78,209
Calaveras.....	104,186	69,707	34,479
Colusa.....	97,846	54,231	31,490	9,125
Contra Costa.....	1,261,812	792,559	260,731	208,522
Del Norte.....	110,243	61,734	25,399	23,110
El Dorado.....	151,209	93,826	46,427	10,956
Fresno.....	1,730,773	1,182,624	384,076	164,073
Glenn.....	175,270	108,043	44,435	22,792
Humboldt.....	459,809	303,904	101,998	53,907
Imperial.....	2,026,351	1,450,719	358,816	216,816
Inyo.....	84,048	57,615	26,433
Kern.....	1,527,426	950,645	290,728	286,053
Kings.....	218,425	128,671	54,869	34,885
Lake.....	18,324	10,164	6,925	1,235
Lassen.....	148,299	96,815	34,046	17,438
Los Angeles.....	100,213,325	65,123,517	17,246,328	17,843,480
Madera.....	185,436	102,407	62,237	20,792
Marin.....	392,623	227,281	67,000	98,342
Mariposa.....	95,354	61,524	33,644	186
Mendocino.....	191,253	104,432	72,653	14,168
Merced.....	297,243	172,213	79,664	43,366
Modoc.....	69,538	43,307	20,009	5,322
Mono.....	36,100	21,260	14,480
Monterey.....	870,691	589,729	200,085	80,877
Napa.....	53,142	30,704	19,926	2,512
Nevada.....	258,254	182,657	74,377	1,220
Orange.....	3,319,919	2,076,645	658,329	584,945
Placer.....	263,825	189,899	72,211	1,715
Plumas.....	76,270	46,932	21,609	7,729
Riverside.....	4,014,286	2,964,942	726,607	322,737
Sacramento.....	2,822,601	1,907,777	659,425	255,399
San Benito.....	13,481	1,896	1,032	10,553
San Bernardino.....	9,402,689	6,962,788	1,611,555	823,346
San Diego.....	9,916,297	6,953,191	2,051,452	911,654
San Francisco.....	26,237,324	16,776,074	4,045,801	5,415,449

* Material obtained from *Review of Activities of the State Relief Administration of California*, pp. 292-293.

TABLE 1—(Continued)

County	Total	Federal	State	Local
San Joaquin	\$ 1,772,230	\$ 1,258,016	\$ 441,999	\$ 72,215
San Luis Obispo	1,004,759	632,881	131,518	240,360
San Mateo	1,470,700	830,041	207,007	433,652
Santa Barbara	1,472,070	906,393	235,278	330,399
Santa Clara	2,535,374	1,767,773	595,647	171,954
Santa Cruz	472,857	341,690	116,231	14,936
Shasta	340,293	218,488	81,909	39,896
Sierra	29,720	19,523	10,197
Siskiyou	210,673	118,522	40,605	51,546
Solano	324,386	204,479	88,452	31,455
Sonoma	631,973	378,228	153,207	100,538
Stanislaus	465,191	279,786	126,848	58,557
Sutter	108,081	65,411	28,498	14,172
Tehama	180,645	114,680	41,176	24,789
Trinity	152,266	101,432	41,041	9,793
Tulare	715,729	453,888	223,347	38,494
Tuolumne	345,601	231,654	66,009	47,938
Ventura	833,360	475,822	119,607	237,931
Yolo	248,919	169,296	76,973	2,650
Yuba	208,417	146,781	51,214	10,422
Totals	\$195,460,884	\$128,754,299	\$35,189,936	\$31,516,649

combined under district directors. A state aid plan might well make use of this experience to promote functional consolidation among the smaller counties. If the state is to provide a substantial part of the funds, it should see that adequate administrative organization is provided at the lowest administrative cost commensurate with good performance. A slight revision of existing state aid laws might bring about a more unified welfare administration organization in many counties. The determination of many policies can and should be left to local officials, but the experience of the last three years has shown that relief is a state-wide problem and that the state and the counties must work together in a coordinated scheme of administration.

V. STATE AID FOR PUBLIC HEALTH SERVICE

PUBLIC HEALTH SERVICE as an elaborately organized administrative service is but a recent development, inasmuch as medical techniques of the present day are comparatively new discoveries. The public health service had its inception very largely in attempts to control recurrent epidemic diseases by quarantines. The establishment of the earliest health agencies was a continuance of the movement for better local quarantine to cope with these recurring epidemics.¹

California was among the very first to establish a State Health Board, setting one up in 1870. In this move the state was preceded only by Louisiana and Massachusetts. The work of this board has been largely that of supervising, advising, and conferring with local health agencies, assisting in the enforcement of quarantine work, safeguarding the health of citizens by inspecting foods, and so forth. A very important part of the state board's activity has been in the field of research and sanitary engineering. This is a type of work that can be done efficiently by a larger unit such as the state. Quarantine, inspection, sanitary research, making and enforcing rules of sanitation, are services demonstrably better performed by organized government than by individual initiative or by voluntary organizations. However, these do not meet all the health needs of the people of a community. Medical care of the sick and hospitals are needed as well. As the health problem becomes related to individual needs, the problem of poverty enters in. There are many who are unable to pay for hospital care for themselves or their families. Public hospitals and clinics have been added to the list of public services rendered by government. This service has been considered usually as a function of the county as a local unit. However, hospitalization of those suffering from active cases of tuberculosis became the concern of state and county in California when it was found that the counties were unable or unwilling to provide adequate care.

The vaunted climate of California has produced a health problem of appreciable importance for the state. Possessed of a healthful cli-

¹ Robert D. Leigh, *Federal Health Administration in the United States* (New York: Harpers, 1927), pp. 8-21.

mate, California found itself the holder of one of the highest death rates in the nation from tuberculosis. In 1916 its death rate from that disease was 194.5 per 100,000, as compared to an average of 145.8 for the nation as a whole.⁸ When the problem was first brought to the attention of the public, it was pointed out that approximately five thousand deaths in California each year were caused by tuberculosis, or that on an annual average one person in every five hundred in the state died of the "white plague." The problem was made particularly acute in California because of the large numbers of people coming here sick, coming in hope that the warm, dry climate of this state would make them well. Many came too late. But they all added to the number capable of spreading the disease.

The flow of seasonal labor has been another factor among the migratory cases for many years, especially in southern California. These migrants defy health laws, they need aid when winter comes, and they often have sick with them. Compulsory education laws compel children, including those from such families, to go to school. The Mexican laborer presents the biggest problem in the control of tuberculosis. Twenty per cent of all deaths in California from tuberculosis are among the Mexicans.⁹ This problem is largely centered in southern California, where these transients find employment as agricultural laborers and as railroad workers. Customs of these people transplanted in an environment foreign to them, coupled with a paternalistic control over their labor, produce a condition of living which gives tuberculosis a ready foothold.

Ironically enough, the California population was found to have a very appreciable health problem. Thirty per cent of the deaths from tuberculosis were found to be among native Californians, and a large percentage among persons who have lived in California more than ten years.¹⁰ However, the transients had a very perceptible effect on the gravity of the problem in certain localities, notably in southern Cali-

⁸ State Board of Health, *Twenty-fourth Biennial Report, 1914-1916* (Sacramento, 1916), pp. 10-12.

⁹ *Idem*, *Biennial Report, 1930*, p. 122.

¹⁰ *Idem*, *Report of the Tuberculosis Commission* (Sacramento, 1914), p. 7.

fornia. In 1914 the state as a whole had an average of 8 per cent of deaths from tuberculosis coming from among those who had resided in the state a year or less, whereas southern California showed 20 per cent of its tuberculosis deaths to be among residents of less than one year. Los Angeles County in particular was the objective of tuberculosis sufferers from the East.

There was no doubt that the tuberculosis problem was a serious one. Linked in the handling of it were the tasks of preventing the spread of the disease and caring for those who were not financially able to pay for care for themselves. In considering those who were able to pay for care, it was necessary to make and enforce regulations that would prevent these people from spreading their infection. But the tuberculous sick who are indigent, if left alone, go into the most crowded and poverty-stricken areas of the community, the areas where there are the greatest numbers of undernourished persons. These latter are the most susceptible to the disease. Because of their poverty, these tuberculosis sufferers neglect sanitary precautions, and thus become a menace to their neighbors and to the community. A campaign of cure of this type becomes likewise a campaign of prevention. When the Tuberculosis Commission was making a study for the legislature in 1914 it found that for an appreciable and varying period of time this class of sick avoided going to county hospitals as they then existed because the provisions for tuberculous patients were far from being what they should have been.⁵

The problem of the care of tuberculous patients in institutions is an expensive one. It was becoming apparent to those interested in the work that the problem was both a state and a county one. Although the counties had been charged with the administration of care, the magnitude of the problem and the fact that the disease was not local in character made it a matter of state concern.

Agitation for a program in which the state would share in the care of the tuberculous sick appeared as early as 1904, when a proposal for state sanatoriums was defeated. The earlier proposals for state care were based on plans for state sanatoriums. However, the cost was esti-

⁵ State Board of Health, *Report of the Tuberculosis Commission*, p. 49.

mated to be prohibitive, in view of the state's resources, and very little came of the plans. In 1907 an act was passed requiring the reporting of all cases of tuberculosis, and money was appropriated for an educational campaign to combat the disease. The State Board of Health was required to arrange for treatment of indigent tuberculous patients, the expense to be borne by the home county.

A more active program was worked out in the 1913 legislature and a Bureau of Tuberculosis was created and placed under the Board of Health. The bureau's work was to inspect county and private hospitals and institutions in which tuberculous patients were cared for and to give advice. The work was handicapped seriously by lack of funds. However, the power of inspection brought to light very bad conditions under county management. Many of the counties, particularly in the northern part of the state, had no provision for tuberculosis sufferers prior to 1915. The county authorities countered the disclosure by stating that they were waiting to see what policy the state would adopt before they spent money for buildings and equipment.

COUNTY TUBERCULOSIS HOSPITALS

Early in the fall of 1914 the California Association for Prevention of Tuberculosis and the State Board of Health held several conferences in an attempt to devise a state program. The Tuberculosis Commission, under the auspices of the State Board of Health, published a study of conditions in the state and made several proposals. The goal of the proposals was a system of state sanatoriums and dispensaries to assist in the care of the tubercular and to raise the standard of care. The commission did not recommend that the entire work be transferred to the state; in fact it strongly urged that the local units meet their responsibility.

Direct state administration was regarded as not feasible at that time because existing county facilities were so poor and there were so many tubercular needing hospital care that an adequate state institution would have called for a large outlay of funds. The commission recommended that a program of legislation be worked out to force the counties to maintain a higher standard of care under a rigid system of

inspection. Four measures were introduced in the 1915 legislature dealing with the tuberculosis problem. Three of these laid plans for state sanatoriums. The fourth enlarged the duties of the Bureau of Tuberculosis and authorized a subsidy of \$3.00 per week per resident tuberculous indigent, to be paid to counties maintaining tuberculosis hospitals or wards that complied with standards laid down by the bureau. The bill as enacted into law carried an appropriation of \$75,000: \$20,000 for administration and \$55,000 for subsidy. Thus, a kind of compromise was devised between ideals proposed and the existing arrangements. County administration was on a low standard and inadequate; complete state administration on the desired standard was too expensive to receive legislative approval. As a compromise solution both jurisdictions were to share the expense, the state using financial and inspectional controls to raise the standards of care to the desired level.

This plan of divided responsibility was calculated to work to the advantage of the patients concerned and of the health of the entire population. By leaving the administration of medical and nursing care to the county, the patient would be treated near his home community where his family would be able to visit him. At the same time, state aid to the county would make it possible to accommodate those who might not have been able to go to an institution before. Thus these patients that might otherwise spread infection could be removed from that environment.

Administration of the state subsidy fund was placed under the direction of the Bureau of Tuberculosis, the bureau to have control of apportioning money under conditions to be determined and enforced by itself. The purpose of the act was to promote establishment of county sanatoriums. Any city, county, city and county, or group of counties caring for indigent tuberculous patients in special wards or in special, publicly supported hospitals was to receive aid. Although cities were included in the provisions for aid, the counties have been the units exclusively undertaking the care of the sick and the indigent. Persons receiving care under state aid must have no relatives legally liable or financially able to aid in their support. Furthermore, residence for one year in the county was required for eligibility to state aid. This

was to set up something of a bar to the large number of indigent sick coming from other states.⁶

The law made only certain general requirements for reporting. A semiannual statement was to be sent to the Bureau of Tuberculosis concerning the number of patients receiving care at public expense and the number of weeks' treatment per patient.⁷ However, the bureau was given authority to set up standard requirements to which the counties must conform before receiving aid. In actual administration the bureau has developed very close control over the counties in their administration of tuberculosis sanatoriums and hospitals. To obtain state aid, the county must meet very detailed requirements in regard to the site, construction, and equipment of the sanatorium. When a new hospital or ward is to be set up, the bureau chief visits the site and goes over all plans in detail with the board of supervisors. The state official follows the county's activity from the time of the selection of the site through to the care of patients. Inspection and supervision is carried on continuously, with the threat of withholding state funds always in the background, although rarely used. The counties have found it worth while to cooperate with the state bureau even to the extent of allowing the bureau chief to select the medical staff.

The regulations governing the granting of state aid included standards of construction of hospital buildings and diet and care of patients. The bureau announced soon after inaugurating the program that it would rate hospitals according to location and construction of buildings, treatment and care of patients, and diet. A score of eighty must be received to obtain state aid, the basis of scoring being: location and grounds, 1 to 5 points; construction and type, 1 to 25; treatment, 1 to 35; diet, 1 to 35. Future buildings were to be separate from other hospital buildings. Facilities with respect to rooms, baths, toilets, and equipment were specified. A minimum distance of three and a half feet between beds was required. Wards in the general hospital, mentioned in the state aid act, must conform to the same specifications with

⁶ Most of the counties have required two years' residence in the county before entering the hospital.

⁷ *Stass.* (1915), ch. 766, p. 1530.

respect to equipment. Erection of tent houses was to be discouraged unless adequate nursing forces were provided. A varying scale of equipment was to be required on the basis of the number of beds with which the hospital or ward was equipped. Either resident or visiting staffs had to be employed to give medical care. This requirement was undoubtedly specified for the reason that some counties had been found not to have a medical staff of any kind attached to their sanatoriums. The number of nurses and orderlies was fixed on the basis of the number of patients. Segregation of adult and child patients and advanced patients was required.

On entering the state-aided hospital the patient was required to fill out admission blanks supplied by the state bureau. Daily records of each patient, showing his progress, were to be kept and made accessible to the representative of the state office.

In the state aid scheme, as worked out in the act and the administrative regulations, the plan is for the county to erect the buildings and equip them, the state to assist only in the care of the patients. The counties would be forced to spend a substantial amount for the initial outlay, but the state guarantees to assist in the recurring expense of care. This guaranty acts as an inducement to the counties to provide the equipment that the state bureau considers as adequate.

The immediate results of the state aid program were pleasing to the advocates of the plan. The counties of San Joaquin, Fresno, Los Angeles, Alameda, San Francisco, and Sacramento were among the first to receive aid. These, of course, were for the most part the larger counties which had already established facilities for caring for patients and were in a position to qualify. Shasta, Orange, Santa Clara, and San Diego counties were rejected in the applications because their facilities did not meet the specified standards. Nevertheless, the State Board of Health could report real activity among the counties in providing equipment sufficient to receive state aid. The Bureau of Tuberculosis did not remain passive, but entered upon an active campaign to induce and help the counties to find ways and means of providing the necessary equipment and staff. After two years it was reported that accommodations had been greatly improved and increased in many counties.

The counties were more than matching the state's grant.⁹ The effect of enforcing the standards set by the Bureau of Tuberculosis through inspection and grant of aid has been to raise the county hospitals to the rank of hospitals giving first-class care and treatment.

A problem that continued to inject itself into an otherwise smoothly developing administrative system was the problem of tuberculous patients who migrated from other states, especially from the East. This was a source of complaint on the part of the state health officials from the time when the tuberculosis problem was first brought to general attention. It was contended that California was carrying more than its share of the relief. Now that public hospitals were receiving state subsidization, the state sought to prevent this influx. In 1916 Representative Kent of California introduced a measure in the federal Congress designed to control interstate migration of tuberculous patients.⁹ The measure was the subject of agitation for a number of years, but nothing came of it.

With the assistance of Eastern boards of health and tuberculosis associations, the California Board of Health carried on a publicity campaign through the press, and by means of posters warned against migration to California if the person were without funds. Emphasis was laid on the theory that climate was only one factor in effecting a cure of tuberculosis.

Once the system of state aid to counties for care of indigent tuberculous patients was in operation and the agents of the Bureau of Tuberculosis were able to make studies of the work, it was found that 75 per cent of the deaths in the state from tuberculosis were among the class earning less than \$1,000 per year.¹⁰ It was this class that was unable to finance its own care and, consequently, must be reached by public care. Two years before the state set out to remedy the health program through its needy sick, it had undertaken a program of state-aided poor relief for orphans. Twenty-seven per cent of the orphans cared for by the state were deprived of parents through tuberculosis. The agents of the two departments of the state government charged

⁹ State Board of Health, *Twenty-fourth Biennial Report, 1914-1916*, pp. 10-12.

¹⁰ *Ibid.* ¹⁰ *Ibid.*, p. 174.

with administration of these programs often worked together in seeking out conditions that needed to be remedied. The policy of placing such needy patients under adequate hospital care served to remove the sources of infection from the home and to protect the family. In the long run, this policy would effect financial savings for the state in its orphan aid.

Although the state aid system was laudable in its purpose and promise of success, it was put to a legal test with respect to the constitutionality of the Act of 1915 after about two years of operation. It is to be noted that many of the state subsidies in California are permitted in the Constitution. The tuberculosis subsidy, however, was set up by statute without express constitutional authorization. State Controller Chambers refused to draw a warrant for the amount of state aid due Sacramento County for care of tuberculous patients under the Act of 1915 and the case was carried to the Appellate Court.²¹ The decision was of importance for the entire state aid idea in California. The court decided that the state had the power to finance such services in whole or in part, and by exercising the police power the state could set conditions for the grant and supervise the activities of the county in administering the services so financed. The county was but the agent carrying out the work which the state delegated to it and acted as trustee of state aid money in those instances in which the state chose to assume a share of the burden.

With that matter settled, it became necessary to clarify the law to make it possible for the smaller counties to work out an adequate program. A number of the smaller counties were not able financially to provide hospital facilities and did not have a sufficiently large sick population to warrant erection of individual county tuberculosis hospitals. The plan had been to join a number of these counties together and provide joint hospitals. The Act of 1915 had referred to such an arrangement, but the directions were not clear. To remedy this condition, the legislature of 1919 passed an act which gave in some detail provisions enabling a group of counties to enter into an agreement to erect a hospital and provide for its administration and financing.²²

²¹ *County of Sacramento v. Chambers*, 33 Cal. App. 142; 164 Pac. 613 (1917).

²² *Stats.* (1919), ch. 464, p. 852.

A joint board, consisting of one member of the board of supervisors of each county supporting the hospital, is placed in control of the management of the hospital. This board has all the powers of a board of supervisors over a county hospital. Each county pays a proportionate share of the expense, and once the hospital meets the requirement of the State Board of Health it is eligible to receive the same amount of state aid as other subsidized hospitals.

The adoption of the joint-county method of providing such services as hospitalization was a significant advance in solving the problems of the small rural county. By the next year only a few counties were without some means of care for tuberculous patients. These hospitals under state aid and standardization were reported as vastly superior to those not aided. A number of joint-county hospitals were in operation, bringing a larger number of the state's population under eligibility for care. Three joint projects served a considerable portion of the state. These included the Merced-Madera-Stanislaus project; the Tulare-Kings; and the Amador-Colusa-Contra Costa-El Dorado-Placer-Plumas-Solano-Sacramento-Sutter-Tuolumne-Yolo-Yuba-Sierra, known as the Weimar group.

Under this system of joint responsibility of the state and counties, public hospitals were able to give care equal to that obtained by a paying patient at a private institution. The improved standards of administration of the public sanatorium had the effect also of removing the stigma surrounding receipt of treatment at a county institution. These improvements increased the effectiveness of the tuberculosis campaign. In spite of continued migration of patients to California, the death rate from the disease was cut from 216 per 100,000 in 1906 to 150 per 100,000 in 1924. This was reduced further to 105.6 per 100,000 in 1932. Ten per cent of the deaths were among those who had lived in the state for less than one year. In southern California the comparable figure was 17 per cent.

To an appreciable degree, the tuberculosis program has concerned the younger persons. The age groupings of those receiving care under the state aid provision indicate this. The largest number are those between the ages of twenty and thirty, the next highest grouping being

between thirty and forty. The state's concern was, first of all, to obtain care of active cases. However, the officials and organizations interested in the work were not unaware of the possibilities of prevention. They had been working upon that method of attack on the disease through other agencies, the schools, county clinics, and preventoriums. There was a growing interest in preventoriums where the disease could be checked in its early stages, a work particularly effective among children.

In 1929, fourteen years after the state had undertaken to aid the curative approach to the attack on tuberculosis, the state aid program was extended to include preventoriums. The Act of 1929 extended aid to any city, county, and city and county maintaining a tuberculosis ward or hospital for care of active patients that also maintained a preventorium in conjunction. The same amount, that is, \$3.00 per week per indigent patient, was extended under conditions similar to those set forth in the Acts of 1915 and 1919. There was one new specific condition, however. Aid was to be extended only for care of citizens of the United States.²⁸ This proviso was aimed chiefly at the group of Mexicans who had been brought here as laborers, and who had remained without applying for citizenship. The Bureau of Tuberculosis has come to urge more and more that the counties limit the scope of aid and plan definitely what shall be done for dependents.

The amount of money that the state has been called upon to provide as subsidies for tuberculosis hospitals naturally has increased, since it is based upon a definite pro rata amount per patient cared for. As the counties improved their facilities in order to meet the conditions of the state aid, and as a larger part of the indigent sick population has become eligible, the state was called upon to supply more funds. The aggregate amount during some fifteen years of administration has shown a steady increase. In 1916 the state controller's report showed that almost \$5,953.02 had been given for subsidization. During the following year, more counties qualified and the figure rose to \$28,067.97. In 1921 there was another sharp increase, and annual figures since that date show a steady rise.

²⁸ *Stats.* (1929), ch. 432, p. 752.

TABLE 2
STATE AID TO COUNTIES FOR CARE OF TUBERCULOUS PATIENTS, 1916-1936*

County or group	Date hospital subsidized	Amount	No. of patients
Los Angeles.....	Feb. 5, 1916	\$1,445,067.68	16,185 ^a
San Francisco.....	July 1, 1916	772,518.62	6,194
Alameda.....	Jan. 12, 1918	699,603.45	5,682 ^b
Weimar group ^c	Dec. 6, 1919	768,177.39	4,664
San Joaquin, Calaveras.....	Feb. 5, 1916	259,683.20	2,453
San Diego.....	Sept. 8, 1918	234,147.34	1,788
Fresno.....	April 1, 1916	225,684.60	2,233
Santa Clara.....	April 7, 1917	209,797.41	1,564
Madera, Merced, Stanislaus.....	Oct. 2, 1920	207,248.48	1,091
Kern.....	Jan. 1, 1919	199,271.79	1,713
Tulare, Kings.....	June 7, 1919	152,209.21	1,068
San Bernardino.....	July 6, 1918	85,423.63	955
Orange.....	Sept. 10, 1928	81,748.77	626
Humboldt.....	Sept. 18, 1922	77,716.85	409
Santa Barbara.....	May 3, 1919	67,827.50	679
San Mateo.....	Oct. 15, 1924	37,324.42	268
Riverside.....	June 10, 1933	34,120.00	279
Ventura.....	July 9, 1927	16,370.18	171
Sacramento.....	July 1, 1916	15,915.49	261
Shasta.....	Feb. 3, 1917	10,393.79	63
Santa Cruz.....	Oct. 2, 1928	10,608.01	82
Imperial.....	Aug. 1, 1932	4,800.84	70
San Luis Obispo.....	Dec. 18, 1934	2,736.89	30
Merced (County Hospital).....	July 1, 1924	(Not listed separately)	351
Totals.....		\$5,618,395.54	48,879

* Information for this table obtained from the *Thirty-fourth Biennial Report* of the Department of Public Health of California (1937), pp. 134-135.

^a Los Angeles County General Hospital, 9,825 subsidized patients; Olive View Sanatorium, 6,360.

^b Arroyo Sanatorium (Alameda County), 3,135 subsidized patients; Fairmount Hospital (Alameda County), 2,547.

^c Amador, Colusa, Contra Costa, El Dorado, Placer, Plumas, Solano, Sacramento, Sutter, Tuolumne, Yolo, Yuba, Sierra counties.

Qualification of additional counties does not explain the sharp increase in 1921. Most of the counties had already met the requirements either by providing their own hospitals or by combining with other counties in a joint enterprise. The explanation is to be found rather in a situation that had developed a few years previously, the effects of

which were now coming to light. The influenza epidemic of the late war years had left many people in a weakened condition and a great many found themselves in the early stages of tuberculosis.²⁴ This epidemic, affecting the resident population of California as well as residents of other states, increased the tuberculous population. A large number migrated to California, as tuberculosis sufferers had been doing for many years. As these people established their residence qualifications to become eligible for state aid in California, the amount of aid claimed by the counties increased.

The amount of state aid continued to increase from time to time for a number of reasons. Inasmuch as the state aid system has been made to include preventoriums, some increase in the aggregate of aid granted since 1929 could be expected. This is a temporary increase that should logically be expected to effect a decrease ultimately, since cases are brought to treatment early and prevented from developing seriously.

California has never been able to free itself from the problem of the migrant. As these people continue to come and to establish a residence to meet requirements necessary for entrance to state-subsidized institutions, the amount of aid that the state is called upon to pay will continue to increase. This is an unfortunate problem. The sick of the state are a menace to the well, and for social and humanitarian reasons the indigent sick should be taken care of at public expense. The legislators are neither willing nor able to deprive persons of their privilege of moving about in search of health. Nevertheless, the result is a burden upon such commonwealths as California. The problem, however, is not so serious as it was even three or four years ago. Not so many persons are coming here seeking care. The repatriation movement is taking a large number of Mexicans back to their native land. As relief costs mounted during depression years, the counties forced repatriation by sending home those whose legal right to residence was doubtful.

Although the tuberculosis program has been successful to the degree of reducing the death rate from that disease very greatly, tuberculosis is something that cannot be stamped out readily, nor can it

²⁴ State Board of Health, *Twenty-sixth Biennial Report, 1919-1920*, p. 34.

be cured quickly. Those who receive care in state-subsidized hospitals stay there for some time. Although the medical and housing care has been improved, the problem of rehabilitation of the patient presents a factor that may prolong his stay. Many patients are unwilling to withdraw from care, even though medically capable of rehabilitation to normal life. This is a problem of administration that rules cannot meet.

The primary purpose of this grant-in-aid has been to foster improved standards of care by assisting in maintaining adequate facilities. In most respects, the objectives have been met fully. The death rate from tuberculosis has declined steadily throughout the state. Hospitals have been improved and the conditions surrounding entrance have been such that the pauper stigma has been lessened.

As might be expected, the larger, urban counties have received the larger share of state aid. Los Angeles County has received nearly one-fourth the total amount of aid. Promotion or encouragement has not been an important factor in state aid to these counties inasmuch as they had creditable hospitals when the state aid program was inaugurated and were the first to qualify. State aid in these instances has provided some relief for local tax sources, but has encouraged also the provision of even better facilities than were in use before. Inasmuch as Los Angeles County had an unusually heavy tuberculosis problem, the large percentage of aid paid to it is probably justified.

One of the notable achievements of this grant-in-aid program, however, is the encouragement of adequate facilities for small counties by the joint-county project method. This has had two meritorious aspects. In the first place, a joint-county project provides much better service than an individual could provide. An equally important aspect is that it does not encourage the small county to overburden itself in order to take advantage of the state offer. In fact, it encourages a process of consolidation and simplification of county government that might not be possible otherwise than by a grant-in-aid. The joint-county project has the advantage over a state-operated institution in that it is situated somewhere near the locality it serves, and where relatives may visit without traveling long distances.

There remain a number of counties that do not have tuberculosis hospitals, largely because they have too few needy patients to make a capital expenditure worth while. However, the Bureau of Tuberculosis coöperates with these counties in placing the patients in other public hospitals, or, on occasion, in a private hospital.

The personal element enters into the picture quite strongly in the administration of this grant-in-aid. There has been a certain advantage accruing from the continuity of staff in the state bureau. Consequently, a consistent and very aggressive program of promotion and administrative supervision has been followed. Strong, aggressive administration, coupled with financial inducements, has led the backward and less able counties to provide better facilities. It is quite possible, however, that the program may have been pushed too aggressively by the state bureau officials. One county is reported to have refused state aid because it did not wish to conform to the state requirements.²⁵

In general, the state aid set up for the care of tuberculous patients has become established and regularized. When economy-minded groups in the 1933 legislature moved to reduce the aid, representatives of counties and individual county hospitals led a successful fight to retain the grant-in-aid without change.

AID TO MOSQUITO ABATEMENT DISTRICTS

Another disease which like tuberculosis requires the expenditure of considerable public money for equipment with which to fight it is malaria. In certain sections of the state, notably in the Sacramento and San Joaquin valleys, this mosquito-borne disease has long been a menace to the health of the inhabitants. Beginning about 1909, a campaign was instigated to eradicate the mosquito and clean out the breeding places of the insect in the rivers and sloughs of that part of the state.

Drainage canals and materials to kill mosquitoes were needed rather than hospitals. At the beginning of the campaign the situation was rather serious. In at least three counties the malaria death rate was quite high: Butte County, 64.3 deaths per 100,000; Tehama County,

²⁵ Statement made by the bureau chief when testifying before the legislative committee hearing in 1933.

35.2; Placer County, 27.7. This was in notable contrast to the state's malaria death rate of 4.9 per 100,000 population.²⁸ The State Board of Health, cooperating with the University of California, made a survey in the summers of 1916, 1917, and 1919, which showed that the Sacramento Valley had nearly twice as much malaria as the San Joaquin.

Early attempts at mosquito control were financed by private subscription. However, after a six-year campaign carried on with private resources, mosquito control became a government function by act of the legislature on May 29, 1915, whereby formation of abatement districts supported by taxation was permitted. This act enabled the property owners in a mosquito-infested district to form a special, *ad hoc* district with a governing board capable of levying a tax of ten cents on the hundred dollars valuation of property in the district to prosecute the work of eradicating mosquitoes. Although this legislation was fostered by a group interested in eradicating salt-water mosquitoes along the East Bay shore of Alameda County, it provided a vehicle for use in the interior counties.

The state entered directly into the work in the summer of 1919, when the governor made an emergency appropriation of \$10,000 to the State Board of Health for a demonstration malaria control district at Anderson in Butte County. The purpose was to set up a working model for the instruction of other districts in methods of engineering and management. The work in the district was a success, but it was found that such a program was too expensive for continuance by the district under the means provided by the Act of 1915, which limited abatement districts to a tax rate of ten cents per hundred dollars valuation. This was sufficient in Alameda County, but in the Sacramento Valley counties it would have been necessary to evaluate property at nearly \$400 per acre in order to raise sufficient money to carry on the work properly. Most improved agricultural land in California at that time did not average over \$180 per acre. A common practice, consequently, was to try to include a municipality in the district in order to raise the assessed valuation of the district to an adequate figure. The

²⁸ "The State's Health," *Transactions of the Commonwealth Club of California*, XXI (no. 6, July 27, 1926), 1 ff.

State Board of Health recommended that, inasmuch as an increased tax rate was not practicable, state aid in some form was the only feasible solution.²⁷

State aid in the form of materials was given the districts by the State Board of Health in 1922, when it distributed 9,000 barrels of oil to be used upon mosquito breeding places. This type of aid was continued for a few years. However, in 1923 special machinery in the form of a Division of Malaria Control was set up under the Board of Health to supervise the local work.²⁸ Although the chief function of the Division of Malaria Control was to give advice and supervise, it seems to have rendered actual financial assistance to several districts in 1923. The Los Molinos district received \$1,260 in aid for labor in clearing and grading stream channels. The Delta district had had no funds, so the state extended aid of \$1,100 along with donations from the city of Visalia. The Oroville district received \$1,000 for draining a marsh. Explosives were given several districts to aid in drainage, and top minnows for the destruction of mosquito larvae were furnished all districts. The Division of Malaria Control recommended that \$20,000 be appropriated to assist communities that were unable to finance first-year work.²⁹ This was to encourage districts to begin a program of work that would be financed by local taxation later.

The 1927 legislature approved a budget item of \$20,000 for aid to mosquito abatement districts, and the state set out definitely on a program of state aid for malaria control. The appropriation was made to the Department of Public Health, which placed control of the fund in the hands of the director of the Division of Mosquito Control. The departmental policy established for distribution of aid made the grant contingent upon a contract with the district, signed by the president of the district board, the head of the Department of Health, and approved by the director of finance. In this manner the division distributed \$11,000 in 1927 and 1928 and approximately \$13,000 in 1928-1929.

The grants made illustrate the type of work that was encouraged.

²⁷ State Board of Health, *Twenty-fifth Biennial Report, 1917-1918*, p. 15.

²⁸ This division was abolished in 1933 by administrative order and its work transferred to the Bureau of Sanitary Inspection.

²⁹ State Board of Health, *Twenty-eighth Biennial Report, 1923-1924*, p. 50.

The Los Molinos district received \$6,500 in two grants: \$4,500 was to be spent for dredging a slough that was choked and was flooding neighboring fields; \$2,000 was given on condition that the district spend \$500 within the year to clear two specified creeks. The Oroville district received a grant of \$1,000 on condition that the district match the amount, the money to be spent for permanent improvements, consisting of clearing ditches. The Redding district received \$1,500, provided the district spent half that amount from its own funds for permanent improvements. The Durham and Anderson districts received \$1,000 grants under similar conditions.

State aid to mosquito abatement districts became a regular item in the state budgets of 1927 and 1929. The appropriation act as approved by the legislature of those years contained an item providing \$10,000 for each year of the biennial periods for aid to mosquito districts.

The Department of Health originally recommended that aid be granted to districts in the first year of their organization in order to help them start work and thereby encourage local initiative. However, the aid became more or less a recurrent affair with certain districts that were financially unable to support the work by local assessment. The award of state aid was made on the basis of the need of the district for financial assistance and the cost of the necessary work.

An aspect of this state subvention which should be noted is that it was a grant to special districts created by the state to perform a specified function in local communities. Most of the state aid in California goes to counties. The usual purpose of the special district is to localize the payment of the cost to those lands that stand to benefit by the expenditures. The acceptance of the special district for mosquito abatement is no doubt due very largely to the close relationship that this work bears to reclamation and drainage. As a health program, there is little reason why mosquito abatement should not be handled by larger units, because the mosquito nuisance and malaria are not confined to the area of the district. As the matter came to be viewed as a state affair of importance to the entire state, the state government assumed greater control and contributed subventions to assist local property in carrying the cost.

The amount spent by the state of California for aid to local government units for health has been very small indeed as compared to that spent for highways and education. It ranges behind that extended for poor relief. Health care, as an object of public expenditure, remains very largely a matter of local concern. However, the public health is a state affair and health administration is under very extensive control by the State Board of Health. In each of the health functions discussed, both the state and the local units showed themselves unwilling to assume the entire cost. Tuberculosis, although state-wide in its extent, was more of an acute problem in the southern counties. Malaria was comparatively localized, but was important enough to warrant some state aid in improving conditions. The state administrative agency had the power of inspection, but state aid programs have given it the means of demanding higher standards of performance on the part of the local units. Furthermore, it assists them to achieve the higher standard where it was not possible to force the counties before. Great progress has been made in reducing the ravages of the diseases.

In each instance, administrative control has been used extensively. The scale of aid for tuberculosis hospitals has been set by legislative determination, but a large amount of discretion is given to the State Bureau of Tuberculosis in determining what hospitals shall be subsidized and what requirements shall be met before the subvention is forthcoming. Once these requirements are met, the bureau does not determine the amount of money to be allocated to the counties. In the administration of the mosquito aid, the legislature delegated all discretionary power to the administrative board to work out arrangements for allocation of money as well as specifying standards for the work designated. Both programs combine encouragement of local effort and assistance to make local performance on a reasonable standard possible.

VI. STATE AID FOR HIGHWAYS

STATE AID TO LOCAL UNITS OF GOVERNMENT for highway purposes has mounted to such a figure that it is second only to school aid. By far the largest amount of this is in specific state-administered, locally shared taxes—the motor vehicle plate tax, the motor vehicle fuel tax, and the bus and truck tax. The sharing of these taxes with the counties has supplemented the taxes on common property so that a vast mileage of local roads has been built connecting with and supplementing the state highway system. State construction and locally shared state taxes have made unnecessary any large program of state grants-in-aid for specific highway construction projects, although the state-aided joint highway district is still popular for certain types of projects. The subvention system was proposed in California before the state undertook a construction program of any importance, but other methods proved more popular and more successful. The locally shared state tax has left the counties free to spend the money for such road projects as the county officials saw fit, free from the restraints of state subvention plans. State aid, both as a subvention and as a locally shared state tax, was restricted to counties for several years, although the counties in turn might allocate funds to municipalities. State aid to municipalities has been small, chiefly as result of two factors. The first is a constitutional restriction upon granting state money or credit to municipal corporations. Secondly, the objective of the state highway finance program has been laid in terms of a major highway system that would open the agricultural and scenic areas of the state to more effective use.

The history of state aid to local units for highway construction is interwoven with the history of the state-administered highway system. In this state, where railroads have played so large a part in the state's development and in its politics, roads, other than for local purposes, received little state attention for many years. Those roads that were built and maintained were county roads. The state constructed a few main roads along interstate routes by special appropriation, but no attempt was made to build up a state system of highways until 1903 and later. In a few isolated instances, the legislature made special

appropriations to counties in aid of road building projects. The first grant of state aid to a county for road building was in 1865, when the legislature permitted Klamath County to retain the state's share of the foreign miners' license tax for two years for repairing a certain road, provided the sum did not amount to more than \$6,000. The procedure to be followed by the board of supervisors was specified in the act, that is, by legislative determination.¹ In 1869 the legislature appropriated \$15,000 from the general fund to purchase outstanding bonds of Mono County, in aid of construction of a wagon road in that county.² No further appropriations of aid to counties for road building appear until 1895, when the state assisted Mariposa County in building a free wagon road into Yosemite Valley. The county was to make surveys and to accept sections of the road as they were completed. The state appropriated \$50,000 for the project, \$2,000 to be paid to the county on completion of the survey, \$12,000 to be paid on completion of one-fourth of the road, additional sums as other sections were completed. As its share of the financing, the county was required to deposit \$75,000 with the state treasurer before state aid money could become available.

In the middle nineties agitation for a state highway program began. It is to the bicyclists of the "Gay Nineties" rather than to the automobiles of the twentieth century that credit is due for agitation for a state system of highways in California. Organizations of pedalists were equally as vocal at that period for state roads as were the organized automobile owners twenty years later.³ A state road organization, known as the Bureau of Highways, was set up in 1895, in response to these demands. A function of this bureau that was of some service to the counties was the supplying of information and advice on matters of highway improvement. However, it was not until 1907, when the Department of Engineering was created, that the state possessed an organization capable of carrying out any construction work.

Choice of two alternative programs was made possible by a constitutional amendment introduced in the Senate in the 1901 session and

¹ *Stats.* (1865-1866), ch. 328, p. 374. ² *Ibid.* (1869-1870), ch. 169, p. 232.

³ Ben Blow, in *California Highways* (San Francisco, 1920), gives an interesting account of activities in that period.

adopted on November 4, 1902. This amendment permitted the legislature to establish a system of state highways or to declare a road a state highway, and to extend aid for the construction and maintenance, in whole or in part, of any county highway.⁴ However, nothing was done to exercise the power for several years. The idea of a state highway system was not yet firmly rooted; proposals were in terms of county roads, controlled in such a manner as to ensure a correlated road system throughout the state. Following the amendment of the Constitution, the Department of Highways urgently advocated the adoption of a state aid system. It proposed that counties should not develop roads merely as short feeders to the railroads, but that they should also build good principal highways. Citing the example of state aid programs for road building in several Eastern states, the department drew up and recommended a state aid law patterned on the current New York law.⁵ Mountain roads in the counties were found to be of insufficient width and to have excessive grades. The department noted that many counties had a total property valuation insufficient to permit extensive road work. Therefore, it recommended that under such circumstances the state should grant material assistance by a state aid program. The board of supervisors might petition the highway commissioner to improve any portion of a highway other than that running through an incorporated city. The commissioner then was to have the highway mapped and estimates made. The estimates were to be sent to the supervisors for approval. The commissioner would advertise for bids and let contracts, but, if there were a county engineer, the latter would have charge of work. Two-fifths of the cost was to be borne by the state, three-fifths by the county. Maintenance was to be by the county, under direction of the State Highway Commission and subject to such rules as it might make.

The next legislature met this recommendation in part by making two special subvention appropriations, but did not provide any general system of state aid or a state highway system. An appropriation of \$70,000 was made to aid Modoc County in building a road between

⁴ *Stats.* (1901), p. 960 (S.C.A. 20); *Constitution of California*, Art. IV, sec. 36.

⁵ Department of Highways, *Biennial Report*, 1904 (Sacramento, 1904), p. 6.

Alturas and Cedarville. The work was placed under the management and control of the Department of Highways, the superintendent of which was to supervise and decide "upon the best and most economical plan consistent with the interests of Modoc county and the state."⁶ Another mountain road, one leading from General Grant National Park into the Kings River Canyon country, received \$25,000 state aid. This grant was made contingent upon a contribution by Fresno County of a sum equal to 50 per cent of this amount. The county was required to agree to assume control and maintain the highway afterward. The governor and the commissioner of highways were designated a committee to supervise the work and pay out the state money.⁷

Further recommendation for a systematic application of state aid was made by the Department of Highways in 1906. It complained of the continual tinkering with road laws at each legislative session. It pointed out quite rightly that there was no program for permanent improvement, although expenditures for roads outside cities ran to \$2,750,000 per year. The state aid plan advocated by the department aimed to systematize road building, bring construction and maintenance under trained men, place uniform plans at the disposal of the counties, and under state supervision relieve road building of local influence.⁸ Experience of thirteen Eastern states was cited as evidence of the desirability of a state aid system.

Instead of encouraging a system of state-aided highways, however, the 1907 legislature decided to requisition and construct a system of state highways. This was the first systematic program undertaken by the state. The Department of Engineering was to have charge of the work as a state enterprise. A bond issue of \$18,000,000 was voted for the construction of a group of highways of importance to the entire state.⁹ Thus, the state took upon itself the function of building main

⁶ *Stats.* (1905), ch. 589, p. 790.

⁷ *Ibid.*, ch. 598, p. 797. This highway was declared a state highway later; see *ibid.* (1909), ch. 223, p. 351.

⁸ Department of Highways, *Biennial Report, 1906*, pp. 6-11.

⁹ Governor Gillet stated later that he prepared and submitted the measure, and that as the bill was prepared, and as it was enacted, it was calculated to compensate the counties for all highways which were permanently improved and constructed under bond

state highways and interstate connecting links. Inference cannot be drawn, however, that the legislature and highway officials had any very definite intention of making a permanent allocation of functions in road building as between the state and the local units. Such allocations as have been worked out came later and are not a part of this first state highway building program.

With the entrance of the state into the work of building highways, nothing was done to carry out the state aid proviso of the 1902 highway amendment until 1913, a year of legislative activity in regard to highways. The legislature of that year passed two state aid highway measures. One outlined a general program of state aid highways to be built under a general plan of subventions. Under this plan the county was to pay two-thirds of the cost of construction, the state one-third; maintenance cost of the state aid highways was to be borne equally by the state and the county. The construction cost was reckoned only to include surveys; drafting, engineering, and inspection costs; and materials. Bridges, culverts, and rights of way had to be provided by the county before the state could give its consent to the joint project. The board of supervisors of a county might petition the State Department of Engineering to have any main highway within the county or town improved or maintained. The petition was to contain certain information required by the commission. If the request were approved, the local authorities were permitted to proceed with financing and construction. The board of supervisors was limited in its power to petition the state, however, if the cost was to exceed \$50,000. Under such circumstances, the project was to be submitted to the voters for approval.

This plan was used only to a limited degree. Up to 1920, only three state aid highways had been constructed, and those involved only small expenditures of state money. The Pescadero-Redwood Park road was built in 1915 under this act. It was a scenic highway down the peninsula from San Francisco. The Alturas to Cedarville road in Modoc County was continued on a state appropriation of \$7,000, which

issue within three years prior to the adoption of the act and which came up to the standard of a state highway. However, owing to an error in the punctuation of the statute, made in printing, this provision was changed and thereby eliminated. See *Governor's Message to the Legislature, January 2, 1911* (Sacramento, 1911), p. 5.

was made contingent upon expenditure of \$3,500 by the county. Another road, two miles long, was across Middle Lake in Modoc County. The expenditure of \$20,000 by the state was justified on the theory that the road would form a connection at its eastern end with a county road leading to Nevada. The appropriation was exhausted, however, before the work was completed.

This State Aid Highway Act of 1913 proved unsatisfactory and was soon nullified by newer policies of highway finance. It was not repealed, however, until 1931. The 1931 act was more restricted, applying only to improvement of existing or proposed highways which extend a forest road or national park road to connect with a state highway.²⁰ In reality, this act has not been placed in effect.

The passage of the Motor Vehicle Act was the first major step in providing state control over motor vehicles as highway users. The act also was the first to make a percentage grant of state-collected taxes to the counties. An annual license fee was to be collected for the registration of motor vehicles. One-half of the net receipts of this license fee was to be returned to the counties on the basis of registration of motor vehicles within the county.²¹ The money was specifically allocated for construction and maintenance of roads, bridges, and culverts. As a guaranty that this road money would not be mingled with other county money and diverted from its purpose, every county was required to set up a road fund on pain of having state money withheld. Each county was required also to report to the State Department of Engineering, and in the event of default of a report the state money was to be withheld. These reports were not required to be very comprehensive and hence they were not effective for purposes of control. No attempt was made to integrate the state and county highway systems.

This state-administered source of revenue for the counties has continued to mount in productiveness, increasing nearly tenfold in the nineteen years of its administration. In 1923 the basis of the tax was changed from one on horsepower to a flat rate.²² The amount of in-

²⁰ *Stats.* (1931), ch. 463, p. 1026.

²¹ *Ibid.* (1923), ch. 266, p. 568.

²² *Ibid.* (1913), ch. 326, p. 639.

come from this source dropped from the 1923 figure, but began to increase again and reached the previous figure in 1932. However, in the meantime other sources of revenue had been made available to the counties.

Although 1913 marked the beginning of a definite program of returning a percentage sum to the counties for highway purposes, it was followed by a period of indecision. Final allocation of responsibility and of tax resources was not reached until 1923. The State Highway Bond Act of 1915 proposed to extend the construction of certain designated important highways. It provided a coöperative financing proposal, whereby the state set aside \$3,000,000 of the bond issue and the counties were to provide amounts to be agreed upon by conference. It was generally understood that the arrangement was meant to be on a fifty-fifty basis, although the determination was to be left to the State Department of Engineering.²³ The legislature had no knowledge about what the cost would be or what length of roads would be constructed. Therefore it delegated the matter to the department.

The department called members of the boards of supervisors of the interested counties to Sacramento for a conference on September 26, 1917. It became evident at this conference that some of the counties could contribute little or nothing to the proposed work. The interested parties agreed, however, that the money should be spent for permanent construction as far as the money could be made to extend. A plan of financing was worked out and approved by the conference.²⁴ The counties agreed to spend \$5,963,765, as against the state sum of \$3,000,000. The two most expensive projects were the Pacheco Pass road and the San Bernardino-Yuma highway. However, the whole arrangement was handicapped by the limited finances available. The state should have assumed the total cost because the highways were for more than local traffic. In recognition of this fact, the state later incorporated them in the state highway system and relieved the counties of the cost of maintenance.

²³ See *ibid.* (1915), ch. 404, p. 650.

²⁴ State Highway Commission, Department of Engineering, *Biennial Report, 1918* (Sacramento, 1918), pp. 25-27.

STATE-ADMINISTERED, LOCALLY SHARED GASOLINE TAX

Subventions, as we have seen, have not yielded any large sums in aid of the counties. Part of the argument in favor of extensive subventions which was made in 1904-1906 was that the subvention method would provide a means of developing a system of main highways. The state has provided this system by constructing a state system. After the separation of tax sources in 1910, any state aid granted would relieve common property of a part of the cost of local highway construction. Some relief was provided for common property by allocating a specific share of the state-administered tax upon gasoline paid by the users of the highways. The history of this gasoline tax is so tied in with the problem of state highway financing that a brief résumé of the history of the problem is necessary to understand the tax as it relates to the counties.

In the decade 1910-1920 the state undertook an extensive building campaign of main routes, financed by bond issues. Three bond issues were voted and sold: one in 1910 for \$18,000,000; another in 1916 for \$15,000,000; a third in 1919 for \$40,000,000. A bill was introduced into the 1919 legislature providing for a \$10,000,000 bond issue to be divided between the state and counties or cities for construction of roads—county roads to connect with state highways and city paving to connect with county roads. This passed both houses, but was pocket-vetoed by the governor. Conditions were forcing a rapid change in the method of finance and necessitating a planned arrangement of the work. The cost of highway building had increased enormously. Maintenance problems were coming to the fore then also. For these reasons the Highway Commission abandoned plans for a large building program in 1919 and 1920 and confined its activities to construction of primary roads. Collapse of the market for state highway bonds necessitated an even more drastic curtailment of the program.¹⁵ It was realized that the \$40,000,000 bond issue would not carry out the program mapped for it, and that increased costs of construction and increased demand for roads made a new financial policy necessary. The state had spent \$68,368,240 up to July 1, 1922.¹⁶

¹⁵ State Highway Commission, Department of Engineering, *Biennial Report, 1920*, p. 15.

¹⁶ *Idem*, *Biennial Report, 1922*.

The question then became one of spreading the cost between present and future taxpayers, and between general taxpayers and road users. Feasibility of the pay-as-you-go plan depends on the amount to be raised. It was estimated that under normal conditions the Highway Commission could construct \$12,000,000 of highway per year. About \$2,000,000 was forthcoming in federal aid. However, the organizations of automobile owners were opposed to an increased burden upon automobile owners for original construction. It was believed that the \$10,000,000 would have to come from the general fund. Another plan proposed was that the cost of construction should fall upon general taxpayers through a bond issue, and maintenance and reconstruction to accommodate increased traffic should be placed upon users of the road. The Highway Commission advocated a gasoline tax to be used exclusively for state highway purposes.

The first gasoline tax act, that of 1923, restricted the state's share to maintenance and reconstruction. Yet the bond money was about to be exhausted and the only remaining source of financing was federal aid.¹⁷ At the suggestion of the Highway Commission, provision was made for the governor to appoint a commission to study highway finance. This became the Highway Advisory Committee under the chairmanship of State Senator Breed of Alameda County. This committee found that an analysis of expenditures for construction and maintenance of state and county roads from 1921 to 1923 showed that 23.3 per cent of the funds had been derived from state corporation taxes; 60.6 per cent from property taxes; 2.4 per cent from federal aid; and 13.7 per cent from taxes on road users or motor vehicles.¹⁸ These figures did not include city streets. At the same time that the counties had been receiving aid from the state for local road construction, they had been compelled to contribute to the state highway system financing by paying for bridge construction and obtaining rights of way before the state began to build. In meeting these requirements, the counties had spent a grand total of \$9,082,717.20 on the state highway

¹⁷ *Idem*, *Biennial Report*, 1924, p. 21.

¹⁸ The Highway Advisory Committee, *Report of a Study of the State Highway System of California* (Sacramento, 1925), p. 25.

system.³⁹ This arrangement had been satisfactory to neither the counties nor the state. Bridge construction required on main highways was too expensive for many counties and a burden upon the more financially able counties. When the counties were required to obtain rights of way, local influence forced the selection of routes which the state had often to relocate later at great expense. On the recommendation of the Breed Committee these burdens were assumed by the state.

Another important service that this committee performed was the classification of all types of highways to be included in the highway system. Class "A" primary routes were to consist of intercity routes and major interstate routes. Class "B" primary routes included county seat laterals, laterals connecting trunk lines. Major recreational and local developmental roads made up the secondary system. The committee was insistent that the routing and uses of state highways must be planned to benefit the people of the whole state, a purpose which the counties, functioning separately, could not accomplish so well. Many counties did not possess the resources to finance such work.

The southern counties were demanding a larger share of the state highway money because they had a rapidly growing population. They also had a growing wealth and, consequently, would be called upon to pay a larger share of taxes. The state was faced with the problem of determining whether state highway funds should be allocated strictly in accordance with the source from which they came or be used as a general equalization fund. The committee sought to find a middle ground, recommending concentration on the primary system to be built equally throughout the state. In view of the emergency then existing for refinancing state highway construction work, and in view of the fairness of distributing the combined state and county road burden between the user of the road, the general public, and property, an increase in gasoline taxes was recommended the proceeds of which were to be made available to the state for new construction.

The Breed Committee did not consider the matter of integrating the county road systems with the state highway system. It simply recommended that the existing apportionment be continued. The 1927

³⁹ Highway Advisory Committee, *Report of a Study of the State Highway System*, p. 13.

legislature passed the bill sponsored by this committee, giving the state an additional one cent per gallon of gasoline for construction purposes and classifying the state highway system according to primary and secondary groupings. This was a long step forward in the systematic construction of the highway system in California, and has been the basic arrangement governing highway work since 1927. However, the southern legislators and the delegates of the southern automobile owners to the "third house" had demanded as their price for support of the bill that a fixed percentage be set to govern apportionment of highway building in the northern and southern counties. The southern counties had built a more complete system of roads than had their northern neighbors, many of whom were poorer mountain counties, unable to finance the necessary work. When the southern counties were called upon to provide a larger amount of money than the northern ones, by reason of the fact that more machines were registered and used in the south, they became jealous about allowing the state to use the money as a fund to equalize the cost of building highways throughout the state, especially the secondary routes.²⁰

In all recent schemes for financing highway construction, the plan has been to maintain two highway systems, in addition to the street systems of the individual cities. There has been no intention of having the state system supplant the county road systems. The Motor Vehicle Fuel acts of 1923 and 1927 sought to provide a tax source that would relieve corporate incomes from supporting further road building and at the same time provide relief for common property in its support of county road building. The road user was therefore made to pay a tax for the privilege of using the roads that were necessary for his enjoyment. Provisions for apportionment of the 1923 tax among the various local units were similar to those provided in the Motor Vehicle Plate Tax acts: one-half the net income was to be apportioned among the counties in proportion to the total of registered vehicles.²¹ The money was to be placed in a special road fund to be spent for construction and

²⁰ A compromise allowed 75 per cent of state money to be spent on primary routes and 25 per cent on secondary. See *Stats. (1927)*, ch. 795, p. 1565.

²¹ *Ibid.* (1923), ch. 267, p. 571.

maintenance of roads, bridges, and culverts. The counties were to make such report to the Highway Commission concerning the expenditures of money as the commission might require. Penalty of withholding of funds might be inflicted if these reports were not made or the special fund were not set up.

The reporting requirement is innocuous and allows the state officials no basis for offering advice or suggestions. In reality, it amounts to little more than bookkeeping, about which neither group of authorities trouble very much. It is the opinion of the state highway officials that any attempt that they might make to inquire into county road administration or to influence that administration through allocation of the gasoline tax would be fought by the counties. Opinions expressed by legislative committees on roads and highways and in meetings of the Supervisors' Association corroborate that opinion.

The basis of apportionment under the 1923 act recognized a standard of need—need of construction based on the number of vehicles normally using the county roads. Considered on the basis of ability to provide roads by county financing, the scheme was not entirely equitable. The richer counties received the larger share of the tax because they had the most vehicles. It became apparent that a number of counties with little assessable property and small automobile registration were badly handicapped in providing funds for the care of county roads that connect with the state highway system. In many instances these roads were used and worn out more by automobile owners from the centers of population in visiting recreational areas than by residents of the counties. In a few instances the amount returned to the county from the gasoline and vehicle taxes was nominal and could be used to little advantage for permanent improvement.²⁰ The small county of Alpine received but \$280.00 in 1924 from both automobile taxes! In contrast to this, Los Angeles County received \$3,645,600.21.

To remedy this condition, the Highway Commission recommended that each county should receive at least \$15,000, the remaining sum

²⁰ Eleven counties received less than \$10,000 in 1924 from the gasoline tax. Alpine and Sierra received less than \$500.

to be distributed on the basis of registration. The 1925 records showed that nine counties would benefit and that only about \$100,000 would be involved in this aid project, not an amount that would injure the other counties. Nothing was done with this proposal until 1929, when the gasoline tax law was changed so as to give each county not less than \$20,000 per year.²³ This change affected fifteen of the small mountain counties.

Allocation of a share of the gasoline, vehicle, and motor transportation company taxes to the counties has helped tremendously in making more highways possible and in relieving the burden that might have fallen on property. The question of financing rural roads is a very difficult one to solve equitably. To apportion these taxes strictly on the basis of automobile registration gives the smaller mountain counties an inadequate sum, which must be augmented by county taxes. The method adopted, giving each county a fixed minimum sum, works to make these mountain counties greatly dependent upon the state for financing without giving the state any additional control over plans and construction. Of the fifteen counties benefited by the change of apportionment, nine receive more than 35 per cent of the funds spent on county roads from the state. Alpine County has levied no local road tax for six or eight years, financing its work entirely from the state-administered, locally shared tax. Mono and Trinity counties derive more than 60 per cent of the money that they spend for county roads from the state.²⁴ In instances such as these it might be best, for economy of operation and quality of performance, for the state highway administration to take over the construction and maintenance of so-called local roads, especially when the state provides such a large part of the financial support. Local pride and interest, of course, usually thwart such proposals so long as local operation satisfies the local concept of need.

When the gasoline tax was raised in 1927, the rationalization implied by the Breed Committee report was that the gasoline tax would

²³ *Stats.* (1929), ch. 779, p. 1551.

²⁴ Figures derived from the State Controller's *Annual Report of Financial Transactions of Municipalities and Counties of California* (several years).

relieve real estate of the undue share it had been carrying in supporting road building. The net effect has been really to make more money available for expenditure on county roads. In the sense that real estate has been spared the burden of financing this large program of additional building, a relief has been effected. If we study the gross income to counties from county road taxes, however, we find that real estate has been given slight relief by the gasoline tax. In nearly three-fourths of the counties of the state, the income from county road taxes has remained approximately stationary or has increased since 1923. Not until the "depression years," beginning about 1929, is there any noticeable decrease in incomes from county road levies upon real estate. In 1933 county supervisors and legislators turned to the gasoline tax apportionment as the support for continued building and the rescuer of special assessment districts whose real estate could no longer meet the demands of interest and principal of bonds floated in prosperous times. By and large the gasoline tax has brought belated relief to real estate.

JOINT HIGHWAY DISTRICTS

The highways authorized by the State Bond Act of 1915 extended through more than one county in nearly every instance. This presented a problem in coördinating the work of the various units of government. Counties had no authorization to build roads into an adjoining county and coördinated effort had to be brought about by agreements similar to those worked out by the state highway authorities in the 1917 conference. The method was awkward and unsatisfactory. The 1917 legislature, therefore, consented to an arrangement that became more important as a state aid project than that mapped out in the State Aid Act of 1913. The Joint Highway District Act of 1917 authorized two or more counties to work together in the construction and financing of a highway and to petition the state to bear a share of the cost.²⁸ The procedure was somewhat like that followed in the 1917 conference. Any board of supervisors might start proceedings, advising the other boards of supervisors that might be concerned. After receiving the resolution from the county, the Advisory Board of the

²⁸ *Stats. (1917)*, ch. 52, p. 46.

State Department of Engineering took the initiative in calling a meeting of representatives of the interested counties.

When a district had been created, it was to be governed by a board composed of one representative of each county, designated by the respective boards of supervisors. The district was given the power, through its board, to acquire rights of way, to exercise eminent domain, to acquire personal property, and to sue and be sued. The district board was to have the route of the proposed highway surveyed and to make an estimate of the cost of the project. Hearings were then to be held on the plans, after which the board was to make an assessment upon the counties concerned and upon the state, according to estimated benefits. Private property directly benefited by the improvement might be assessed for not more than one-fourth of the cost through special assessment districts. If the Board of Control, representing the state, or the board of supervisors of any interested county considered the assessment unfair, appeal might be taken to the Advisory Board of the State Engineering Department. This board sat as a board of appeal, taking testimony and calling witnesses. It might change or modify any of the plans of the engineer and might reduce the estimate of cost or modify the assessment or make a new assessment. Its judgment was final and conclusive.

After the work had been completed, the Advisory Board was to inspect the highway and issue a certificate of completion. The highway was then to be apportioned among the counties, or it might be turned over to the state. When all financial transactions had been closed, the district was to be dissolved.

In the event that this grant of state aid might be held to violate the constitutional section prohibiting the giving of state money to a corporation, municipal or other, the legislature directed that the State Engineering Department should have full control. However, control might be delegated to the joint highway district board. This point, concerning delegation of control, has never been questioned. The joint-county district device was validated in its other features, however, by the case *Sharp v. Joint Highway District No. 6* (111 Cal. App. 81; 295 Pac. 841 [1931]).

The Act of 1917 has been amended from time to time, but its general outlines have been retained. The 1921 legislature removed the function of the Advisory Board in calling the meeting preparatory to forming the district, and for a period the forming of a district became one of local concern entirely. Provision was made also for the levy of additional assessments beyond those originally agreed upon when the work was first undertaken.²⁶ An amendment in 1925 permitted the counties to divert part of their gasoline tax apportionments to the contingent fund of the joint district.²⁷ This provided more relief for property from bearing the expense of road building.

Maintenance of a highway constructed under authority of the act was made a function of the joint highway districts by an amendment of 1927. Further amendments were made to the act in 1929 and 1931, it being entirely recast at the latter session of the legislature.²⁸ The principal effect of this recasting was to give greater detail and precision to the rules governing the formation and government of districts rather than to provide any new means of relationship. If the state is to share in the expenses of the district, a copy of the district engineer's report must be sent to the state director of public works. The Department of Public Works is given ninety days in which to approve, reject, or amend the proposed allocation of finances. On completion of the construction work, the highway reverts to the counties and becomes a part of their system for maintenance. The 1931 act allowed any district which had been formed under previous provisions to continue as organized or to reorganize to take advantage of the newer provisions.

State aid to the joint highway districts was on a very uncertain basis in the first few years in that it had to be provided by special appropriations from the general fund. An appropriation of \$250,000 was made in 1917 for the state's share of joint highway work and some other coöperative projects. Another special act which appropriated \$250,000 for the state's share in joint highway districts in 1925 suffered under Governor Richardson's pen with the result that only \$150,000 was made available. At the next session of the legislature, state aid for this

²⁶ *Stats.* (1921), ch. 657, p. 1111.

²⁸ *Ibid.* (1931), ch. 1025, p. 2072.

²⁷ *Ibid.* (1925), ch. 255, p. 433.

purpose was placed on a fixed basis by the so-called "Breed Act," which classified the state highways and provided a more detailed allocation of state funds. This act provided that out of the money allocated for secondary state highway construction in the northern and southern groups of counties a sum not to exceed 10 per cent of the amount allocated to each group might be used and expended as state aid to joint highway districts within that group.²⁹

The expenditures of the state for aid to the joint highway districts have not been large. In accordance with the Breed Act, the highway budget for 1929 set aside sums of \$188,750 for expenditures in each of the two groups. Between July 1, 1929, and June 30, 1931, the grand total of state highway revenue amounted to \$62,995,806, of which \$560,606, or 0.9 per cent, was distributed to joint highway districts.³⁰ Twenty-one districts have been formed, and to these the state has contributed a sum of about two million dollars. For the biennial periods, July 1, 1933—June 30, 1935, and July 1, 1935—June 30, 1937, the sum of \$687,069.11 has been allocated for joint highway districts. The joint-county district is still favored by county officials because they find in that device one more method of getting money from the state. Officials of the Bureau of Surveys and Plans of the Division of Highways are interested in the development of heavily traveled arteries that will supplement state highways. Small joint-county projects are looked upon with some annoyance by state officials.

The Highway Commission exercises some measure of control over the joint highway districts that apply for state aid by granting or withholding subventions. The actual supervision is entrusted to the Bureau of Surveys and Plans. Whenever a joint-county district wishes to obtain state aid, it submits its plans for construction and finance to the bureau for approval. The counties that have adopted the same standard of construction as that used on state highways find no difficulty in obtaining approval of their plans. Usually the chief of the bureau and the regional state highway engineer travel over the proposed route

²⁹ *Ibid.* (1925), ch. 475, p. 1012.

³⁰ Department of Public Works, Division of Highways, *Annual Report, 1930* (Sacramento, 1930), p. 2.

TABLE 3
STATE AID TO JOINT HIGHWAY DISTRICTS*

Dist. no.	Counties	Date organized	State grant
1	San Francisco, Santa Clara, San Mateo, Santa Cruz.....	1919 ^a
2	Santa Barbara, Kern, San Luis Obispo..	1919	\$ 50,000
3	Sacramento, Sutter.....	1922	100,701
4	Contra Costa, Sacramento.....	1925	60,000
5	Napa, Solano.....	1926	47,530
6	Kern, Ventura, Santa Barbara.....	1926	670,000
7	Napa, Solano.....	1927	83,000
8	Marin, Solano.....	1927	30,000
9	San Francisco, San Mateo, Santa Cruz...	1928 ^a
10	San Francisco, San Mateo.....	1928	180,416
11	Siskiyou, Shasta, Tehama.....	1928	37,623
12	Yolo, Sutter.....	1929	150,000
13	Alameda, Contra Costa.....	1931	500,000
14	Lassen, Modoc.....	1929	125,000
15	Riverside, Orange.....	1930	225,000
16	San Francisco, Marin, Sonoma, Mendocino.....	1930	71,500
17	San Diego, Imperial.....	1930	98,042
18	Butte, Tehama.....	1931	9,827
19	Mendocino, Sonoma.....	1931	48,161
20	Mendocino, Tehama.....	1931	6,750
21	Shasta, Trinity.....	1931	800

* Based upon *Tenth Biennial Report of the Division of Highways of the Department of Public Works (1936)*.

^a Not allocated.

before approving it. Once the plans have been approved, the state officials do not concern themselves with the project. The bureau officials may supervise construction work, if they choose, but they do not regard that as necessary. The state staff is usually busy with state highway affairs.

Although the state is not obliged to contribute aid to any and every joint highway district, the refusal by the state to contribute would usually kill the project. The fact that the Bureau of Surveys and Plans attempts to make the building of joint highways conform to state highway policy before state aid is forthcoming is illustrated by a grant made to District No. 8 in Solano and Marin counties in 1928. A grant

of \$30,000 was made for a short cut that would connect with a state highway yet to be built. Local interests urged the granting of state aid on the grounds that the road was important to adjacent cities and counties and to the state. The bureau hesitated to authorize state aid because the road pointed to two toll bridges. At that time the state was concerned with the problem of toll bridges and was seeking to take them over for free state operation.

The joint-county district offers a number of advantages, chiefly because of its flexibility in use. The roads built by this method are desired by the local units, are something more than local in their service, yet are not sufficiently general in service to compel the state to finance them entirely as a secondary state highway. The joint-county district can be formed more easily than a road can be added to the state secondary system. The district is set up and state aid obtained entirely by administrative agreement. The secondary highway project must go through legislative channels, a cumbersome process. The counties can secure more money from the state by forming joint districts, yet they keep the roads actually under their control. The state comes off with a saving and is able to dictate such terms as will tie the development into the state system. The joint-county district has been particularly popular with the northern counties of California. Of the twenty-one districts formed before 1934, seventeen have been in the northern group. However, the four southern projects have been sufficiently costly to bring the southern counties' share to a parity with the northern group.

STATE AID TO MUNICIPALITIES

The chief purpose of the motor vehicle plate and fuel taxes in California has been to provide sources of revenue to finance the building of main highways that would benefit the entire state. Both are privilege taxes, contributions from the owners and operators of vehicles toward cost of the highway improvements which they demand. However, the cities have had to finance the building of major highway links within the municipal limits by local property taxes. Until 1933 the state shared the gasoline and license plate taxes with counties only and, although the counties have been authorized to share with the cities, the counties

have been reluctant to do so on a scale pleasing to the cities. Although the preponderance of automobiles is in the cities, these locally shared taxes have been regarded as being meant to pay for highways built in rural territory where property values would not warrant paying the cost of highway construction by special assessment.

The general experience has been that the counties share the money with the cities only for certain projects approved by the boards of supervisors as being of general county interest because they are thoroughfares for main travel. Inasmuch as this provides an uncertain sum for the cities, they have sought to obtain a definite share of the money. The city of Los Angeles especially has been insistent in its complaint.

The maneuvering that culminated in the granting to the cities of a share equal to one-fourth cent per gallon taxed was largely the work of the municipal pressure group, the League of Municipalities, augmented by representatives of the city of Los Angeles and others. The officials of Los Angeles first urged in 1919 that the vehicle tax be shared with the cities, inasmuch as the city population paid the larger share of the tax. A bill introduced in the legislature that year was fought vigorously and was defeated, largely by representatives of Los Angeles County.²¹

The struggle of the cities to obtain state aid for street construction shows two main developments. One involves state construction of major highway connecting links under some terms of agreement with the city concerned. The other involves obtaining a share of state-collected taxes to be spent under authority of the city council. State constitutional restrictions have largely determined the direction in which these developments pointed. Article IV, section 22 prohibits the legislature from making loans or making any gift of state money to any municipal or other corporation. Administrative practice and judicial interpretation have cut away much of this prohibition and discovered exceptions to the rule.

The building of major highways has been declared by legislative

²¹ H. A. Mason, "Inequalities of the Present System of Distributing the Motor Vehicle Tax," *Pacific Municipalities*, 33 (February, 1919), 61-62.

enactment to be a state matter. However, highways must often run through cities. At first, the state highway forces did not enter municipal territory. However, many cities had annexed large tracts of semi-rural territory where property did not have a valuation sufficient to justify high-type paving. Such cities were unable to finance construction of a quality equal to the state highway and a gap was left in the major route. The state then offered, by informal agreement, to pave the highway link in the outlying portions of the city where frontage valuation could not support the projects. The 1925 legislature authorized the State Highway Commission to construct highways through cities of 2,500 or less, if the governing body released the street to the commission. The street was to be a state highway during construction, but might be returned to the city jurisdiction when work was completed.

Difficulties were encountered, however, because some cities refused to transfer a street unless assured that a certain routing would be followed, which might not be agreeable to the plans of the state commission. In 1929 the legislature removed the requirement of consent entirely and in 1931 authorized the State Highway Commission to construct a state highway as it naturally passed through or around any municipality, regardless of size.²⁸ The commission was the sole authority in deciding the route that would be of greatest benefit to traffic on the state highway. In developing the route the commission might acquire rights of way either within or without the corporate limits, by purchase or condemnation. The city might aid in this acquisition program and aid in construction if it desired, but the project would not be held up because of lack of local cooperation.

In actual administrative practice, however, the Bureau of Surveys and Plans in the Division of Highways respected local wishes where there was a strong local demand for a certain route. In planning the route the state bureau took into consideration any official city plan that might be in force. Division of expense was worked out according to a rather well-settled policy that the city was to furnish a right of way eighty feet in width and the state was to bear the major cost of paving.

²⁸ *Stats.* (1931), ch. 807, p. 1689.

Installation or removal of utility lines was to be done at private or municipal expense. Additional paving and curbs was a city expense.

Construction was controlled nominally by the State Bureau of Surveys and Plans. The work might be done either by the state highway crews or by the city's workmen, but the state retained the right to inspect. When the project was completed, the city resumed jurisdiction and maintained the paving. Thus a compromise was effected between the constitutional prohibition and the spirit of home rule.

Although the mileage built under such arrangements represents only a small percentage of the total in the state highway system, these city links have been important units in the system because of the number of vehicles using them. Up to 1931 the total length built within cities was 457 miles. Approximately twenty cities applied for aid under such agreements annually. The projects were popular with the small city through which a state highway was routed. Some of the local tax load was thereby transferred to the state tax structure. The aid was sufficiently in demand that the state spent \$2,700,000 per year. The total saving to cities from the time the program was initiated was estimated by the state highway authorities at between twenty and twenty-five million dollars.

This centralization of control over highway building was unsatisfactory to many cities. It took away local control over main thoroughfares and increased the detail of local administrative problems. It did not provide assistance for construction or maintenance of other important streets than state highways. The larger cities were especially dissatisfied with this program and urged that the cities share the taxes upon automobile users. The City and County of San Francisco was in a favored position because it received allocations as a county. This distinction caused definite reactions in Los Angeles, where proposals have been made that the city separate from the county and form a combined city and county and thereby receive a full share in the locally shared state taxes. A further impetus was given this program by the fact that individual supervisors who had authority to allocate the county share of the gasoline tax to cities had insisted upon attaching conditions to the allocations.

The larger cities were content to allow the taxes upon motor vehicle users to go toward building a state highway system in the rural sections until that system was complete in its major outlines. However, as the burden upon city finances became greater as the result of municipal expansion, these larger cities insisted upon some relief for their tax base. Equalization was no longer acceptable as a rule.

Spokesmen for the municipalities had made proposals for sharing the gasoline tax at every legislative session since 1923. The only result, however, had been that the state had undertaken construction as a part of its own program. At the 1933 session the gasoline tax was considered a ready source of revenue for many of the tax relief bills introduced. Consequently, a reconsideration of highway policy appeared to be necessary. First there was the problem concerning diversion of the tax proceeds to purposes other than highways. The two automobile associations of the state had agreed to a gasoline tax in the first place only on the understanding that the revenue would be used solely for highway uses. These two groups proposed as a solution of the present problem that the state should take over 6,600 miles of county roads, thereby relieving the real estate taxpayer. They favored state administration of highways. The rural counties wished to transfer many miles of roads to state administration, but they also insisted upon an increased share of the gasoline tax for small counties. The 1929 legislature had set the minimum county share at \$20,000 per year. Los Angeles, together with other southern counties, asked that the counties be given a larger share and be allowed to devote the money to relief of special assessment districts. The League of Municipalities proposed that the local share of the tax be raised to one and a half cents per gallon taxed and that this sum be divided between the cities and the counties.

Spokesmen for these and other pressure groups, including those for agriculture and real estate, worked out a modified highway finance policy in a series of conferences held after the legislature reassembled in February, 1933. The program favored incorporating the 6,600 miles of county roads into the state secondary highway system and allocating one-fourth cent per gallon of gasoline tax to the cities. The money

to be allocated to the cities was to be spent under control of the State Department of Public Works. The small counties were to obtain their increased minimum share in the gasoline tax also. The program was delayed in the legislature until all groups were reasonably satisfied with respect to the transfer of certain county roads to the state.

The principal features of the program were adopted, although the cities did not obtain complete control of the funds allocated to their use. The State Department of Public Works was directed to spend from the state highway fund a sum equal to one-fourth cent per gallon taxed in building and maintaining highways within cities. Apportionment was to be made in the ratio that the population of the city bears to the total population of all cities in the state. Inasmuch as the money was to be spent for a matter of state concern, the department was given the discretionary power to delegate control of expenditures of the local share to the city council of any city that the department believed was sufficiently equipped to do efficient work. In view of prior practice of the department, there was every reason to believe that the cities would obtain control of spending this grant subject only to the legislative restrictions. As far as the cities were concerned, this was progress because a calculable sum was to be earmarked for city use and there need not be the same dependence upon agreements between the state and the city. Cities might allow the annual grants to accumulate until a large project could be financed. Thus small cities could plan a building program.

This second main development in state aid to the municipalities seems definitely to be the one that will control city-state relations in this field for some time to come. The municipalities' pressure group obtained substantial additional concessions at the 1935 session of the legislature. An additional quarter-cent per gallon taxed was allocated to municipal use. This additional amount may be used to acquire rights of way and to pave and maintain important streets that are not state highways. In general, the expenditure is to be limited to the parts of the street used by vehicular traffic, although pedestrian tunnels may be financed with it and traffic signals may be purchased. This later law also provides a scheme for administrative control of the city's expenditures of the money when such power is delegated. The city is directed

to prepare an annual budget for expenditures of the grant, and approval by the state highway authorities is necessary before funds will be released. The legislature has set up several guides to direct the discretionary policy of the administrative officials.

Administrative organization within the Division of Highways has been altered as the number of cooperative contacts with local governments has increased. At first, the Bureau of Surveys and Plans made such studies as were necessary and conferred with local officials in working out details of cooperation and construction. When the cities were given a share of the gasoline tax in 1933 it was found necessary to make a new arrangement. An Office of City and Cooperative Projects was created, headed by an engineer assigned to that phase of the work. It became that engineer's responsibility to formulate general policies in regard to state-local cooperation. Actual details of administration were delegated, so far as practicable, to the state's district engineers. It was thought that the latter were in a logical position to operate effectively in making local arrangements. Neither in its declared policy nor in its method of organization has the State Division of Highways displayed any tendency to use the coercive authority that appears to have been given it by the 1933 and 1935 statutes. Nevertheless, the division has been reasonably successful in developing standards and plans of its own devising. That has been accomplished by persuasion and promotion.

Although the cities are actually little more than agents of the state in spending this money for a state purpose, the power of delegation given the state authorities makes it possible to allow local control. Encouragement of improved standards of administration within the cities is possible under this system of allocation. So long as the state continues to maintain a high standard of highway administration, this system of granting state aid is defensible.

STATE AID FOR TRAFFIC CONTROL

Inasmuch as the state had no enforcement officers, the Motor Vehicle Act of 1913 was enforced by county and municipal officers. As a reward for the enforcement of the act, municipalities not having freeholder

charters were to have the fines which were collected apportioned to them. By the terms of the 1915 revision of the Motor Vehicle Act, fines collected in municipalities enforcing the law were to be turned into the county treasury and allocated by the board of supervisors to the cities on a basis of population. Freeholder cities enforcing similar penalties were to share in this.³³ The money received was to be spent solely for construction, maintenance, and improvement of streets. This allocation plan was abolished in 1919, to be replaced in 1923 by one whereby the city collecting the fines was allowed to use those it collected. This did not apply to freeholder cities, however, and Los Angeles city officials estimated in 1933 that that city was losing more than one million dollars annually in fines for traffic violations handled by the city traffic force under state laws rather than under city ordinance.

In 1935 the state took over the assessment and collection of taxes upon motor vehicles in lieu of the ad valorem tax formerly levied by counties and cities. The state tax was to be at the rate of one and three-fourths per cent of the actual market value, and was to be collected at the time that the annual license fee was collected. After deducting one per cent of collections for cost of enforcement, the state is to allocate 25 per cent of the remainder among cities, or city and county, in proportion to the ratio of population of the city to the total city population of the state. Twelve and one-half per cent is to be apportioned among the counties, or city and county, in a like manner. The balance is devoted to payment of interest on state highway bonds and to their retirement.

The constitutional prohibition upon the legislature which prevents the levying of taxes for local purposes forces certain restrictions upon the use of this money, however. It was necessary to direct that the allocated money was to be used for law enforcement and for regulation and protection of highway traffic.³⁴ Even with these restrictions, it was necessary to test the validity of the act and its various provisions. In *Ingels v. Riley* the State Supreme Court found the act constitutional and ruled that the tax was a privilege tax and not a property tax.³⁵ In

³³ *Stats.* (1915), ch. 188, p. 415.

³⁵ 5 Cal. (2d) 154; 53 Pac. (2d) 939 (1936).

³⁴ *Ibid.* (1935), ch. 362, p. 1314.

the companion cases of *City of Los Angeles v. Riley*⁸⁶ and *County of Los Angeles v. Riley*⁸⁷ the court ruled that this was not a tax levied by the state for a local purpose. The court had held in previous cases that some functions performed by cities are both state and local in nature.⁸⁸ In such instances the state is not prohibited from levying taxes for state purposes. Traffic law enforcement on the streets of a city is a state affair;⁸⁹ hence this tax is for a state purpose and the allocation is valid. Allocation to counties was upheld on much the same grounds.

This percentage grant becomes an aid for city police. There has been some question among city officials whether it is incumbent upon the cities to set up a special fund and budget the money separately for traffic control. The law does not direct the procedure, but some city attorneys have ruled in favor of a special fund as a protection against suit.

The League of Municipalities was active in obtaining this grant, but accepted the directed spending provisions only on grounds of constitutional necessity. From the standpoint of local accounting and budgeting, it probably would be better if no such provisions were necessary. However, the cities have gained substantially in revenue. Because the license plate fee collection and tax collection operate together, the state is able to reach a greater percentage of the taxable vehicles than the counties or cities were able to reach. The state director of finance reports that in the first year the state returned more money to the cities under the 25 per cent allocation than the cities were able to collect under local tax administration. The cities are also relieved of the cost of collection.

The policing of county highways has followed the general trend in which state aid is merely a preliminary step to state administration. During the period in which the highway patrol service was being shifted from county to state control, a part of the gasoline tax was diverted as an aid to that service. In 1923 the State Supreme Court

⁸⁶ 6 Cal. (2d) 621; 59 Pac. (2d) 137 (1936).

⁸⁷ 6 Cal. (2d) 625; 59 Pac. (2d) 139 (1936).

⁸⁸ *City of Sacramento v. Adams*, 171 Cal. 458; 153 Pac. 908 (1915); and *City of Oakland v. Garrison*, 194 Cal. 298; 228 Pac. 433 (1924).

⁸⁹ *Ex parte Daniels*, 183 Cal. 636; 192 Pac. 442 (1920).

handed down a decision in the case of *Logan v. Shields* that prevented counties from employing traffic officers under existing county government acts.⁴⁰ The legislature was in session when this case was decided and there seems to be no reason why the defect was not corrected unless the plan was to set up state control as soon as arrangements could be made. Instead, a curious coöperative arrangement was authorized whereby the chief of the Division of Motor Vehicles was empowered to enter into contracts with boards of supervisors to employ traffic officers.⁴¹ The supervisors were to submit a list of names from which the chief of the division was to appoint the officers. The amount of compensation of the officers was to be determined by the contract between state and county, but the salaries were to be paid by the state out of that part of the net receipts of the motor vehicle fund which that county was entitled to receive. The officers appointed to the various counties could not be moved to other counties without the consent of the boards of supervisors. About twenty counties entered into the contract, others refused. The mountain counties could not afford officers.⁴² There was a double-headed authority which was confusing. There was no uniformity of salary, and officers could not be moved about as they might be needed. The state remedied this situation in 1929 by organizing a state highway patrol to operate in the counties, including those having charters, but excepting counties of the first and second class (Los Angeles and San Francisco). An Act of 1931 gave the officers of a county patrol, maintained by a county or a city and county, the same powers as those exercised by the state highway patrol.⁴³

⁴⁰ 190 Cal. 661; 214 Pac. 45 (1923). The court held that a traffic officer was a public officer within the meaning of Article XI, section 5 of the Constitution, not merely an employee, and that therefore the state legislature alone had power to create such an office.

⁴¹ *Stats.* (1923), ch. 266, p. 517.

⁴² *California Highways and Public Works*, 6 (September, 1929), 4.

⁴³ *Stats.* (1931), ch. 1026, p. 2099.

VII. STATE AID FOR CONSERVATION OF NATURAL RESOURCES

STATE AID represents an elementary stage in the development of a state policy for conservation of natural resources through such functions as flood control and fire control. In each instance where the service has been of general interest to a large section of the state, state aid has given way gradually to complete state performance of the particular function.

FLOOD CONTROL

The problem of flood control has varied aspects in California because of the diverse conditions prevailing throughout such a large state. In the northern section the two large rivers, the Sacramento and the San Joaquin, customarily overflow their banks during the rainy season and inundate the neighboring lands. The south is not blessed with continually flowing streams, but their river beds and arroyos become torrents in the rainy season. Both types of conditions became of great public concern as the state was settled and land grew increasingly valuable.

Primarily flood control is of importance to the holder of land that may be damaged, and consequently assessment of the cost of flood control projects may be levied against the land concerned. However, where an extensive flood problem exists, it may be that a general governmental interest arises as a matter of policy. The state courts have determined that flood control legally is a state matter and that the state may do the work and impose the payment of the cost upon landholders without consulting them. The state may bear the whole burden itself or it may impose a part of the burden on landholders benefited by the work.¹

It was not until about 1911 that anything approaching a definite plan of flood control was formulated for the state. However, it was not until twenty years later that sufficient engineering data were compiled to provide a comprehensive idea of the water and flood problem. The means by which the problem has been attacked fall into three

¹ *People v. Sacramento Drainage District*, 155 Cal. 373; 103 Pac. 207 (1909).

main categories. In the Sacramento and San Joaquin valleys the state itself has carried out the work through a special state-controlled agency, the Reclamation Board. The cost has been divided between the state, the federal government, and property owners in the region. In this same region additional work is being carried on by special units under the approval of the Reclamation Board. Financing of the district work falls entirely upon the local landowners. Throughout the state examples of a third type of organization are to be found, the state-aided project in which the work is carried out by local agencies and financed by the state and local unit cooperatively.

The state-aided flood control project appeared quite early, only to give way to direct state administration, and then to appear again. Under the federal public land laws that became effective in this state with California's admission into the Union in 1850 the federal government granted to the state all swamp and overflowed lands, the proceeds from the sale of which were to be used for reclamation. In 1861 California created a board of five, the Swamp Land Commission, and authorized it to appoint an engineer to plan reclamation of any district upon petition of owners of one-third of the land of the district. A kind of state aid program was to be worked out whereby the board would spend \$1.00 per acre for construction of reclamation works provided the landowners subscribed the balance.² Twenty-eight districts applied under this act. The state stepped out of the arrangement, however, in 1866 when it abolished the Swamp Land Commission and turned the duties of that body over to the county boards of supervisors.

Another short-lived project was started in 1878 when a Sacramento River Drainage District, comprising all swamp and overflowed lands in Sacramento, Yolo, and Solano counties, was authorized. The state was to give \$10,000 as its share in the cost of preliminary surveys. The project was dropped when the district commissioners reported the next year that no comprehensive plan had been worked out to include all the districts. The work was turned back to the state and placed under the jurisdiction of the newly created Department of Engineering.

The federal government became interested in the Sacramento River

² *Stats.* (1861), ch. 461, p. 514.

because the great amount of debris from mining operations in the upper reaches of the river caused irregularities in water flow and this in turn affected the navigability of the river. The California Debris Commission composed of three army engineers was appointed in 1893 to study the conditions. However, the commission did not present its full report until seventeen years later. In the meantime another attempt was made to provide relief by local action aided to some extent by the state. The legislature created a second Sacramento Drainage District by special act. This district was governed by a board of nine members, apportioned according to counties and elected by the freeholders of the district. Financing was to be by levy upon lands within the district. Before much work was done, however, the federal Debris Commission brought in its report. The federal engineers reported that the proposed schemes were for the benefit of swamp landowners and that the government's interest could be promoted best by other types of work. Consequently the district was abolished in 1911 and state aid was extended in closing out its affairs.

The federal policy as adopted compelled the state to undertake the work of flood control in the Central Valleys directly and consequently state aid ceased there. The Sacramento and San Joaquin Drainage District was created in 1913 and placed under the direction of the State Reclamation Board. This district is made up of many smaller districts which are purely assessment units. The governing power of the project is the Reclamation Board, which is a state agency and in no sense a unit of local government receiving aid from the state.²

A more recent project in the Central Valleys received state aid in the form of loans. The American River Flood Control District is a special district created by legislation in 1927. Its governing body is a board of trustees elected by the freeholders of the district. Expenses of the work are financed by bond issues and tax levies. In order to assist the district in its early development of the work the state extended a loan of \$62,500. Another loan of \$20,000 authorized by the legislature in 1931 was to be repaid by a special assessment. The original amount was to be repaid by bond issue. Under a theory of flood control now being

² *Argyle Dredging Co. v. Chambers*, 40 Cal. App. 332, 344; 181 Pac. 82 (1919).

developed it is proposed that the state acquire flowage easements and thereby relieve the district of that expense.

The largest grants of state aid for flood control have been made to the Los Angeles County Flood Control District. The area concerned here is relatively restricted and the land is mostly urban, suburban, and agricultural property of high valuation. Los Angeles County has been harassed by at least five major floods since 1850. A cycle of four years of unusually heavy rainfall was climaxed by the flood of March, 1914. The property damage was estimated at \$10,000,000. This flood was particularly costly because the Los Angeles region was rapidly becoming an urban one. One of the flooded areas has since been developed as the central manufacturing section of the city of Los Angeles. Furthermore, the city was then building a harbor at San Pedro and the flood caused considerable silting. It was apparent that an extensive flood control program was necessary if the urban development were to continue at the pace it seemed destined to take otherwise.

The 1915 legislature passed a special act creating the Los Angeles County Flood Control District comprising about two-thirds of the county, the urban area, and the watershed draining onto it.⁴ The district was to have all powers necessary to acquire land, divert streams, and do whatever was essential for flood control. The board of supervisors of the county were made the governing body of the district, but they were empowered to employ a district engineer and other staff.

As originally contemplated in the Act of 1915, the work of flood control was to be financed by the local unit. There has been some question whether the district was merely an assessment district or was a governing district with limited powers. If it were the former, there should be some relationship between benefit and assessment upon the land involved. If the latter, it involved an unconstitutional imposition of duties upon county officers by special act. The courts have never answered the question, but have upheld the constitutionality of the 1915 act.⁵ In so doing, the courts reiterated that flood control is a state matter and that the state may share expenses with the property owners or-

⁴ *Stats.* (1915), ch. 755, p. 1502.

⁵ *Los Angeles County Flood Control District v. Hamilton*, 177 Cal. 119 (1917).

ganized as a special district. It is for the legislature to decide whether the state will share expenses, and whether the local share will be spread over small districts or over one large district.

After a modest beginning the district undertook an elaborate program of construction of dams and straightening of river channels. This latter was to be financed by a \$4,500,000 bond issue voted in 1917. Soon after the district had launched on an expensive program, general financial conditions led to a shrinkage in the taxable resources of the district. Immediately the supervisors turned to the state for aid. In 1919 the legislature turned over an outright grant of \$250,000 without conditions. This was the beginning of regular contributions by the state to the work of flood control in Los Angeles County.

Something of the sectional feeling manifest in California politics characterized the move to force the state to undertake a share of the expense of flood control in Los Angeles County. The state had been heavily interested in the Sacramento-San Joaquin project since 1905. The county supervisors and some members of the press in Los Angeles were outspoken in the demand that the state appropriate an amount to their project equal to that spent on the northern project. The same attitude was expressed by the governor, a resident of Los Angeles County, and the program became an administration measure.⁶

The legislature of 1921 set up a ten-year program of state aid by which a sum of \$300,000 was to be available annually.⁷ The money was to go toward furthering projects under plans of the district engineer then filed with the board of supervisors. No mention was made of any state supervision of plans or construction. Legislative rather than administrative approval was required. Political considerations no doubt played a large part in the whole matter.

The continuing appropriation of state aid was to become only a part of the amounts spent by the district. The district engineer issued a report on April 1, 1924, recommending the control of streams by permanent storage dams in the upper reaches of the watershed. The re-

⁶ *Biennial Message of the Governor to the California Legislature, 1923* (Sacramento, 1923).

⁷ *Stats.* (1921), ch. 749, p. 1292.

port proposed construction of eight major dams, a high dam in San Gabriel Canyon, retarding dams, spreading grounds, and drainage works.⁹ The type of work proposed indicates that water conservation was becoming as important a problem as flood control. The two problems were interwoven.

A bond issue for \$35,300,000 was voted in 1924 to finance this new program of work. More than thirty-one millions were to go for construction of dams. A third bond issue for \$26,887,278 was defeated in 1926. The mounting cost of the program was due in part to the great emphasis which was being laid upon construction of high dams. The original program involved small check dams that could be built at low cost. A running controversy had been carried on from the beginning concerning the advisability of the two programs. A part of the controversy was also over the fact that an unduly large share of the funds went into construction of dams rather than maintenance of flood control channels. Approximately half the state aid money was used for the latter purpose. The state took no part in the formation of the policy of the district, however, and did not direct how any of the funds should be spent.

The problems within the district reached something of a climax when a serious slide occurred at the San Gabriel Dam on September 16, 1929. Earlier in the year the legislature had directed the state engineer to supervise and inspect the construction, operation, and maintenance of all dams.¹⁰ This legislation had been produced because of the failure of a large dam operated by the Los Angeles city water department. Upon the failure of the San Gabriel project the state exercised its police power to stop the construction in the interests of safety.¹¹ Although he had no power to determine policy under the state aid grant, the state engineer could, under the State Dam Control Act, direct a reversal of construction policy.

Meanwhile another problem was to trouble the district with the ces-

⁹ State Department of Public Works, Division of Water Resources, Bulletin No. 37, *Data Pertaining to Irrigation, Reclamation and Other Public Districts in California* (Sacramento, 1930), pp. 244-245.

¹⁰ *Stats.* (1929), ch. 766, p. 1505.

¹¹ See *Bent Bros. v. Campbell*, 101 Cal. App. 456; 281 Pac. 717 (1929).

sation of state aid payments under the Act of 1921. The ten-year program was to come to an end on June 30, 1932. In the autumn of 1930 the supervisors of Los Angeles County began to formulate plans for securing renewal of state aid. A comprehensive plan was mapped out by the district engineer. Instead of a \$3,000,000 grant the supervisors planned to seek twice that amount. The district engineer proposed that the entire amount of state aid be spent for construction work inasmuch as the needs were far greater than the district could or would carry. In one aspect the proposal was a great improvement over the previous grant, namely, that the district be required to budget in advance each year indicating the purpose of expenditures. State approval of the budget was to be obtained before the grant would be paid.

The old sectional fight over appropriations again arose because \$1,800,000 had been included in the executive budget for the Sacramento project. With the growing interest in the executive budget idea, however, the program of continuing appropriations was not popular. Although the district maintained a strong lobby, only a two-year appropriation of \$600,000 was obtained. Since no conditions were attached, the supervisors announced that they intended to spend the money for construction of flood prevention structures in the Los Angeles and San Gabriel rivers.

The 1931 act provided an additional concession to the district in directing that until the flood control and conservation program should be completed the director of finance might include items in the state budget to carry on the work. Presumably this would have meant some review of the district's financing program biennially. However, in February, 1933, the director of finance notified the board of supervisors that he was not including a subvention in the budget because of the necessity for economy. Efforts to obtain legislative support for the district's subvention were equally unavailing because of the strong sentiment for economy which existed.

Next in importance to the San Gabriel and Los Angeles rivers as a flood menace in southern California is the Santa Ana River. A survey of flood control and conservation problems in this basin was first undertaken in 1925 at the request of Orange, Riverside, and San Ber-

nardino counties. The legislature passed an appropriation of \$25,000 for 1925-1927 on the condition that the counties provide a like amount. This cooperation was received, and the state engineer made the study in conjunction with an advisory committee of engineers appointed by the counties. The report was not finished until 1930, and in the meantime the need for additional financing developed. The state supplied \$40,000 on condition that the counties match the sum. The report was completed in time for the legislature's session. The program as finally worked out provided for close cooperation between the state and the counties concerned. Altogether it was a definite improvement over the Los Angeles plan. Work was to be done in accordance with the study already made and all plans and specifications for additional work were to be approved by the state engineer. This was a much better arrangement than invoking the state police power under the Dam Control Act to stop faulty construction.

Although the work was to be done in the headwaters of the river in San Bernardino County, the program was a joint project and consequently no work could be done on the main stream or its tributaries unless agreed upon by the boards of supervisors of the three counties.²¹ The state made available \$200,000 per year for two years to finance the building of dams and protection barriers, and incidental work. The interested local units had to agree to pay one-half the cost of annual construction. All money for the project was paid to the county treasurer of San Bernardino County and paid out upon warrants approved by the agency having charge of the construction. In actual practice the administration of the work was controlled by the boards of supervisors and they placed engineers in charge of the various projects. There was no centralized control. Plans were drawn for each project and submitted to the state engineer for approval. The state kept a fairly close control by having an engineer check the various projects in the field. The control, however, was not so rigid as to irritate local officials.

This type of program illustrates one method of equalizing to some extent the expense of a program having more than local interest. The politics of depression relief affected this project in much the same man-

²¹ *Stats.* (1931), ch. 640, p. 1367.

ner as it affected the Los Angeles project. A senatorial economy committee proposed to call back the money not yet expended from the 1931 grant. This move, however, was abandoned when local supervisors protested. The county was allowed to use the money remaining to match Reconstruction Finance Corporation funds for the same project. The budget appropriations bill as finally amended carried an appropriation of \$12,000 for state aid to the project.

Although flood control is regarded as a matter with which the state should concern itself, no policy has been devised to govern the amount of participation or the manner in which it should be carried on. This has been left to the special determination of each legislative session. Sectional and local politics largely determine the conditions and amounts of state aid. From a program financed largely on the local benefit theory, however, the state has tended toward a broader program of conservation of water resources, which is definitely a program of importance generally to the entire state. Under that program the state will enter into the work directly. State aid, however, has never had a definite purpose. It has never been applied for encouragement of local activity. Rather it has been applied to equalize burdens or to assist local units in financial difficulties. The Santa Ana River project gave promise of being a new type of program that would more nearly balance state and local interests.

FOREST PROTECTION

As southern California has been fortunate in obtaining state funds in aid of its flood control projects so has it been successful in obtaining aid for forest fire protection. The brush-covered hills present an especially dangerous fire hazard in the dry summer months. In this region there is not a large amount of timber.

Although the state has large timber resources it has been very slow in adopting a state forestry policy, all attempts being fought at every step by various interests. Consequently different agencies have been made responsible for rural fire fighting, and coöperative agreements have been used to extend the state's influence where it does not administer the function directly. For many years the counties were encour-

aged to build up their own forestry and fire fighting organizations because the State Board of Forestry had no adequate legal authority to take steps toward a state-wide organization for control of fire. State aid played a part in this setup.

Although a State Forestry Board was appointed as early as 1885, there was little activity, and no state forest policy was formulated until 1905, when a bill was pushed through the legislature with the backing of Governor George C. Pardee. A state forester was appointed, although provision for state rangers had been struck out in the legislature. It is interesting to note that the appointment of this forester coincided with the creation in the same year of the United States Forest Service.

The first fire wardens in the state were paid by the counties. By 1908 the state forester had engaged 721 volunteer workers, 269 of these being employed by the federal government. The forester proposed a coöperative system whereby the state was to pay half the salaries of the wardens, the counties the other half. It was estimated that this would cost the state \$15,000 and so the plan was dropped.¹⁹

In 1915 the legislature began a very peculiar system of state assistance for forest fire prevention. Counties and private corporations were included in the scheme to construct firebreaks and fire trails. The State Board of Control was authorized to enter into a contract with the San Antonio Fruit Exchange Company for the purpose of protecting the San Antonio Canyon from devastation by fire. The contract was to be made contingent upon contribution of a sum equal to the state's grant by the Fruit Company, the San Antonio Water Company, and San Bernardino County.²⁰ The amount of money to be granted and the terms of the grant were left to the administrative judgment of the Board of Control. This can hardly be classed as state aid to counties, but it was the beginning of a scheme which was to grow into such a program.

¹⁹ State Department of Natural Resources, Division of Forestry, *The State Forest Service* (reprint of address by M. B. Pratt, state forester, presented at a meeting of the Society of American Foresters, 1930) (Sacramento, 1930).

²⁰ *Stats.* (1915), ch. 735, p. 1452.

A similar arrangement was worked out for San Dimas Canyon, with the state, the San Dimas Fruit Exchange, the San Dimas Water Company, and Los Angeles County coöperating. The 1919 legislature placed the spending of the money for protection in San Dimas Canyon under the supervision of the state forester and provided a definite sum of \$1,600 as the state's share of the financing.³⁴ A sum of \$3,000 was awarded for work in San Gabriel Canyon upon the basis of equal contributions from the Azusa Irrigation Company, the Covina Irrigation Company, and Los Angeles County.³⁵ Beginning in 1919 the state also employed a limited number of wardens.

The 1919 legislature passed two other statutes that definitely established state aid for fire control. One provided a \$25,000 appropriation and authorized the state forester to enter into agreements with representatives of the United States government, the counties, and the municipalities, and with individuals for fire work.³⁶ The second provided much the same authorization: that whenever any county or municipality should make any appropriation for the prevention and suppression of forest fires or for reforestation or afforestation of lands within its jurisdiction the state forester might, with the approval of the State Board of Control, enter into agreements with the county and under such considerations as the forester deemed wise.³⁷ In working out the coöperative scheme allowed by this enactment the forester assisted the counties under agreements the exact terms of which depended upon the form of local organization, the character of the county to be protected, and so forth.³⁸ Two things were necessary before the agreement could be made: First, the county must make an appropriation for fire protection purposes, and, second, the county must request coöperation of the state forester. Furthermore, under the coöperative agreements, the county usually agreed to purchase equipment and provide half the costs of operation and maintenance.

In some instances the state forester coördinated the state and county work by designating the county as a state fire district under the coö-

³⁴ *Ibid.* (1919), ch. 581, p. 1233.

³⁶ *Ibid.*, ch. 414, p. 822.

³⁵ *Ibid.*, ch. 582, p. 1233.

³⁷ *Ibid.*, ch. 176, p. 262.

³⁸ State Board of Forestry, Circular No. 7, *County Organization for Rural Fire Control* (Sacramento, 1923), pp. 27-35.

erative agreement. Usually the county warden was deputized as a state warden in charge of the work. This made the local official's powers more effective. The arrangement gave the county officials wider jurisdiction in the event of fires which spread over county lines and also it served to place the work more closely under the supervision of the state forester:

The first special grant of state aid to a local unit for fire fighting was made by the 1919 legislature also. This grant was to the Tamalpais Forest Fire District, an area of about 75,000 acres in Marin County. The state gave \$25,000 for fire prevention, for the construction and maintenance of firebreaks in the district, the grant to be matched by the district before being awarded.¹⁹ This district had been created by an act in 1917 as a special agency for the protection of the scenic region around Mount Tamalpais. It is an interesting example of intergovernmental coöperation. The governing board was made representative of the general governing areas existing there: one trustee was to be appointed at large by the Marin county board of supervisors, and one appointed from each municipality lying wholly or partly within the district. This special governing body was given all power necessary or proper to prevent or extinguish fires and protect persons and property from fire damage. The board was to furnish estimates of expenses to the board of supervisors and might request an agreement for contributions from the state, county, city, or any political corporation holding forest, brush, and grass lands within the district.²⁰ The district was able to raise about \$9,000 annually from taxation of property. This, with state aid funds, went for employment of patrolmen and clearing and constructing firebreaks.²¹

Los Angeles County obtained a subvention of \$1,582.27 under the Act of 1919, but in 1921 it received the same preferential treatment accorded the flood control district. It obtained direct legislative grant of aid for fire prevention.²² This was the first special legislative grant of state aid to counties in the state, although some counties received

¹⁹ *Stats.* (1919), ch. 593, p. 1238.

²⁰ *Ibid.* (1917), ch. 560, p. 774; amended by *Stats.* (1921), ch. 521, p. 821.

²¹ State Board of Forestry, *Biennial Report*, 1923, p. 53.

²² Los Angeles County Supervisors, *Annual Report*, 1921, p. 29.

state subventions for fire control under arrangement of other acts as pointed out previously. This county was engaging in extensive forestation and fire fighting activities and was developing a comprehensive organization. The subvention act permitted the State Board of Control and the county board of supervisors to enter into a contract to build and maintain fire lanes and trails in mountains composing the Los Angeles County watersheds not in national forest reserves. The county was to pay one-half, and the state one-half, the state's share not to exceed \$10,000 per year. Any part of the sums might be spent within the limits of a municipality if the governing body consented to such work.²³

The work of constructing fire lanes was but a small part of the forest protection and fire fighting work undertaken by the county of Los Angeles. The rapidly developing urban character of the county led to a demand for the provision of all the fire fighting facilities to be found in a municipality, plus those fitting the peculiar needs of rural areas. The county matched the state aid grants in every instance and twenty-seven miles of fire lanes were built in 1922. However, the full plan of construction was not yet complete when the governor vetoed the bill proposed in the 1923 legislature to complete the joint project.²⁴ In the 1925 session of the legislature the appropriation to Los Angeles County was increased to \$50,000 for the biennial period under the same conditions as laid down by the Act of 1921.²⁵ This generosity was all the more astonishing because it came at a time when the governor, Friend W. Richardson, was carrying on a rigid economy campaign. The legislature appropriated \$5,000 for the Tamalpais Forest Fire District, but the governor cut it to \$2,000. Appropriations for coöperative work in San Dimas, San Gabriel, and San Antonio canyons, which had been made by every legislature since the work began, did not appear in the session records. These arrangements were never again the subject of special appropriations; they were but temporary expedients used until the state and counties built up their own protection forces.

²³ *Stats.* (1921), ch. 304, p. 413.

²⁴ Los Angeles County Supervisors, *Annual Report*, 1923.

²⁵ *Stats.* (1925), ch. 275, p. 459.

The 1927 legislature added San Bernardino County to the group receiving special legislative grants of aid. All forest aid money granted at this session was to be distributed by the Board of Forestry under contracts for cooperative financing. The tendency was then in the direction of placing the awarding of state aid within the discretion of the administrative board, the Board of Forestry, although in three instances the legislature awarded aid directly.

These first grants were largely in aid of southern counties in building firebreaks and for similar preventive means. However, Los Angeles found itself with a system of firebreaks so extensive that maintenance rather than construction was the principal problem. Tractors and mechanical devices were being substituted for hand work so that a great number of fire trails could be constructed cheaply. Furthermore, the county had been building up an elaborate system of telephone communication and watchtowers which effectively supplemented its system of firebreaks.³⁶ Fire trail construction fell away and in 1931 the legislative grant of aid in promotion of fire trail construction in Los Angeles County was discontinued.

Attention was now directed to northern California, where firebreaks were constructed extensively in Mendocino, Sonoma, and Marin counties in the winter of 1930, much of the expenditures being made by local agencies.³⁷ The legislature adopted a new policy in the 1929 and 1931 sessions in that it made no special appropriations for state aid for fire prevention. During each biennium the budget and appropriation act contained an item of \$110,000 to be spent by the Department of Natural Resources in financing cooperative agreements with counties and other agencies for work on fire trails and firebreaks. The distribution and conditions of allocation were left wholly to the judgment of the administrative official concerned with the care of forests of the state, the state forester. The special appropriation act, so often a bit of pork from the legislative barrel, gave way to the budgeted appropriation subject to administrative apportionment and regulation.

About thirty cooperative agreements were put into effect in 1930.

³⁶ Los Angeles County Supervisors, *Annual Report, 1927*.

³⁷ State Department of Natural Resources, Division of Forestry, *Biennial Report, 1930*, p. 13.

They carried out a policy under which the various counties contributed definite sums toward fire protection work, with the understanding that the state should assume a share of the burden.²⁸ This was a new form of agreement, recommended by the State Board of Forestry and drawn up between the Department of Natural Resources on behalf of the state and the boards of supervisors on behalf of the cooperating counties. The form was worked out by the legislative counsel bureau.

One type of agreement allows the state to take over the county organization for a definite sum paid by the county. All counties accepting this agreement place their local forestry organization under state supervision and control. Under this arrangement the state assumes all responsibility for the work and agrees to pay all costs in excess of the sum paid by the county. In 1930 San Diego and Orange counties came under this agreement for the first time. Riverside and San Bernardino counties signed agreements within a short time and the Division of Forestry organized the four counties in a southern division for administrative purposes.²⁹ An illustration of the allocation of costs under this arrangement is supplied by Riverside County. In 1932 the county paid the state \$10,577.69 and the state spent \$11,684.54 in addition.³⁰

The state made cooperative agreements also with Los Angeles, Ventura, Santa Barbara, and San Mateo counties, allowing those counties to keep their own protective organizations; and the state has made special allotments to assist the counties in their work. The counties that receive state money to assist their local organizations are free to spend the aid in such manner as they see fit after they have satisfied the state forester that their record of performance justifies the making of such an agreement. State officials do not interfere with the work or inspect. The state forester assumes that if the organization and plans are satisfactory when the agreement is made the counties can be trusted to spend the money wisely.

²⁸ *Idem, Report on a Forest Fire Prevention Meeting (1930)*, p. 13.

²⁹ "Report of the Department of Natural Resources to the Governor's Council, March 25-26, 1930" (manuscript).

³⁰ "Annual Report of the State Division of Forestry, Southern Division, 1932" (manuscript).

The money that the state pays the counties comes partly from state tax sources and partly from funds received under the federal Clarke-McNary Act and redistributed to the counties. The state receives the Clarke-McNary money when the Secretary of Agriculture is satisfied that the state has an adequate plan for forest fire prevention and suppression.⁴³ California allocates 50 per cent of this money to the counties, and 50 per cent to the State Forest Service. In addition to this money the state allocates state money for forest fire prevention and suppression by coöperative agreement.

In 1930 the State Board of Forestry formulated a policy that would eventually limit its work to protection of timber and to water conservation. It resolved that it was the duty of the state to protect all forest and brush lands valuable for timber production or water conservation. Fire prevention and suppression on these lands, outside national forests and parks, was taken to be the duty of the state. It would also assume control of grass and brush fires adjacent to these lands, but the board determined to shift responsibility for brush and grain fires elsewhere to the local agencies, especially the fire protection districts. Although the board would continue with this problem for a while, it proposed to shift it to the local agencies as soon as possible.⁴⁴

This would seem to be a real demarcation of responsibility between the state service and the local service, which is necessary for a logically planned system of administration. State aid will cease to be important as facilities are built up and as the state undertakes more fully a responsible part in the program of fire protection.

⁴³ 43 *U.S. Stat. at Large* 653 (1925).

⁴⁴ State Department of Natural Resources, Division of Forestry, *Report on a Forest Fire Prevention Meeting* (1930), pp. 18-19.

VIII. STATE GRANTS OF TIDELANDS TO LOCAL GOVERNMENTS

GIFTS OR GRANTS of things of value other than direct grants of money by the state may be of great importance to the local units of government. The granting of state-owned tidelands to the municipalities and other local units forms a unique chapter in the history of state and local government in California. It has evolved out of factors distinctive in the history of California politics. From these grants of state lands the local units have enjoyed a number of benefits. In winning control of the local water-front areas the major cities reaped the reward of revolt against monopolistic enterprises that had controlled these areas under color of title obtained in a day when legislative morals were on a different level.

There are two periods in California history in which the state granted tidelands to the cities for local use. The first extends from 1851 to 1879, a period in which the state made liberal grants to the towns that had ports. The towns were permitted to dispose of the lands and realize on the grants. The second period extends from 1911 through to the present. In this latter era the state has granted lands to a variety of local units, with restrictions that they might never alienate the title to the lands, but might lease them for a period of years and thereby realize a monetary return. The local units do not own the tidelands given under this control, but maintain a perpetual trusteeship. However, the revenues and benefits of administration accrue to the cities. Section 31 of Article IV of the California Constitution of 1879 says in part "... shall it [the legislature] have any power to make any gift, of any public money or thing of value to any individual, municipal or other corporation whatever..." This restriction upon the legislature sought to curb an abuse of power by which much of the public domain had been granted away in prodigal times. It has also limited the municipalities. However, the municipality is something more than a corporation; it is an agent of the state. As an agent of the state it may receive and administer tidelands as a perpetual trustee of the state's interest.

Although California is possessed of an enormous coast line, it has

few natural harbors. In fact, the splendid bay of San Francisco offers the only good natural port facility in the state. The bays of San Diego and Humboldt required dredging to make them sufficiently navigable for deep-sea shipping. The others are open ports which must have breakwaters to make them safe enough to attract shipping in any quantity and at all times of the year. The deep-water anchorage on the San Francisco city side of that bay, then, was a natural monopoly around which the early life of the state centered. From the first the state controlled and developed this natural monopoly, and the groups that controlled the state government controlled the port of San Francisco. The fight to secure municipal control of the other ports was directed as much to break the monopoly held by San Francisco as to break the control that the railroad groups were believed to hold over the ports. Before they could compete with San Francisco, the cities of Oakland, Los Angeles, and San Diego had to obtain control of their own water fronts. In this effort they faced two discouraging obstacles. They found that most of the water front had passed into private ownership by special grants made by previous legislatures. In the legislature they were blocked by a well-organized group of San Francisco legislators.

The state had come into possession of these tidelands at the time of its admission into the Union. When a state is formed of territory originally owned or acquired by the United States, the state by virtue of its sovereignty becomes the owner of all lands within its boundaries covered by navigable waters, and the adjoining tidelands.¹ These tidelands had been defined as those below the "normal high tide." During the first twenty years of state government California considered tidelands as being no different than salt marsh, swamp, and overflowed lands. All such public lands were placed under the jurisdiction of a Board of Reclamation Commissioners for reclamation and disposition.² Some recognition was made of the need for a different policy with respect to tidelands within cities. The legislature of 1861 confirmed all sales of public lands except tidelands lying within five miles of the cities of San Francisco and Oakland and within one mile of the state peniten-

¹ *F. A. Hihn Co. v. City of Santa Cruz*, 170 Cal. 436, 442; 150 Pac. 62 (1915).

² *Stats.* (1861), ch. 352, p. 355.

tiary.³ Within these limits only Alcalde grants made under Spanish and Mexican administration were recognized. Two years later the Reclamation Commissioners were authorized to dispose of tidelands and other lands for the sum of one dollar per acre, exception being made of lands within the limits previously stated.⁴

During the period from 1851 to 1879 the state made numerous sales and grants of tidelands. Many of the grants, however, were made to municipalities, which in turn squandered these resources. Most of the cities that had port facilities at the time received grants of tidelands with permission to sell them. Martinez was the first town in California to receive a grant of the tidelands fronting it. The 1851 legislature gave to the town the lands lying under the Straits of Carquinez opposite the settlement.⁵ However, Martinez has never developed to be a port of any importance.

The degraded status of political affairs during this period is illustrated by the difficulties encountered by Oakland. The act of incorporation, approved on May 4, 1852, granted title to the water front within the town limits.⁶ On May 17 of that year the board of trustees of the new town adopted an ordinance granting all title to the lands to H. W. Carpentier, who was mayor for a time. In 1854 the city of Oakland was incorporated as successor to the town. Some time later the city began suit in equity to set aside the grant to Carpentier on the ground of fraud. The case was carried to the State Supreme Court and was remanded. Before the case came to trial again, the legislature passed an act, on May 15, 1861, amending the charter, attempting to define the limits of the tidelands, and confirming the town trustees' action by legislative fiat.⁷ The suit was continued in the courts but the State Supreme Court refused to decide the validity of the claims.

A new element was injected in 1867 when the so-called "Big Four" began building a railroad from Sacramento to San Jose. Hopes were raised in Oakland, and Carpentier offered a part of the water front if the railroad would establish a terminus at that point. The railroad re-

³ *Ibid.*, ch. 356, p. 363.

⁵ *Ibid.* (1852), ch. 107, p. 180.

⁴ *Ibid.* (1863), ch. 397, p. 591.

⁷ *Ibid.* (1861), ch. 377, p. 384.

⁶ *Ibid.* (1851), ch. 35, p. 304.

jected his offer because his title was under question. The city government then agreed to drop the suit and go to the legislature to procure the necessary authority to make a compromise of claims. The city was to get a small section of the water front and the remainder was to be divided between the Oakland Waterfront Company, in which Carpentier had stock, and the Western Pacific Railroad. The legislature of 1868 authorized the city to settle any claims and controversy in which the city was interested. On March 21, 1868, all parties except the city executed contracts apportioning the water front, and on April 1, 1869, the city affirmed the sale to Carpentier by ordinance. For a second time the city gave up control of its water front.

The town of Benicia offers an example of a town selling its tidelands and yet retaining control of the approaches to its water front. The water-front line was set by legislative enactment⁸ and the city was authorized to sell lands back of that line.⁹ The city disposed of much of the land in lots, but kept a strip sixty feet wide between the water-front line and the land along certain streets. This land was reserved for a street. In this manner private property owners were shut off from access to the water front, and the front remained under city control at those points. Later the city built a wharf which made the private lands still less accessible by water. This action was upheld by the courts as not constituting an invasion of the rights of the property owners.¹⁰

All grants of tidelands to cities and towns were made by special act. Hence the conditions or directions of the grants vary somewhat. Several towns received grants at this time. An Act of 1858 granted to Eureka the entire water front within its corporate limits.¹¹ Crescent City received title to its water front by act of the legislature of 1867.¹² This grant gave the city the state's right, title, and interest in the overflowed lands and the tidelands out to a point where the water was eighteen feet in depth at low tide. The city authorities were permitted to sell these lands from time to time as would benefit the city. Express

⁸ *Stats.* (1859), ch. 292, p. 315; *ibid.* (1867-1868), ch. 251, p. 266.

⁹ *Ibid.* (1855), ch. 187, p. 239; *ibid.* (1859), ch. 292, p. 315.

¹⁰ *Shirley v. City of Benicia*, 118 Cal. 344; 50 Pac. 404 (1897).

¹¹ *Stats.* (1857), ch. 82, p. 76. ¹² *Ibid.* (1867-1868), ch. 299, p. 335.

conditions were laid down with respect to procedure in selling the land, and with respect to the size of land parcels sold. The special act that gave the town of Monterey title to its water front directed that the lands were to be for the use and benefit of the municipality and the town could not give title to them.³³ The lands might be leased, however, for a period of from five to ten years. Monterey's neighbor, Santa Cruz, received a grant of tidelands by an amendment to the act of incorporation in 1872. The lands were dedicated as public grounds to be placed in the trust of the corporate authorities for public use.³⁴ The city could not sell the lands, but wharves might be built for commercial purposes.

San Francisco had been treated differently by the legislature than had the other cities and towns. The legislature of 1861 had reserved tidelands within five miles of San Francisco from sale under the general laws as administered by the state land authorities. In 1868 the governor was authorized to appoint three men to a Board of Tide Land Commissioners which was to have control and disposition of all state land situated in the City and County of San Francisco.³⁵ The legislature made some grants to companies, but in 1871 it delegated to the local authorities the power to apportion state lands for railroad and other commercial purposes by ordinances. If the railroads did not use the land for terminal purposes it should revert to the state. Several scandals developed in the disposition of lands, and in 1875 the Board of Tide Land Commissioners was abolished, but not until after a considerable part of the city's water front had been given away or sold.

For some time there had been a tendency to reserve state tidelands within a certain distance of cities, except in those instances where the legislature saw fit to reverse its policy by special act. A statute of 1870 directed that all lands within two miles of any incorporated city or town should be reserved from private disposal.³⁶ However, there were no legal restrictions upon the legislature that would prevent it from nullifying this restriction at any time by special act.

Indiscretion in granting state tidelands to private groups by special

³³ *Ibid.*, ch. 210, p. 202.

³⁵ *Ibid.* (1867-1868), ch. 542, p. 716.

³⁴ *Ibid.* (1871-1872), ch. 342, p. 472.

³⁶ *Ibid.* (1869-1870), ch. 573, p. 877.

acts was merely one of the sins of commission held against the legislature by groups in the Constitutional Convention of 1879. One of the major points of agreement among the various factions in the convention was that the power of the legislature must be curbed. Several of the men who went into the convention were familiar with conditions and had been striving to overthrow corporate control of their local port facilities. Among these were Volney E. Howard and J. J. Ayers of Los Angeles, who expressed the bitter antagonism of the farming and business interests of that section toward the shipping and transportation corporations.

Groups of Los Angeles merchants were angered at the condition into which their port facilities had fallen. All junctures of rail and water facilities were controlled by the Southern Pacific Railroad. In order to encourage the building of a railroad that would place the city in contact with tidewater the city had contributed \$75,000 to the Los Angeles and San Pedro Railway. The county subscribed \$150,000. When the Southern Pacific built into Los Angeles from San Francisco the city and county turned over their shares in the local company and the Southern Pacific was provided an outlet at Wilmington.³⁷ In 1875 Senator Jones of Nevada built a shorter line between Los Angeles and Santa Monica. The Southern Pacific immediately lowered rates, and when Jones lost money the Southern Pacific bought him out. The Los Angeles merchants then attempted to beat the rail monopoly of shipping from San Francisco by chartering a steamer. The Southern Pacific charged them high rates for storage in its warehouse at Wilmington and promptly cut the rates on steamers under its control so that the merchants gave up the charter-ship idea.³⁸

J. J. Ayers was a leader in the convention in advocating that the legislature should be restricted in its power to grant the tidelands and other water-front facilities belonging to the state. N. G. Wyatt, workingman lawyer from Monterey, declared in a speech before the convention that the greatest abuse of the lawmaking power in the state

³⁷ Board of Harbor Commissioners of the City of Los Angeles, *The Port of Los Angeles* (Los Angeles, 1913), p. 25.

³⁸ C. B. Swisher, *Motivation and Technique in the California Constitutional Convention, 1878-79* (Claremont: Pomona College, 1930), p. 47.

had been in the disposition of public land, particularly that bordering on navigable water. Others who were not of an anti-corporation temper stated that there should be some restriction because land was being taken up along waterways purely as a speculative proposition and that such acquisition was not contributing to the development of the state.

The provision as first proposed and reported out of the convention committee simply placed constitutional sanctions upon the existing statutory policy that all tidelands within two miles of an incorporated city or town should be reserved from sale. Provision was made for leasing warehouse sites upon ordinances by county boards of supervisors. With the exception of J. J. Ayers, the proponents of the measure had no very clear idea of the problem or of how to prevent the evil of which they talked so glibly. Ayers admitted that the purpose of the constitutional provision was largely to place the existing statutes on the matter into the more permanent form of a constitutional statement. His answer to the opposition was that nothing in the article was intended to destroy rights previously acquired. The courts had continually held that these could not be disturbed. He sought merely to reverse the land policy held up to that time and reserve such lands as remained in the control of the state.

Some of those who opposed the article frankly admitted that they owned tidelands and regarded the measure as dangerous. They offered the rationalization that the article would restrict the growth of cities. Before the final vote was taken, the provision allowing county boards of supervisors to lease tidelands had been stricken out. The final vote was close, but the measure passed by a vote of 65 to 57.

Popular interest was diverted to other matters once this restriction was laid upon the legislature. Laws already in effect permitted the development of shipping facilities under private initiative. However, as local governing authorities sought to develop municipal policies, points of tension were created. Conflicts arose between municipal policy and rights granted under general state law. It became apparent that the tideland article in the 1879 Constitution did not protect cities that had had their water-front facilities disposed of prior to 1879. Also it became apparent that when a conflict arose between private rights and public

interest as interpreted by city councils the former would take priority. Interpretation of public interest became a political matter in many communities. A later generation grew restive under agreements and franchises given by prior city councils and legislative assemblies.

The town of Monterey had been permitted only to lease the tidelands granted in 1867. Later the courts were called upon to interpret the terms of this grant when the extent of the power of the city to lease a pier for private dockage purposes was questioned.¹⁹ The only pier constructed had been leased to the Pacific Steamship Company, which had been allowed to charge for dockage of other ships. This exclusive lease was challenged as a monopoly and contrary to the public interest specified by the grant. The court felt called upon to construe the entire meaning of the act to settle the contested point. It interpreted the "use and benefit of the city" to mean that the city council could lease portions of the water front for any lawful purpose not injurious to the harbor or an inconvenience to commerce. The city might also lease portions of the water front for "bathing grounds," and therefore the court saw no reason why a small portion of the water front might not be leased to a steamship company for its special use. However, the result of the decision was to continue an existing monopoly.

The recognition by the court in this case that tidelands might be of some use other than for commercial purposes is unique. In the few instances in which the legislature specified intent of purpose it had indicated a policy of developing the municipal water fronts for commercial purposes. In some instances the legislature reserved the right to grant rights of way to railroads over the tidelands it had given the city. Conflict between local recreational interests and commercial interests operating under franchise from the state is illustrated in Santa Cruz. That city had received a special grant in 1872 giving tidelands in trust to the municipal corporation without right of alienation. The power of the state to build and maintain wharves had been specifically retained.²⁰ In this same year the legislature passed a Civil Code and a Political Code. Both of these codes permitted railroads to build wharves

¹⁹ *Pacific Steamship Co. v. J. S. Kimball*, 114 Cal. 414; 46 Pac. 362 (1896).

²⁰ *Stats.* (1871-1872), ch. 342, p. 472.

and rail lines over tidelands. Section 465 of the Civil Code gave the railroads power to construct their roads across or along any bay, street, or highway. However, within a city this power was to be exercised only upon a two-thirds vote of the city council. Section 2906 of the Political Code permitted city councils to grant authority to the railroads. Such franchises were to be for twenty years. Once the city had given the franchise, the state automatically gave the railroad a right of way over all state tidelands necessary for operation of a wharf. On January 9, 1875, the city council of Santa Cruz granted a fifty-year franchise to a small railroad to construct and maintain a rail line on the city streets and upon a wharf which the railroad was thereby empowered to construct. The Southern Pacific came into title of the property in 1887.

In the case of *City of Santa Cruz v. Southern Pacific Railroad Co.*²² the city attempted to recover title to tidelands and wharf used by the railroad and to enjoin the railroad from filling in under the wharf so as to interfere with recreational uses of the beach. The State Supreme Court took cognizance of the fact that Santa Cruz was primarily a recreational center. The court declared, however, that the intent of the legislature was such as to make the use of the water front for navigation and fishing a primary use. Recreation was secondary and might be the controlling use only in the event that it did not interfere with navigation. This was clearly judicial legislation, inasmuch as the legislature had indicated by special mention a recreational use in the Santa Cruz grant. An interesting point is also brought out by the court in ruling on the conflict between the ordinance and state law concerning use of the tidelands and wharves. The recreational use, being secondary, is a local matter. Said the court: "The purpose was to give Santa Cruz control of the beach when it was not in use for navigation or fishery."

In 1896 the city of Oakland began another attempt to overthrow the terms of the previous grants to Carpentier and the railroads. Chief Justice Beatty of the State Supreme Court ruled that the terms of the bargain must stand even though the city may have given up too much,

²² 163 Cal. 538; 126 Pac. 362 (1912).

so long as there was no question of fraud.²² Thus an interest originally promoted by political favoritism became a vested interest that could not be ousted by a later council.

The period of apathy that set in after the Constitutional Convention of 1879 had adjourned was broken by litigation such as this, with the result that political interest was rearoused. The constitutional restriction upon granting tidelands within two miles of cities had not been effective in the San Pedro region. For a period of several years after 1879 written applications were filed with the state surveyor general for patents to lands on San Pedro Bay. Absolute ownership to about thirteen hundred acres had been granted.²³ Thus a presumption of title was created that had later to be overthrown in the courts. Commercial groups in Los Angeles had been successful in obtaining federal appropriations for building a breakwater at San Pedro as preliminary to developing a harbor there. That move had been marked by a sharp fight between the groups favoring San Pedro and the Huntington railroad group that favored Santa Monica. As the next step toward clearing the way for municipal control of the proposed harbor, a group of lawyers drew up a memorandum to the effect that private tideland grants in the area were invalid. This was the beginning of a protracted struggle carried out in several localities to oust private claims and establish municipal harbors. The San Diego State Harbor Commission reported in 1907 that encroachment on the tidelands by interests having no legal right had been discovered there. Governor Pardee took a part in the discussions on the tideland problem and proposed to the legislature that boards of inquiry be appointed to examine and map the tidelands at each of the four more important ports in order to prevent further encroachment on public lands.²⁴ However, this was the recommendation of an outgoing governor and consequently was not acted upon.

In Oakland the railroad had gone beyond the limits of the grant

²² *City of Oakland v. Oakland Water-Front Co.*, 118 Cal. 160; 50 Pac. 278 (1897).

²³ Board of Harbor Commissioners, *op. cit.*, pp. 61-66.

²⁴ *Biennial Message of the Governor to the Legislature, 1907* (Sacramento, 1907), pp. 58-65.

made to it by the city under the compromise of 1868 and had constructed moles out into the water over land belonging to the state. Governor Pardee directed attention to this and urged that action be taken to bring the land under state control. The Governor was particularly interested in Oakland, as he was a resident of that city, but his proposals interested other cities as well. Pardee's interpretation agreed with that of the group of lawyers in Los Angeles on the point that tidelands were held by the state in trust and could not be alienated. It differed, however, in one important point. The Governor proposed that private claims be ousted where possible and the state should then lease the lands for a period of years. Whatever revenue might accrue would go to the state. The Los Angeles group were looking toward municipal control of the harbors under state authorization. It seemed important to Los Angeles business groups that the city have control of the water front at San Pedro and have power to develop a harbor for local profit and benefit.

Federal development of the San Pedro site had begun before Los Angeles had any claim upon the harbor. In 1906 the city extended its territory toward the harbor site by annexing a narrow strip of territory lying in that direction. Los Angeles, however, was unable to annex San Pedro and Wilmington under the laws then existing because there was no provision for annexation of incorporated towns or cities. Permissive legislation was wrung from the 1909 legislature after a stiff struggle and the two towns were annexed in August of that year. Even before Los Angeles had a harbor, the wish became father to the deed and the city council created a harbor commission by ordinance.²⁵ Not having a harbor to administer, the commission employed itself in fostering measures before the legislature to bring forth its desired charge.

The first activity of this city harbor commission was to begin suits to recover the tidelands from private control. The city council authorized the commission to request the attorney general to bring the action. Suits were brought in 1908, with the Southern Pacific Company, the Banning Company, Hancock Banning, and the California

²⁵ In 1911 the charter was amended to create a harbor commission to administer the harbor and govern it.

Fish Company the chief defendants.²⁶ On January 3, 1911, Judge Bordwell, sitting in the Superior Court of Los Angeles, handed down the first decision in favor of the state. The decisions that followed were similarly favorable. The cases were appealed to the State Supreme Court, where the decisions were upheld.

Judge Bordwell reasoned that tidelands had been vested in the state as a part of its sovereign prerogative and that it could no more part with the lands than it could part with any other portion of its sovereignty. The state, however, might grant franchises for construction and maintenance of wharves and docks for a reasonable time and under proper terms and restrictions. In this way the state might vest in private individuals or corporations a qualified or limited right in the use of tidelands when the right of the general public to such use is not substantially diminished. The effect of these decisions was to restore title to the state in the tidelands, but to recognize existing rights of the defendants to wharves and dockage facilities that had been constructed under franchise.

The legislature was meeting at the time that the first of the San Pedro decisions was handed down by Judge Bordwell, and on January 19 Senator Hewitt introduced a bill to grant tidelands to the city of Los Angeles in trust for certain specified public uses. Immediately the proposal was attacked by the San Francisco legislative group, who sought to prevent the development of a harbor at San Pedro by opposing the tideland bill. The Merchants' Association of the northern city admitted that they were afraid of competition from the new port.²⁷ The Los Angeles advocates insisted that the real power behind the opposition was the Southern Pacific Railroad. Mayor Alexander of Los Angeles made the specific accusation before the Senate judiciary committee when the tideland and harbor pilot bills were before that body. That was the most effective accusation that could have been made in the charged atmosphere of California politics of that time. Los Angeles had been fighting the railroad for years. The 1911 session of the legislature was dominated by the Progressive group, which had opposed

²⁶ See Board of Harbor Commissioners, *op. cit.*

²⁷ Franklin Hichborn, *The Story of the Session of the California Legislature of 1911* (San Francisco, 1911), p. 300.

the railroad and the political workers associated with it. Furthermore, this group had been given leadership when Hiram Johnson had taken the governor's office a few days before these bills were introduced. Johnson had campaigned on the promise to "Kick the Southern Pacific out of Politics." The time was favorable.

It cannot be generalized that the Progressives were favorable to local control in particular. They might, with reason, have favored state control inasmuch as their group was then in control of the state government. Governor Johnson reorganized the State Harbor Commission at San Francisco as soon as possible.²⁸ The explanation for the success of the cities lies in the fact that the four major cities were able to reach an agreement whereby the city representation in the legislature worked together to force the tideland bills through to a favorable conclusion.

Los Angeles was the first to introduce a municipal tideland bill. It was followed closely by San Diego and Oakland. A proposal was offered also that the state give over to the City and County of San Francisco the state-developed harbor there.²⁹ This latter proposal was generally opposed. It was revealed during the session that the Chambers of Commerce of Los Angeles and San Francisco had agreed at some time previous that Los Angeles legislators should be prevailed upon to favor San Francisco wishes in a bond vote and that the San Francisco delegation should reciprocate by favoring the tideland bill. Business groups were divided, however, both with respect to opposition to the Los Angeles project and with respect to municipal control of the San Francisco harbor.³⁰ Another factor that was of even greater importance in determining alignments in this session was the reapportionment issue. The Randall bill, introduced by a Los Angeles representative by that name, proposed to reapportion the legislative districts in such fashion as to give Los Angeles a greatly increased representation. This plan was not agreeable to the San Francisco group

²⁸ *Biennial Message of the Governor to the Legislature, 1913* (Sacramento, 1913), p. 27.

²⁹ Hichborn, *op. cit.*, p. 303.

³⁰ *Ibid.*, pp. 303-305; see also *Transactions of the Commonwealth Club of California*, VII (no. 6, December, 1912), 515-554.

and to representatives of other northern counties. In order not to jeopardize both measures, the leaders of the Los Angeles group agreed to give up their support of the reapportionment plan provided the San Francisco group would favor the tideland bill.

All tideland bills were referred to a special subcommittee composed of one representative from each of the four harbor cities and one from an interior county. By a bit of parliamentary maneuvering this subcommittee reported directly to the Senate without reporting to committee.²¹ The report was opposed by legislators of the interior counties, who maintained that the state's harbors should be controlled by the state directly in the interest of farming as well as city business groups. Some foreboding of discrimination was expressed in the debates. Certain opponents insisted that if the state could lease the lands, as the courts had held, why should not the lands be leased to the cities and return a profit to the state? The city representatives responded that the state had spent little to develop the harbors at Los Angeles, Oakland, and San Diego, and that if the cities were given the authority to do so they would develop the harbor facilities. With the difference between the cities at last temporarily settled, the tideland bills were passed without much difficulty. Four separate bills granted the state lands in trust to the cities of Oakland, Los Angeles, Long Beach, and San Diego subject to certain restrictions set by the legislature.

Inasmuch as these were special acts written by legislative representatives of the respective cities, each act contains features unique to the particular city. These acts provide outstanding examples of special legislation for cities. However, the statutes granting tidelands to Long Beach and to Los Angeles contain numerous features common to many of the special tideland acts.²² Right, title, and interest of the state in all tidelands and submerged lands, filled or unfilled, within the present boundaries of the city were granted to the city. The land was described as situated below the line of mean high tide of the Pacific Ocean, or of any harbor, estuary, bay, or inlet within the boundaries. The land was to be held forever by the city and its successors in trust

²¹ Hichborn, *op. cit.*, p. 311.

²² Long Beach: *Stats.* (1911), ch. 676, p. 1304; Los Angeles: *ibid.*, ch. 656, p. 1256.

for uses and purposes under conditions set forth in the act. The lands were to be used solely for the establishment, improvement, and conduct of a harbor, and for construction, maintenance, and operation of wharves, docks, piers, slips, quays, and other utilities, structures, and appliances necessary for the promotion of commerce and navigation. The city was forbidden to alienate any part of the lands to any individual or corporation for any purpose whatever. It was permitted, however, to grant franchises over the land for limited periods of time, and to lease parts of the land for limited periods, consistent with the purposes of the trust and requirements of commerce and navigation. In some of the grants the lease and franchise period was left indefinite, but that was governed by general laws.³³ The grant stated that the harbor was to be improved by the city without expense to the state, but that the state should always have the use of any such works constructed by the city. The harbor was to remain always a free harbor for commerce or navigation. In the management, conduct, and operation of the harbor, or of any utilities or structures, no discrimination in rates or in facilities for any use or service was to be made or permitted by the city. The people of the state were to have the right to fish in these harbors and to have free access over tidelands for that purpose. Los Angeles was given a particularly free hand in the government of its harbor, even to providing pilots.³⁴

The San Diego statute granted the city all lands between the line of mean high tide and the pier head line, as established by the federal government, lying between the border of National City and the United States military reservation at Point Loma. The city was given the right to make all improvements and build structures of every kind needful and useful for the development of commerce, navigation, and fishing. It was allowed to construct and operate a belt-line railway. The reservation was made in this act that, if the city attempted to grant

³³ *Political Code*, section 2920, as amended in 1913, gave cities permission to authorize any person or corporation to construct wharves and take tolls for a period of twenty years. The *Civil Code* allowed cities to lease tidelands for twenty years, unless otherwise specified in the grant to the city.

³⁴ *Stats.* (1911), ch. 664, p. 1269. This act abolished the State Board of Pilot Commissioners for Wilmington and San Pedro.

away the lands or make discriminatory rates, the lands should revert to the state. This is one of three grants made with this penalty provided. National City and Richmond have received grants under similar restrictions. Undoubtedly such penalties could be enforced only by court action, however. Other cities might be subject to restraining orders should they attempt an act adjudged discriminatory.

A special condition was attached to the San Diego grant making it necessary for the city to spend a minimum sum on improvements within a given time. The city was to issue not less than \$1,000,000 of harbor improvement bonds within a year unless restrained by a state or federal court. Within eighteen months it was to commence work on harbor improvement. Not less than \$1,000,000 were to be spent within three years for improvements that would make it possible for the largest ships to enter. A depth of thirty-five feet was to be maintained at the piers. If the bonds were not issued and the work was not done within the specified time, the lands were to revert to the state.⁸⁶ The 1909 legislature had provided for a state bond issue of \$1,500,000 to build a sea wall at San Diego and to improve the harbor. However, when the harbor was transferred to the city the improvement became a city expense and the state bonds were not issued. It was estimated, however, on the basis of realty values at the time that the state property interest transferred to the city amounted to approximately \$1,692,032.

Oakland was not as fortunate as Los Angeles and San Diego in having the way clear for public control. Most of the tidelands within the original boundaries of the city had been conveyed to private owners by the agreement of 1868. Title to this had been approved by the State Supreme Court in 1896 and apparently could not be disturbed. The East Oakland basin and the southern or Alameda shore of the estuary were not included in the original grant, although most of the north shore of the basin was claimed under a tideland patent. By the Act of 1911 the state granted to Oakland all its rights and title to the tidelands lying south of Fourteenth Street and east of the former line of the city. Leases might be made for a maximum period of twenty-five years, with renewal for another twenty-five years or termination on

⁸⁶ *Stats.* (1911), ch. 700, p. 1357.

such conditions as might be stipulated in the lease.³⁶ Other provisions of the grant were about the same as those imposed upon Long Beach and Los Angeles.

Because of the unfavorable position in which the city of Oakland had been placed by previous events, the legislature permitted the city to negotiate and compromise with private interests having patents to lands on the water front. The program as planned would allow the city to guarantee leases for from twenty-five to fifty years on condition that the patent holder surrender the title claimed. The only condition to be included in the lease was one to the effect that no use of the land should interfere with navigation or commerce. The leasing arrangement tended to continue the status quo, although the city acquired title in trust for the state. So long as the leaseholders did not use the property to interfere with navigation the city could not oust them, although the use might interfere with harbor developments planned by the city.³⁷ This tended to restrict municipal development of harbor and dockage facilities³⁸ but apparently was the only solution possible.

The cities' harbor problems were not solved by the settling of the legislative grant upon them. The people who opposed public and especially municipal operation of the ports took occasion to challenge the statutes and to question the power of the municipalities. Rights had to be determined, the new statutes had to be construed and clarified. A suit was brought to test the power of the legislature to grant tidelands to a municipal corporation.³⁹ The question hinged upon an interpretation of section 3, Article XV of the State Constitution, which directed that tidelands within two miles of a city should "be withheld from grant or sale to private persons, partnerships or corporations." The court held that such a limitation did not forbid the legislature to grant tidelands to a municipal corporation.

³⁶ *Ibid.*, ch. 654, p. 1254.

³⁷ *City of Oakland v. Larue Wharf and Warehouse Co.*, 179 Cal. 207; 176 Pac. 361 (1918).

³⁸ U.S. War Department, Board of Engineers for Rivers and Harbors, Port Series No. 12, *The Ports of San Francisco, Oakland, Berkeley, Richmond, Upper San Francisco Bay, Santa Cruz, and Monterey, California* (Washington, 1927).

³⁹ *Cimpher v. City of Oakland*, 162 Cal. 87, 90 (1912).

In Long Beach it was necessary to test the power of the city to develop its harbor in view of the fact that the city charter did not clearly grant power to finance and construct harbor equipment. The city claimed that it had the necessary power under terms of a general law permitting cities to develop harbor properties.⁴⁰ The plaintiff contended that a general law could not remedy a defect in a freeholder charter, that the matter of financing and constructing harbor works was a municipal affair and hence for local determination. The court held that it was a well-settled point in California's legislative policy that a city might receive harbor property and administer it as a public utility. If the power to administer a harbor existed, it was immaterial whether its local administration was or was not a municipal affair. If the charter does not give the city power to construct a harbor, and the general laws do, then the latter control.⁴¹

In some respects the governing arrangement for San Diego harbor was peculiar. In 1903 the state had created a San Diego State Harbor Commission and had lodged with it power to govern the harbor and tidelands. This body was continued after the tidelands had been transferred to the municipal corporation. If municipal harbor administration was to develop, inevitably there must be some determination of the powers of the city. In 1918 the case of *Santa Fe Land Improvement Co. v. City of San Diego* presented a question of conflict between the terms of a franchise granted by the State Harbor Commission before 1911 and the determination of the city governing authority.⁴² The city sought to revoke the franchise, contending that the 1911 act transferred the full power of the State Harbor Commission to the city. The court held that the state had transferred complete control to the city so far as there was no conflict with federal authority. Hence city rules and determination were controlling.

Once the policy was established that the state would transfer waterfront control to the cities by special act, municipal control developed rapidly. Every coastal city that might possibly induce a fishing boat,

⁴⁰ *Stats.* (1911), ch. 751, p. 1462.

⁴¹ *City of Long Beach v. Lisenby*, 175 Cal. 575; 166 Pac. 333 (1917).

⁴² 38 Cal. App. 380; 176 Pac. 377 (1918).

a lumber schooner, or an oil tanker to dock there sought to obtain tidelands from the state. By 1931 the state had given tidelands to thirty-one cities, three counties, and one special district. Between 1911 and 1923 all grants either implied or expressly directed that commerce and navigation be the primary interest. The state and local policies were articulated in terms of commercial development, but it was an articulation that was in keeping with general trends of the time.

Certain port towns that seemed likely to develop as shipping centers received title to water-front lands on condition that they spend a minimum sum within a fixed period of time. Apparently there was a genuine intention of compelling these cities to develop their port resources. The legislature was prohibited by the Constitution from forcing taxation upon counties or cities for local purposes, but this prohibition could be avoided by making a grant subject to local expenditure. Inasmuch as these special acts transferring state tidelands were introduced by local legislative representatives upon behest of local interested groups, there is a strong possibility that these provisions for local expenditure were included for the purpose of spurring the local electorate on to voting bonds necessary for improvements. The state was never strict in the enforcement of these terms. In some instances the penalties were nullified by later legislation. San Diego was the only city that met requirements for local expenditure in full and received legislative blessing. Originally the city was to have spent \$1,000,000 within three years. A four-year stay was allowed in 1913, and in 1917 the legislature recognized by resolution that the city had met the conditions of the grant and vested unqualified title in the city.⁴⁵ Alameda was required to raise and spend \$250,000 in five years, but the requirement was nullified in 1917.⁴⁶ Arcata was to spend \$100,000 in five years; Richmond, \$250,000 in three years; South San Francisco and Vallejo, each \$250,000 in five years. Arcata and South San Francisco never met these conditions, but were regranted their tidelands without restriction.⁴⁶ Vallejo was released from its obligations because certain of the

⁴⁵ *Stats.* (1917), p. 1943 (S.C.R. 25). ⁴⁶ *Ibid.*, ch. 594, p. 907.

⁴⁶ *Arcata: Stats.* (1917), ch. 542, p. 708; *South San Francisco: ibid.* (1925), ch. 56, p. 129.

lands had been filled and were no longer tidelands under the original terms.⁴⁸ Restrictions against sale of these filled lands was withdrawn also. San Mateo, Burlingame, and National City received grants on condition that they each spend \$100,000 within five years in improving their harbor facilities. There was really no valid reason for such requirements. None of these towns was capable of commercial development necessitating such expenditures. After the original grants lapsed, the legislature renewed them and omitted the expenditure requirement.⁴⁹

In most instances the legislature merely directed that the city governing authorities should not discriminate in the rates set for use of lands and docks nor in the apportionment of the properties to leaseholders. However, in two grants a penalty was provided. Richmond and National City were threatened with loss of their tidelands if discriminatory rates were charged for use of wharves. In event of violation of the terms, the lands were to revert to the state.

In several instances the cities were restricted in their power to lease tidelands and any wharf facilities that might be constructed by the municipalities. Richmond could not lease more than 50 per cent of the tidelands,⁵⁰ and National City was prohibited from leasing more than 75 per cent of the dock space built by the municipality.⁵¹ Monterey was prohibited from leasing more than three hundred feet of water front to any one lessee. All vessels entering that harbor were to be permitted to dock at any wharf or dock, to land passengers or merchandise, upon payment of a reasonable charge. Dockage charges were to be regulated by the lease terms, or might be determined by ordinance from time to time.⁵² After 1919 no attempt was made to impose conditions that a city spend a certain amount upon improvements in order to retain control of its tidelands. Virtually no penalties of any kind were imposed after that date.

By 1923 at least, the enthusiasm for developing harbor facilities to

⁴⁸ *Stats.* (1925), ch. 417, p. 848.

⁴⁹ National City: *Stats.* (1923), ch. 46, p. 81; San Mateo: *ibid.* (1933), ch. 245, p. 774.

⁵⁰ *Stats.* (1913), ch. 317, p. 606.

⁵¹ *Ibid.* (1917), ch. 28, p. 18. ⁵² *Ibid.* (1919), ch. 669, p. 1359.

exploit potential commercial and navigational resources had subsided in many communities. An awakening appreciation of recreational resources began to make itself felt. If the doctrine enunciated by the State Supreme Court in *City of Santa Cruz v. Southern Pacific Railroad Co.*¹⁶³ continued to hold, municipal development of recreation on the beaches stood always in the precarious position of having to give way to commercial development. However, the legislature began to express itself in such terms as to indicate that recreation might be of prime importance in certain communities. A tideland grant to the city of Coronado expressly permitted the city to use its tidelands for bathhouses and bathing facilities, as well as for commerce and fishing.¹⁶⁴ The City and County of San Francisco received two grants for recreational purposes. One was for an aquatic park.¹⁶⁵ Another included several parcels of land which were to be combined for a park and boulevard. No part of this land could be alienated for any purpose.¹⁶⁶ Santa Barbara received a grant in 1925 under conditions similar to those governing the grant to Coronado.¹⁶⁷ Laguna Beach received all tidelands within its limits for a public park, to be developed for recreational purposes, and for a harbor.¹⁶⁸

Two major policies in the control of use of the tidelands were formulated in the 1931 session of the legislature. One was the policy of developing the recreational use of the lands, a policy which had its inception in recognition of the fact that the commercial use of the tidelands had developed at the expense of the recreational use. In keeping with this policy, the legislature granted the city of San Diego a part of the tidelands to be used exclusively for a public park, with a bathing pool for children, a parkway, a highway, a playground, and other recreational facilities.¹⁶⁹ In the act giving tidelands to the city of Pacific Grove the legislature applied the concept of zoning and planning to water-front development. This was entirely new. No property was to be used or leased for any commercial, industrial, or revenue-producing

¹⁶³ 163 Cal. 538; 126 Pac. 362 (1912).

¹⁶⁴ *Statr.* (1923), ch. 49, p. 85.

¹⁶⁵ *Ibid.*, ch. 88, p. 163.

¹⁶⁶ *Ibid.*, ch. 359, p. 743.

¹⁶⁷ *Ibid.* (1925), ch. 78, p. 181.

¹⁶⁸ *Ibid.* (1927), ch. 51, p. 90.

¹⁶⁹ *Ibid.* (1931), ch. 937, p. 1943.

purpose except as set forth in the act. All or any part of the water front might be leased by the city for pleasure purposes, however. A strip of five hundred feet was set aside as the section in which commercial undertakings might be allowed. Not more than three hundred feet of this zone could be leased to one lessee. This application of the principles of zoning was a logical outgrowth of the awakened interest in city planning and in planned development of the beach and park resources of the state.⁸⁸

The other important development in tideland policy resulted in a particular limitation upon the power of the cities. The state adopted the policy of reserving all deposits of minerals, including gas and oil, that might be found under the tidelands granted to the local units. Oil deposits were not discovered until after the greater part of the lands had been given over to the local units. In fact the importance of these deposits was not recognized until about 1928.⁸⁹ Their exploitation on a royalty basis promised a lucrative source of revenue to any governing unit that could establish title to the lands most favored with these deposits. In 1921 the legislature authorized the surveyor general to grant permits to prospect for minerals on state-owned lands, including tidelands, and to negotiate leases upon the discovery of minerals. By 1928, when this activity had assumed important proportions, the surveyor general was overwhelmed with applications for permits to prospect in Orange, Santa Barbara, and San Mateo counties. The state appeared about to profit handsomely. However, many individuals and municipalities protested strongly against this use of the tidelands because it spoiled the beaches by leaving them covered with oil. The 1929 legislature sought to limit the powers of the surveyor general in order to remedy the situation complained of. Although some cities complained of oil as a nuisance, others regarded it as a financial god-send and proposed to permit drilling for their own benefit. Los Angeles was one of these. Oil had been discovered under tidelands in Venice, which had been annexed by Los Angeles. In a friendly suit

⁸⁸ See recommendations of Frederick Law Olmsted, *Report of State Park Survey of California* (Sacramento: State Printing Office, 1929), pp. 22-24.

⁸⁹ State Department of Finance, *Report of the Director of Finance to the Governor* (Sacramento, 1930), p. 66.

brought to test the city's power to permit drilling, the appellate courts ruled against the city.⁶⁰ The court interpreted the intent of the legislature in giving the tidelands to be the development of a harbor. The legislature never contemplated such a use as drilling for oil. Furthermore, the court held, when the city permitted the lessee to drain away the oil deposits, it gave away in effect the freehold granted it by the legislature. Inasmuch as the lands could not be alienated, drilling could not be permitted by city ordinance or agreement.

The 1931 legislature specifically reserved all mineral and petroleum rights to the state in three grants of tidelands in that year.⁶¹ It also forbade the surveyor general to lease tidelands under state control within one mile of San Quentin, or within the boundaries of San Francisco, Oakland, Los Angeles, or within five miles of these cities.⁶² It did leave him the power to lease near other municipalities and within the limits of those to which the state had not granted tidelands. At the general election on November 8, 1932, the city of Huntington Beach sought by initiative petition to have the State Constitution amended to give the city its tidelands and to allow it to lease them for the production of oil and gas.⁶³ Fifty per cent of the royalties were to go to the city and a like amount to the state. The measure was defeated.

The grant made to the city of San Buenaventura in 1935 illustrates the newer type of legislation involved. The city was given control in perpetuity over all tidelands within its limits for the purpose of developing a harbor, and for fishing and recreational uses. Provisions of the city charter concerning the government of the harbor and terms of leases were to control. However, the city was forbidden to drill for oil or to permit others to drill. The power to permit drilling was to be reserved to the state.⁶⁴

Although the state has made most of its tideland grants to cities,

⁶⁰ *Stone v. City of Los Angeles*, 114 Cal. App. 192; 299 Pac. 838 (1931).

⁶¹ San Diego: *Stats.* (1931), ch. 937, p. 1943; Oakland: *ibid.*, ch. 621, p. 1346; Santa Barbara County: *ibid.*, ch. 846, p. 1742.

⁶² *Stats.* (1931), ch. 294, p. 709.

⁶³ Proposition No. 11, adding a section to Article XV of the State Constitution. See *Proposed Amendments to the Constitution and Proposed Laws*, compiled by Fred B. Wood, legislative counsel, November, 1932 (Sacramento, 1932).

⁶⁴ *Stats.* (1935), ch. 213, p. 869.

it has given a few in recent years for the benefit of counties. The interest in oil production led to the transfer of tidelands for harbor purposes to the county of Santa Barbara in 1931, when a small strip of tide and submerged land between Sand Point and Rincon Creek was given to the county, with oil rights reserved to the state.⁶⁵ This Rincon area was one of the principal areas for state leasing of drill sites. The original plan seems to have been to develop an oil-loading port of call under county or district control. Counties had received powers enabling them to build, operate, and govern harbors under authority of general laws in 1915 and 1921.⁶⁶ However, Santa Barbara County did not develop the property given it. The County Harbor acts were designed primarily to assist a harbor project in another section. Orange County was given a section of tidelands on Newport Bay outside the city limits of Newport Beach.⁶⁷ Under authority of these acts the county has cooperated with the city and the federal government in a harbor-development project designed to improve yachting and pleasure-boat facilities. A recent addition to the list of counties to receive state tidelands for the purpose of developing a harbor is Santa Cruz.⁶⁸ The terms of the grant are similar to those made for cities. Both commercial and recreational uses are recognized, although the major emphasis is upon development of some shipping facilities under county authority.

Only one grant of tidelands has been made to a special district. In 1929 the legislature transferred a strip of land to the Carmel Sanitary District for use in developing a sewage disposal plant.⁶⁹ None of the land was to be used for any purpose other than those necessary and convenient for sanitation facilities. These facilities were to be subject to the rules and regulations of the State Board of Health. This grant was unique in that it was for a special use, and also that the use was subject to state administrative control. Health and sanitation, however, have been primarily state affairs.

As air travel has become an important means of communication and commerce, harbor cities have found it desirable to locate airports

⁶⁵ *Stats.* (1931), ch. 846, p. 1742.

⁶⁶ *Ibid.* (1915), ch. 740, p. 1459; amended by *Stats.* (1921), ch. 760, p. 1314.

⁶⁷ *Ibid.* (1919), ch. 526, p. 1138.

⁶⁸ *Ibid.* (1935), ch. 687, p. 1876. ⁶⁹ *Ibid.* (1929), ch. 137, p. 254.

in close proximity to shipping terminals. Both San Francisco and San Diego have been given state tidelands with express authorization to fill such lands and build airports upon the filled territory, subject to conditions somewhat different from those governing tideland administration.

Twenty-five years have passed since the fight was made to substitute municipal harbor administration for private control of shipping facilities. Thirty-two cities have been granted their water fronts and given the government of those areas. A number of them have carried out the original purpose of the grant and developed commercial harbors. Others, in the absence of commercial demands, have allowed the lands to stand idle or have allowed the beaches to be used for recreational purposes. The legislature has made substantial grants of lands to the local units under certain conditions, but there is no administrative body charged with the duty of ascertaining if these provisions and conditions have been observed. At present the matter can be determined only by test suits brought on the urging of citizens or by interested parties.

As a lively interest in state parks and recreational beaches developed, many persons insisted that there be some state administrative agency to investigate and safeguard the state's interest in these public lands. The State Seacoast Committee, an interim special committee, recommended to the 1931 legislature that some agency be delegated to make a study of conditions.⁷⁰ Frederick Law Olmsted proposed in 1929 that some agency, preferably the Department of Natural Resources, should be assigned the duty of protecting the state's proprietary interest in all tidelands not yet definitely assigned to local agencies, to establish legal limits of the state's control, and to study the various proper uses to which different lands might be put. The 1933 legislature placed responsibility for administration of all tidelands that remain in the title of the state with the chief of the Division of State Lands in the Department of Finance.⁷¹ The division is respon-

⁷⁰ California Legislature, Forty-ninth Session, *Report of Joint Legislative Committee on Seacoast Conservation* (Sacramento, 1931).

⁷¹ *Stats.* (1933), ch. 914, p. 2373.

sible for granting permission to littoral owners for construction of jetties, and so forth, and for giving permits to use or cross state tidelands.

These statutes of recent legislatures recognize a more definite policy toward granting tidelands and toward their administration. This policy is based on at least twenty-five years' experience. The Act of 1931 recognizes a well-defined division of responsibility for administration of the tidelands. The state agency will administer the lands not yet given to the municipalities and counties. The governing bodies of the counties, cities, and special districts are charged with the same responsibility and authority over those lands transferred to their jurisdiction.⁷³ State administrative authority does not extend within these local units. Cities holding tidelands are the agents of the state, administering the lands under legislative permission and direction. An appreciable degree of home rule has been injected into municipal harbor administration in California.

⁷³ *Stats.* (1933), ch. 914, p. 2373.

IX. SUMMARY OF THE GENERAL PROBLEM

AFTER A REVIEW of the development of subventions for various functions, it seems reasonable to conclude that state aid, either in the form of subventions or as state-collected, locally shared taxes, is an accepted state-local relationship in California. The local units of government are growing more dependent upon the state for financial support. The state in turn has exacted some compliance with standards and has exerted both legislative and administrative control. There is some tendency to increase the state administrative control over local functions.

The growth of state aid brings with it several problems with respect to local government. As the state attempts to equalize the cost of local government and the tax resources, is there any guaranty that weak and inefficient governmental units are not being subsidized to continue their existence? As the state increases its aid to the counties and school districts, the problem of the small mountain county takes on fresh importance. In 1931-1932 three counties, Alpine, Mono, and El Dorado, levied no district elementary school taxes. Assumption of the county share of school support by the state in 1933 meant that such counties would have their schools maintained by state funds exclusively. In 1935 four counties raised less than \$2,500 for elementary school support by district taxes and relied upon the state for the major share of elementary school funds.² A group of nine counties, including Alpine, Mono, Calaveras, El Dorado, Mariposa, Amador, Nevada, Sierra, and Trinity, presents a special problem. Since 1921 these counties have received, on an average, a greater percentage of their income for local purposes from state subventions than have other counties. Since the state added education and highway aids in 1933, these counties receive approximately one-half their revenues from the state. Table 4 shows the percentage of county and district receipts contributed by subventions during the period 1921-1935. Group I, comprising the least populous counties, has received a greater percentage of local receipts

² State Controller, *Annual Report of Financial Transactions of Municipalities and Counties of California, 1935* (Sacramento, 1935), pp. 258-259.

through subventions than any other group. Five of the six smallest counties have received higher percentages than most counties. Analyzing the table in another way, we find that the mountain counties with a large part of their territory in timber have received the largest percentages of their revenues from the state. In brief, the state has contributed heavily to the support of such basic functions as education, welfare, and roads in these mountain counties.

Alpine County is the extreme example of the small rural county kept alive by state aid, which alone makes possible the continuance of local government. It is a small county situated in the mountains near the Nevada state line. The total population in 1930 was 241, of whom 104 were Indians. Of this population, 145 were over twenty-one years of age and presumably eligible to vote and hold office. There were fifteen county officials holding office in 1932, making a total of 10 per cent of the population eligible by age. Counties such as Trinity, Calaveras, El Dorado, and Nevada are historic relics of the gold rush days. As one natural resource has been exhausted, others have been exploited. Lumbering has followed mining, and more recently farming has been undertaken in certain regions. However, these foothill and mountain communities face exhaustion of natural resources with a consequent lack of ability to support local government.² In April, 1929, the Plumas county tax assessor directed attention to the fact that the cutover forest land had increased by 77 per cent between 1921 and 1928 and if the tendency continued tax rates must be raised to offset the decline in property values.³ These counties have been losing population consistently since 1910, whereas during the same period the state as a whole has gained rapidly in population.

In company with other units of government in many parts of western United States these mountain counties have a peculiar situation with respect to tax-exempt property. Large tracts of land in these areas

² See Weeks, Wieslander, and Hill, *The Utilization of Land in El Dorado County*, Bulletin 572, University of California, Agricultural Experiment Station (Berkeley, 1934). This presents an analysis of present and possible utilization of land in this county and considers the part played by the county in relation to these problems.

³ U.S. Department of Agriculture, *Miscellaneous Publication No. 82*, July, 1930 (Washington, D.C.: Government Printing Office, 1930).

TABLE 4
PERCENTAGE OF COUNTY AND DISTRICT RECEIPTS CONTRIBUTED BY SUBVENTIONS, 1921-1935*
Average for All Counties, 0.158

County	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	Average
GROUP I, 0-5,000 POPULATION. GROUP AVERAGE, 0.28																
Alpine.....	0.33	0.40	0.40	0.48	0.53	0.52	0.46	0.44	0.28	0.70	0.68	0.64	0.57	0.63	0.68	0.51
Mono.....	.25	.06	.12	.30	.21	.18	.21	.19	.19	.35	.33	.32	.28	.35	.48	.24
Sierra.....	.17	.21	.20	.21	.20	.21	.22	.21	.19	.35	.29	.28	.32	.49	.54	.27
Trinity.....	.15	.21	.21	.22	.24	.20	.22	.20	.20	.25	.27	.31	.33	.45	.50	.26
Mariposa.....	.16	.23	.21	.22	.23	.23	.22	.26	.22	.25	.30	.30	.30	.45	.47	.27
Del Norte.....	0.09	0.10	0.10	0.11	0.08	0.10	0.10	0.09	0.09	0.08	0.17	0.22	0.27	0.46	0.61	0.18
GROUP II, 5,000-10,000 POPULATION. GROUP AVERAGE, 0.23																
Calaveras.....	0.13	0.19	0.23	0.20	0.20	0.17	0.16	0.19	0.18	0.21	0.23	0.22	0.29	0.44	0.47	0.23
Inyo.....	.04	.13	.15	.12	.17	.18	.16	.17	.17	.17	.17	.19	.18	.38	.40	.18
Lake.....	.13	.16	.20	.20	.21	.19	.16	.15	.16	.15	.15	.20	.27	.48	.50	.21
Plumas.....	.13	.14	.18	.23	.20	.16	.21	.20	.18	.23	.21	.18	.28	.38	.42	.22
Modoc.....	.06	.19	.20	.22	.20	.21	.21	.18	.19	.18	.23	.24	.27	.45	.50	.23
El Dorado.....	.15	.22	.19	.19	.20	.21	.20	.13	.18	.21	.22	.22	.29	.53	.48	.23
Amador.....	.23	.22	.20	.24	.22	.24	.24	.20	.32	.43	.25	.34	.38	.57	.57	.31
Tuolumne.....	0.15	0.20	0.22	0.24	0.28	0.26	0.25	0.22	0.24	0.25	0.27	0.22	0.29	0.39	0.44	0.27

* Calculated from *Annual Report of Financial Transactions of Municipalities and Counties of California, 1921-1935, inc.*

TABLE 4—(Continued)

County	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	Average
GROUP III, 10,000-20,000 POPULATION. GROUP AVERAGE, 0.185																
Colusa.....	0.08	0.09	0.06	0.06	0.09	0.07	0.09	0.08	0.08	0.08	0.09	0.13	0.13	0.22	0.23	0.10
Nevada.....	.14	.15	.20	.20	.21	.21	.20	.22	.22	.24	.31	.24	.26	.49	.51	.29
Glenn.....	.08	.11	.13	.15	.15	.15	.15	.15	.14	.15	.17	.21	.27	.42	.45	.19
San Benito.....	.04	.15	.16	.16	.18	.13	.14	.21	.17	.18	.11	.21	.27	.50	.51	.20
Yuba.....	.03	.09	.11	.11	.11	.12	.08	.13	.13	.13	.17	.17	.19	.37	.38	.14
Lassen.....	.08	.13	.14	.15	.20	.16	.19	.18	.17	.20	.22	.31	.31	.40	.42	.21
Tehama.....	.09	.15	.14	.16	.17	.16	.18	.17	.13	.18	.18	.21	.22	.45	.47	.20
Shasta.....	.13	.21	.17	.22	.22	.31	.18	.16	.20	.21	.25	.24	.27	.41	.37	.24
Sutter.....	.01	.28	.16	.05	.06	.04	.07	.07	.07	.06	.08	.11	.17	.21	.22	.11
Madera.....	0.09	0.14	0.13	0.15	0.18	0.17	0.18	0.18	0.19	0.20	0.22	0.23	0.28	0.43	0.45	0.21
GROUP IV, 20,000-40,000 POPULATION. GROUP AVERAGE, 0.183																
Napa.....	0.08	0.08	0.13	0.16	0.16	0.15	0.17	0.17	0.16	0.17	0.14	0.18	0.24	0.40	0.38	0.18
Mendocino.....	.13	.16	.19	.22	.20	.20	.19	.21	.16	.20	.21	.23	.27	.47	.50	.23
Yolo.....	.06	.08	.07	.08	.04	.09	.09	.09	.11	.10	.11	.14	.15	.25	.34	.12
Placer.....	.12	.20	.22	.20	.21	.16	.19	.19	.20	.21	.14	.25	.32	.40	.60	.24
Kings.....	.06	.08	.10	.10	.11	.15	.14	.16	.14	.15	.15	.17	.19	.33	.38	.16
Siskiyou.....	.12	.19	.22	.22	.23	.20	.24	.20	.20	.20	.21	.25	.33	.47	.55	.25
San Luis Obispo.....	.07	.07	.09	.12	.14	.12	.12	.13	.13	.13	.14	.14	.18	.26	.31	.14
Butte.....	.06	.11	.11	.09	.12	.13	.07	.14	.14	.14	.17	.19	.21	.36	.35	.16
Merced.....	.03	.10	.12	.17	.16	.16	.18	.15	.14	.15	.16	.20	.22	.35	.40	.18
Santa Cruz.....	0.06	0.09	0.12	0.16	0.16	0.15	0.16	0.16	0.17	0.15	0.12	0.21	0.24	0.41	0.37	0.17

GROUP V, 40,000-80,000 POPULATION. GROUP AVERAGE, 0.176

Solano.....	0.07	0.16	0.17	0.18	0.18	0.19	0.19	0.19	0.18	0.16	0.21	0.18	0.24	0.47	0.55	0.21
Marin.....	.10	.11	.13	.14	.11	.11	.13	.10	.12	.13	.15	.16	.19	.32	.38	.16
Humboldt.....	.09	.14	.15	.14	.12	.15	.13	.16	.16	.17	.17	.20	.25	.42	.45	.19
Monterey.....	.07	.13	.12	.13	.14	.14	.14	.13	.08	.15	.15	.16	.20	.37	.40	.16
Ventura.....	.04	.11	.11	.10	.12	.11	.10	.08	.09	.10	.11	.13	.19	.28	.35	.13
Stanislaus.....	.08	.13	.14	.18	.18	.18	.18	.19	.21	.22	.21	.25	.29	.44	.48	.22
Imperial.....	.02	.09	.09	.11	.14	.15	.15	.16	.16	.17	.19	.22	.30	.40	.48	.19
Sonoma.....	.10	.14	.13	.16	.18	.18	.18	.19	.19	.20	.20	.21	.24	.53	.43	.21
Santa Barbara.....	.05	.07	.12	.10	.12	.12	.08	.11	.11	.10	.10	.12	.19	.25	.32	.14
San Mateo.....	.09	.09	.11	.12	.13	.12	.13	.14	.14	.16	.16	.17	.18	.32	.38	.16
Tulare.....	.08	.09	.13	.16	.18	.16	.16	.18	.18	.19	.19	.22	.25	.42	.46	.20
Contra Costa.....	0.06	0.10	0.10	0.11	0.13	0.09	0.10	0.13	0.12	0.12	0.13	0.16	0.16	0.30	0.32	0.14

GROUP VI, 80,000 POPULATION AND OVER. GROUP AVERAGE, 0.16

Riverside.....	0.09	0.11	0.10	0.15	0.12	0.09	0.10	0.13	0.13	0.15	0.15	0.17	0.23	0.32	0.39	0.16
Kern.....	.06	.08	.08	.11	.11	.12	.14	.10	.12	.12	.13	.14	.16	.27	.30	.13
San Joaquin.....	.06	.09	.24	.12	.13	.13	.13	.14	.13	.12	.17	.17	.23	.35	.37	.17
Orange.....	.06	.08	.07	.09	.11	.11	.12	.11	.12	.10	.12	.15	.20	.28	.33	.13
San Bernardino.....	.10	.32	.09	.15	.15	.13	.13	.16	.17	.18	.18	.18	.26	.33	.41	.19
Sacramento.....	.05	.10	.09	.13	.12	.15	.14	.15	.14	.10	.17	.16	.20	.29	.37	.15
Fresno.....	.09	.10	.11	.14	.17	.15	.16	.17	.19	.19	.19	.21	.25	.38	.42	.19
Santa Clara.....	0.09	0.15	0.14	0.14	0.18	0.18	0.16	0.20	0.19	0.18	0.18	0.19	0.23	0.38	0.41	0.19

METROPOLITAN GROUP,* GROUP AVERAGE, 0.15

San Diego.....	0.06	0.10	0.11	0.11	0.14	0.14	0.16	0.15	0.12	0.15	0.15	0.17	0.25	0.33	0.39	0.17
Alameda.....	.10	.12	.16	.17	.14	.13	.12	.14	.15	.14	.15	.17	.19	.25	.39	.16
Los Angeles.....	0.07	0.10	0.09	0.10	0.09	0.10	0.11	0.11	0.12	0.11	0.12	0.13	0.20	0.26	0.30	0.13
Annual average.....	0.07	0.11	0.11	0.12	0.12	0.12	0.13	0.13	0.13	0.13	0.14	0.16	0.21	0.30	0.37	0.158

* San Francisco, a city-county, is listed differently than other counties in the *Financial Transactions*. Comparable statistics are not available to the writer.

have been included in national parks and national forests and are exempt from local taxation.⁴ However, this has not necessarily resulted in a loss of revenue for these counties, although the withdrawal has compelled them to rely upon subventions. Under federal law 25 per cent of all revenues derived from sale and use of national forest timber, forage, and the like is returned to the state to be apportioned to the counties for school and road purposes. Proration is based on the percentage of the national forest land in the county in ratio to the total within the state. The Forest Service estimates that on a basis of assessment of similar property within the counties the maximum tax income under local taxation would be \$300,000 less than under federal subventions.⁵ Federal aid for highway work in forest areas is in addition to the foregoing grant.

Another significant item is the fact that there is a close relationship between size and population of a county and comparative costs of general government.⁶ In general the per capita cost of the county government runs higher in the small rural and mountain counties than in the more populous counties. These counties also receive the largest percentages of local revenues from state aid. Thus it appears that the state has been subsidizing the continued existence of units of government which because of existing conditions must be high-cost units. The fact that basic governmental services must be provided for a small population scattered over a wide area gives rise to such a condition. It is a defensible policy, however, for the state to fulfill its obligation of seeing that an adequate minimum of governmental functions is performed even in sparsely settled areas. Nevertheless most state aids have been given to subsidize existing organization of government. With but one or two exceptions state aid has not been used to encourage either consolidation of organization or simplification of administrative organiza-

⁴ State Board of Equalization, *Report of the California Tax Research Bureau* (Sacramento, 1933), p. 253. Ratio of national forest acreage to taxable nonoperative land:

Alpine	792.02	Inyo	280.01	Mono	546.46
Amador	22.74	Lake	63.84	Plumas	190.34
Calaveras	15.56	Modoc	123.58	Tuolumne	223.15

⁵ U.S. Department of Agriculture, *op. cit.*

⁶ See J. K. Galbraith, *California County Expenditures*, Bulletin 582, University of California, Agricultural Experiment Station (Berkeley, 1934).

drastic step and should be taken only if no other measure appears to be possible to retain the benefits of local government.

In the report of the Commission to Investigate County and Municipal Taxation and Expenditures in New Jersey, Dr. Harley L. Lutz recommended the transfer of administrative and financial responsibility for certain functions from local to state government in preference to increased state aid. As an alternative he proposed reorganization of local administrative areas with payment of costs by the state, either according to actual budgeted costs or according to standard costs as determined by the state department responsible for administration of the function. If state aid were increased, three safeguards must be provided: (1) no increase in state aid until other alternatives have been worked out—if aid comes first, consolidation will be discouraged and uneconomical areas perpetuated; (2) grants should be clearly and definitely applied for tax equalization purposes, based on the assessed value of rateables in the local units; and (3) grants from new revenues for tax equalization purposes should be available for any current or capital expenditure need in the discretion of the governing body.⁸

Although it may be granted, for purposes of discussion, that territorial reorganization of the counties in California would be desirable, it is highly improbable that such a reorganization could be accomplished. Existing county structures are so firmly imbedded in the political and constitutional organization of the state, so many vested interests have a stake in the existing picture, that the benefits to be derived from reorganization would be minimized by the difficulties. Various reorganization schemes have been advocated in the newspapers and in the legislature, but nothing has come of them.⁹ Legislative proposals to realign school organization in terms of a county unit or of larger districts have failed thus far, although several study commissions have dealt with the problem.

In the discussion of reorganization of local units or reallocation of functions, organized local officials and pressure groups allied with

⁸ Commission to Investigate County and Municipal Taxation and Expenditures in New Jersey, *Report No. 3* (Trenton, 1931), p. 248.

⁹ The plan suggested by Mr. Rolland A. Vandergrift, former state director of finance, appeared in the *San Francisco Examiner*, February 25, 1934.

them in defense of the existing setup must be considered. Not only is the institutionalized county represented in the lawmaking body by the legislators elected from its territory, but it is represented before the legislature by spokesmen of those extralegal organizations: the County Supervisors' Association of California, the County Clerks' Association, the County Auditors' Association, the Peace Officers' Association, and kindred organizations. The municipalities are represented by the California League of Municipalities. Individual counties and cities maintain representatives in the capital during the session of the legislature. The three most populous counties, San Francisco, Alameda, and Los Angeles, keep legal representatives continuously in attendance during the legislative session. Other counties each send supervisors and other officials to protest or urge action in legislative committees when bills are pending that affect the respective county's individual interests. The local government pressure group is particularly active in obtaining state aid and in fighting attacks upon state aid. However, the striving of local interests to secure state funds and the watchfulness of state officials, particularly the chief executive, to prevent such "raids" are not particularly new governmental aspects.

A technique of intergovernmental relationship has been developed in California that may be of real significance in the gradual solution of the problem presented. This involves both the coöperative operation of an enterprise by two or more units of government and contractual arrangements between units. Functional consolidation and coöperation is an established and tried technique in California. County libraries provide an example of how one county gives service in contiguous sections of another county by contractual arrangement. In this manner duplication of overhead can be eliminated and many administrative difficulties can be reduced. The state has encouraged this contractual arrangement and facilitated establishment of libraries. The state subsidy of tuberculosis hospitals gives a most significant example of how counties may be encouraged to consolidate functionally under the stimulus of state aid. The so-called Weimar group of counties that maintain a joint hospital at Weimar is the notable example. Resources of several counties were pooled for the construction of the hospital and

the management is under the direction of a governing board representing the member counties. Supervision is retained in part by the state through control of the subsidy.

The joint-county highway district illustrates still another device of coöperation that may be used to join several counties in the financing and governing of a project requiring considerable capital outlay. Functional consolidation of counties to provide county jails, county hospitals, and other public buildings or facilities might be encouraged in this way through state grants-in-aid. In this manner whatever merits there are in local management and control might be retained while obtaining larger units of administration. In a state as large as California and having the diversity of local conditions and problems, greater centralization may not be desirable. Although there has been a definite trend in the direction of centralization, there has been an equally noticeable lag caused by the strong sentiment for local government. Encouragement of and insistence upon functional consolidation and coöperative agreement may provide the only feasible solution for the present.

Territorial consolidation of school districts remains an important problem in California and is rooted in the state aid program. There is no incentive to consolidate under the present setup whereby districts may obtain an amount from the state that will enable them to maintain operations without a district tax.²⁰ District consolidation might be encouraged by state grants-in-aid in a manner suggested in the Superintendents' Association plan in 1931. In most mountain districts state aid for transportation of pupils to a central school would be a necessity before consolidation could be effective.

In conclusion, the existing policies with respect to state aid encourage the continuance of poorly organized units of government. Continued granting of state aid masks serious problems with respect to the ability of communities to support local government and does not assist in their solution. The possible uses of state aid that have been suggested offer a means of assisting in the solution. The growth of state aid warns of changing circumstances.

²⁰ In 1931-1932, 1,114 elementary districts levied no district tax for maintenance. In 1934-1935, 1,625 of the 2,736 elementary districts and 12 of the 295 high school districts levied no tax.

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