Rehabilitation Item 165

Department of Rehabilitation-Continued

mination cases will be processed and 14,000 persons will be referred for vocational rehabilitation.

Departmental Administration Program

The purpose of this activity is to provide executive direction, planning, policy determination and office services for operation of all department programs. Organizational units include the Executive Office, Management Services, Research and Statistics; Program Planning, Program Analysis and Consultation, and Staff Development. The budget proposes an expenditure of \$2,688,342, most of which is distributed to other programs, for the 1969–70 fiscal year. This is \$185,903 above the amount estimated to be expended during the current fiscal year.

SOCIAL WELFARE

GENERAL SUMMARY

Social welfare has as its objectives the providing of money for food, clothing, and housing; certification for medical care and food stamps; and rendering social services to dependent persons so that they may become more self-sufficient and independent. Proposed 1969–70 social welfare expenditures in California, from all funds, total \$1,588,198,785. This is an increase of \$156,495,420, or 10.9 percent over the estimated expenditures for 1968–69. This \$1,588,198,785 is broken down by source of funds in Table 1.

Table 1

Total 1969-70 Social Welfare Expenditures Including Administrative Cost

By Source of Funds

Source of funds	Total	$m{Assistance}$	and specialized social service programs
State General Fund	\$578.826,242	\$545,362,597	\$33,463,645
Federal funds	731,586,706	706.431.729	25.154.977
County funds	277,785,837	277,785,837	
Total	\$1,588,198,785	\$1,529,580,163	\$58,618,622

The total of \$1,529,580,163 for assistance is distributed by program as follows:

Aid to the Blind, including self-supporting		
Aid to Needy Disabled		
Aid to Families With Dependent Children		
Old Age Security	435,068,019	
Unmet Shelter Needs	3,814,482	
Work Incentive Program	4,395,000	
Federal aid programs	4,266,939	
	A4 F00 F00 400	
Total program expenditures	\$1,529,580,163	

General Summary-Continued

Table 3

California Population and Number of Welfare and Medi-Cal Recipients

Fiscal year	$Monthly \ Average \ civilian \ population ^1$	Percentage increase from prior year	Monthly Average Recipients	Percentage increase from prior year	Recipients as percent of civilian population
1960-61	15,865,000		601,952		3.8%
1961-62	16,450,000	3.7%	638,626	0.6%	$3.9^{'}$
1962-63	17,043,000	3.6	743,16 8	16.4	4.4
1963-64	17,625,000	3.4	831,626	11.9	4.7
1964-65	18,159,000	3.0	944,524	13.6	5.2
1965-66	18,604,000	2.5	1,141,863	20.9	6.1
1966-67	18,988,500	2.1	1,298,194	13.7	6.8
1967-68	19,423,500	2.3	1,475,662	13.7	7.6
1968-69	19,908,000	2.5	1,647,400 1	11.6	8.3
1969-70	20,404,000	2.5	1,809,200 1	9.8	8.9
¹ Estimated.					

There has continued to be a nationwide increase in welfare caseloads. California appears to have a larger overall welfare burden than most other states including some of the more highly populated and industrial states. The following factors contribute to this higher caseload in California.

- (1) California has lower eligibility requirements for categorical aid programs than most other states.
- (2) In a society where technology changes and advances occur at a rapid rate, such as the recent development of sophisticated farm machinery, there are persons who find it difficult to find other employment or to be retrained.
- (3) Continued high in-migration when compared to other industrial states.

Tables 4 and 5 compare California with New York, Michigan, Illinois and the nation as a whole as of July 1968. Michigan and Illinois have state administration of welfare and New York and California have a joint state-county system of administration.

Table 4
Comparative Population Recipient Data
July 1968

$New\ York$	California	Illinois	Michigan
40.0	175.0	33.0	48.0
*			
27.0	104.0	25.0	26.0
		•	
4.1	12.0	5.6	4.2
105.0	88.0	60.0	45.0
92.0	78.0	53.0	40.0
12.2	2.8	5.3	8.7
	40.0 27.0	0 40.0 175.0 0 27.0 104.0 2 4.1 12.0 0 105.0 88.0 0 92.0 78.0	27.0 104.0 25.0 2 4.1 12.0 5.6 0 105.0 88.0 60.0 0 92.0 78.0 53.0

General Summary-Continued

Table 5
Average Monthly Payments Per Recipient
July 1968

		,,			
Program	U.S.	$New\ York$	California	Illinois	Michigan
Old age security	\$68.40	\$94.55	\$101.60	\$61.00	\$67.65
Aid to the blind	91.45	121.90	138.85	80.50	88.50
Aid to the disabled	81.80	109.40	118.70	81.95	87.15
Aid to families with dependent					
children	42.15	71.00	46.60	43.85	45.10
General assistance	45.55	69.05	42.45	44.15	34.85

Table 6 compares welfare administrative cost in California, New York, Michigan and Illinois and the nation as a whole for the 1967-68 fiscal year.

Table 6 Administrative Cost Per Recipient 1967–68 Fiscal Year

Program	U.S.	New York	California	Illinois	Michigan
Average all programs	\$94.20	\$130.66	\$156.70	\$98.18	\$85.68
Old Age Security	86.28	251.97	92.35	162.37	93.28
Aid to the Blind	145.02	468.51	187.04	162.85	74.45
Aid to the Needy Disabled	176.39	314.73	345.77	161.78	106.92
Aid to Families with Dependent					
Children	86.54	108.89	151.50	81.02	82.08

Public assistance program characteristics for California, New York, Illinois and Michigan are comparable in that they provide the same basic programs to recipients. That is, these states provide assistance in the form of money payments, medical care and social services to aged, blind, disabled persons and families with dependent children, including unemployed parents. Some states do not include unemployed fathers in their families with dependent children program and provide a different type of medical assistance than the states identified in the tables above.

There are differences between eligibility factors and standards of assistance provided by the various states including those identified above. In general, of the states identified, California permits the greatest property reserve but requires the longest residency. The exception to this is the AFDC reserve property allowance in New York, which permits families to exempt a \$1,000 trust fund for each child. California allows the family to have \$600 in cash or other personal property.

Because of the differences between program and services provided by the various states, as well as the methods of allocating administrative cost, caution should be used when comparing California to other states or the U.S. as a whole. However, with these differences in mind, the information in Tables 4, 5, and 6 may be used in a limited way for comparative purposes.

State Administration

We recommend that the state adopt a system of direct state administration of all categorical aid welfare programs as well as county general relief programs.

Social Welfare Item 165

General Summary—Continued

California has a higher administrative cost than most other states in the country per recipient served. Some of this is due to higher salaries and operating expenses as well as the level of service given. However, we think that much of this high administrative cost is due to the general welfare organization in California.

California has traditionally administered the welfare function through a state-county system. The State Department of Social Welfare is responsible for supervising the administration of the categorical aid programs and social services programs. The counties are directly responsible for determining eligibility, paying assistance, providing serv-

ices and reporting to the state.

We believe that this system has developed into a huge, complex organism which devotes excessive amounts of its resources to relatively unproductive functions through which the state and county each attempts to preserve its own identity and to overcome almost unsolvable administrative problems among and between its semiautonomous parts.

The net result of this dual system and the continuing problems that it produces is that welfare laws are not uniformly applied throughout the state, that it is impossible to locate and assess responsibility for program failure, and that the cost of program administration is sub-

stantially more than it needs to be.

The most expensive single function performed by the state department is its relatively fruitless effort to write and interpret rules, regulations and explanatory materials for 58 semiautonomous county welfare departments. The county welfare departments in turn expend much time and effort attempting to comply and at the same time preserve their local autonomy and to respond to local demands which are frequently incompatible with state requirements.

In the end we do not have uniform application of the welfare laws in all jurisdictions. The efforts of social workers are diverted to endless problems of communication and interpretation, and no real progress is made toward the basic objectives of the system which is the elimina-

tion of dependency on welfare to the greatest practical extent.

Under state administration the state would assume the responsibility for the functions of determining eligibility, paying assistance, and providing services, together with the related administrative activities which are currently performed by the counties. Flexibility to take advantage of diverse organizational concepts would be one of the numerous benefits of state administration, providing efficiency in relation to the pri-

ority needs of the programs.

Other benefits of centralized state administration would be (1) the uniform administration of the welfare laws as they affect all dependent persons, (2) the opportunity for the Legislature to study the administration of welfare more directly by having one organizational head responsible for all welfare activities, and (3) the ability to direct program changes against the massive problem of dependency without the dilution of purpose which presently occurs through communication and interpretation and the necessity to secure cooperation among separate entities with divergent and frequently conflicting ideas, interests, loyal-

Item 165 Social Welfare

General Summary-Continued

ties, and motivations. Systems and procedural simplification should also result in a substantial reduction in the excessive cost of administer-

ing the present system.

The argument most commonly advanced for the retention of the present system at the local administrative level is that local authorities, being closer to the people, can judge need more accurately and therefore prevent the undue enlargement of caseloads. This argument may have been valid when California was rural in character and when relief was a direct financial responsibility of local resources. However, these conditions no longer prevail in California and the growth of caseloads and cost which are evident in recent years, contradict the argument. Today eligibility and grant levels are prescribed by statewide standards and any significant deviation or difference resulting from local attitudes violates the intention of the law. It is far more likely that realistic welfare programs can develop under a system of state administration more amenable to direct legislative control on a statewide basis than from the present unwieldly, chaotic structure which is engrossed in the problems of self preservation and autonomy at the expense of making progress towards welfare's basic objectives.

Planning the actual transition to state administration will require considerable study and a minimum of two years of preparation prior to efficient implementation. Decisions will need to be made concerning the organization, delivery and financing of welfare services. An inventory of equipment, facilities and personnel will be necessary. All agencies involved in the present welfare system will need to help in the planning and implementation of programs during this transitional period. Many of the changes, particularly in relation to personnel matters and fiscal operations, will involve several state and county agencies. Adequate staff time must be made available and supplemented during the transition period to make possible the careful planning which is

required.

If the state could approach the administrative cost per recipient that prevails in Michigan and Illinois, California taxpayers could save approximately \$95 million per year. Due to various factors, including higher costs, we do not anticipate a savings of this magnitude. However, we do believe a savings on the order of \$50 million could reasonably be expected after implementation of state administration.

Closed-End Appropriation

We recommend that the Legislature adopt a method of closed-end

appropriations for social welfare expenditures.

Public assistance grants to recipients are provided for by open-end appropriations. This means there is no limit to state expenditures for welfare purposes for any fiscal year except in the aid to needy disabled category, which is limited to a maximum based on a statewide average per month per fiscal year. Social welfare expenditures may exceed the proposed subvention estimates by an amount limited only by the solvency of the State Treasury. Under the present open-end appropriation the Legislature has no direct control over expenditures.

General Summary-Continued

A closed-end appropriation, which is the method used in many other states, would require state funds to be appropriated annually after legislative review of the estimates submitted by the State Department of Social Welfare. The ability to identify the various factors comprising the state costs gives further credence to the desirability of closed-end appropriations for welfare programs. Because state support of the Medi-Cal program is a closed-end appropriation, we have been able to better identify the factors which increased cost in the state support of Medi-Cal, and therefore to provide better cost controls.

DEPARTMENT OF SOCIAL WELFARE

Items 166 and 167 from the General Fund

Requested 1969–70	\$16,866,593
Estimated 1968–69	15,898,841
Actual 1967–68	13,502,647
Requested increase \$967,752 (6.1 percent)	. ,
Increase to improve level of service \$31,711	
Total recommended reduction	\$96,196

SUMMARY OF RECOMMENDED REDUCTIONS

•	Amount				
	General Fund	Federal fund	Total	Analysis page	
Medical certification Work incentive program	\$52,990 16,278	\$52,990 48,834	$$105,980 \\ 65.112$	$\frac{626}{627}$	
Research and statistics	19,650	19,650	39,300	629	
Management analysis	7,278	7,278	14,556	629	
Totals	\$96,196	\$128,752	\$224,948		

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

We withhold recommendation regarding a request for 11 clerical positions pending a review of departmental needs after a move of central operations from three locations to one location.

GENERAL PROGRAM STATEMENT

The Department of Social Welfare is responsible for supervising administration of the categorical aid programs and social service programs discussed under Item 348 of this analysis. In general, the department coordinates and integrates a statewide social welfare program. The department also is required to provide fair hearings to welfare applicants and specific reports to the federal government. The department pursues its objectives through a series of programs and functions. These include Public Assistance Categorical Aid and Special Social

Department of Social Welfare-Continued

Service programs which are grouped into five broad categories as follows:

(1) Support and Maintenance Programs.

(2) Human Resources Conservation Programs.

(3) Public Protection Programs.

(4) Community and Local Agency Resources Improvement and Support Programs.

(5) Systemwide Planning, Management and Supporting Functions.

In terms of man-years, total positions for the department for the past, current and budget years are shown in Table I.

Table I
Total Man-Years, Department of Social Welfare

Fiscal year		Total	prior year
	 I)		227.2
1969-70 (proposed)		1736.8	35.3

The department also has 61 authorized positions which do not appear in this item. These positions are discussed under Items 347 and 348 of

this analysis (Special Social Services Programs).

The executive agency of state government administering the welfare programs is the State Department of Social Welfare, headed by a director and chief deputy director, appointed by the Governor. The director is responsible for setting policy, adopting standards that define the purposes and responsibilities of state welfare operations, administering welfare programs, and rendering decisions on public assistance appeals cases.

A seven-member State Social Welfare Board, appointed by and serving at the pleasure of the Governor, functions as an advisory body to the department and is also responsible for broad study in the welfare

field.

Support and Maintenance Programs

The Support and Maintenance programs are designed to enable people to subsist at a level compatible with an established minimum standard of health and decency. Aid payments are provided through public assistance programs for adults and for children and their families and by certifying eligibility for Medi-Cal benefits and for federal food stamps. The detailed expenditure schedules for these programs will be found in the traditional budget under Subventions for Health and Welfare—Public Assistance Programs, page 746.

The total state operational cost of the supporting elements of the program are carried in this item of the budget. Aid payments are made through Aid to Families with Dependent Children, Aid to the Needy Disabled, Old Age Security, and Aid to the Blind programs. These categorical aid programs may be supplemented by county general relief programs which are separate and in addition to the programs men-

tioned above.

Department of Social Welfare—Continued Medical Certification

We recommend the deletion of: seven hospital social worker II positions and four hospital social worker I positions for a total salary savings of approximately \$105,980 (\$52,990 General Fund) plus related operating expenses.

At the present there are 28 permanent State Department of Social Welfare hospital social workers and 12 permanent clerks assigned to 13 state mental hospitals throughout the state. These workers process welfare and Medi-Cal applications for patients over 65 years of age and mentally retarded persons 18 through 64 years of age. This activity includes: helping the patients complete the application forms; assembling informational material on applicants, which is available in the institutions; interviewing the patients when possible; and forwarding all of this information to the counties involved. In addition the workers maintain working relationships with hospital and county welfare department staff and supervise the preparation of statistical reports. Clerical staff is provided for recordkeeping, correspondence, and other required duties. The department is reimbursed for the cost of these positions through the Health Care Deposit Fund.

Department of Mental Hygiene psychiatric social workers located in the hospitals are required to provide all social services to welfare recipients in the hospitals. They do the main workup on the case, gather information about the patient and the patient's family and work with the patient and his family. Mental Hygiene trust officers receive the public assistance payments for the patients and handle the fiscal aspects

for patients who are certified for Medi-Cal.

Hospital social workers have fewer and less time-consuming tasks and more clerical support than county eligibility workers who not only perform typical tasks similar to hospital workers but in addition must complete the investigation and grant, or deny aid. In addition to having a more difficult job, county eligibility workers are not required to have the education and experience of the hospital social workers. The hospital social worker I must have graduated from college and have one year of experience as a social worker or eligibility worker in a public or private welfare agency. A county eligibility worker requires two years of college and one year of experience of a clerical nature in a public or private welfare agency.

Upon the recommendation of the Department of Social Welfare the suggested caseload for county eligibility workers with clerical support is 350 active continuing cases plus any new cases that might come in during the month. Because the job in the hospital is less difficult, the qualifications of the workers are higher, and because there is additional clerical support we believe a workload of 450 cases per worker is more realistic. Based on 450 cases per worker, the State Department of Social Welfare will need 17 hospital social workers to serve the 7,570 caseload anticipated for 1969–70. We have recommended the

deletion of 11 positions based upon our suggested yardstick.

Department of Social Welfare—Continued

Human Resources Conservation Programs

The Human Resources Conservation programs are designed to strengthen and preserve family life, improve the capabilities of individuals to realize their full potentials for productive, independent living, increase their earning capacity and protect those who cannot effectively protect themselves.

The following six programs are included as human resources conservation programs: (1) The Self-Support program which is concerned with planning, motivating and preparing the recipient for job training and placement and includes sheltered employment for disabled persons and day-care services. (2) The Child Protection program. (3) The Adoption program which provides development and support of relinquishment and adoption services, safeguards children in independent adoptions, intercounty adoptions and provides adoption information and control. (4) The Adult Protection and Self-Care program. It should be noted that an increase of \$126,842 is proposed in this program to improve the level of service by providing prerelease screening of mental patients. (5) The Protective Services for the Mentally Handcapped. (6) The Family and Child Development program which includes family services, preschool educational services and foster care services.

Self-Help Program-Recipient Training

We recommend the deletion of five positions requested for the Work Incentive program and the transfer of one Social Service Administrator III to the Employment and Training program, for a total net savings of \$65,112 (\$16,278 General Fund).

Work Incentive Program

The Work Incentive program (WIN) is designed to restore appropriate AFDC recipients to regular employment through counseling, training and job placement, or to provide employment on special work projects to improve the communities in which they live. Currently the program is operated in the 26 counties having the larger AFDC caseloads and will be extended to other counties as federal funds become available. County welfare department responsibilities are: (1) refer all AFDC recipients who are trainable or employable to the State Department of Employment; (2) provide social services to the families of those enrolled in the program as needed; (3) provide for child care when needed and provide training or work-related expenses in addition to the normal public assistance grant. The State Department of Employment staff is responsible for the assigning of accepted recipients to counseling, tutoring, orientation training, work experience training, or special work projects and for the eventual placement of the recipients in employment.

Six positions including one social service administrator III, one social service administrator I, one welfare fiscal representative, one associate social research analyst and two social service administrator II positions have been requested to augment the present department staff working in the WIN program.

Department of Social Welfare-Continued

The old recipient work and training programs previously operated by the department are to be succeeded, by July 1, 1969, by the WIN program. The Department of Employment has already taken over the administration of recipient training programs previously supervised by the State Department of Social Welfare through Title V projects and work experience and training programs. The State Department of Social Welfare staff supervised the various county welfare work experience and training programs. Now under the current WIN program the staff coordinates activities with the Department of Employment rather than supervising programs. We feel that recipient training programs should receive the highest of priority and we did not take issue with the department retaining its present recipient training staff even though the Department of Employment has taken over the major responsibility for the training of recipients. However, we do not think that the department can justify additional staff in this area when such a large part of the department's previous responsibility has been removed.

Educational Training Program (ETP)

The Educational Training Program (ETP) is designed to supplement and complement the WIN program by providing self-support services in areas of the state not covered by WIN or where WIN cannot serve all appropriate recipients. It is administered by county welfare departments that elect to do so in accordance with a county plan of services which assures no duplication of effort. Upon completion of training under ETP, participants are referred to the Department of Employment for job placement. As the capacity of WIN increases, the activities carried under this program will decrease proportionately. However, there will remain between 10,000 and 20,000 AFDC recipients who will not be eligible for WIN because they are non-federal AFDC recipients.

The department must emphasize those activities which help reduce the rolls or increase the earned income available to these families not eligible for the WIN programs. To provide additional emphasis, coordination and supervision for this program as well as the other training programs, we recommend that the social service administrator III position requested for the WIN program be assigned to the Educational Train-

ing program.

Public Protection Program

We recommend approval as budgeted.

The objective of this program is to maintain standards for children's agencies and facilities, facilities for aged persons and life-care contracts. These objectives are met through licensing and inspection programs under the provision of Sections 16000-16318, Welfare and Institutions Code. The department reviews, counsels and licenses facilities for the reception and care of the aged and for the reception and care of children, both directly and through delegation to local agencies. The department also issues certificates of authorization for certain institutions for the aged to enter into life-care contracts with aged persons.

Items 166–167 Social Welfare

Department of Social Welfare-Continued

Community and Local Resources Improvement and Support Programs

We recommend approval as budgeted.

Community and Local Agency Resources Improvement and Support programs are designed to help local agencies and communities develop the resources required to meet the needs of disadvantaged people and to help coordinate community efforts to deal with the problems faced by these people. These specific programs include: Community, Planning and Development; Public Welfare Manpower program and Demonstration Projects program.

Systemwide Planning, Management and Supporting Functions

This program includes centralized activities and services regarding planning, direction, administration and audit control which are included in the Support Budget—General Activities. In addition, this program includes general administrative staff, the Research and Statistics Bureau, the Electronic Data Processing Bureau and other departmental support staff.

Research and Statistics Bureau

We recommend a reduction of three associate social research analyst and one clerk II positions for a total savings of \$39,300 (\$19,650 General Fund).

The primary goal of the Research and Statistics Bureau (R. & S.) is the development and maintenance of a statistical reporting system which will provide facts upon which managerial and administrative decisions regarding welfare can be made and federal reports compiled.

Three associate social research analysts and one clerk II are proposed to develop reports regarding protective services for children, act as field staff to supervise county research activities, and analyze statistics developed on manpower and personnel. We feel the four positions requested are not justified because reports previously processed manually by R. & S. staff have been or will be automated soon and the staff which has been developing the automated reporting procedures will be available early in the 1969–70 fiscal year.

The R. & S. Bureau requested and received authorization in the 1968–69 budget to establish seven positions to meet deadlines for federal reports and complete ADP sampling techniques. In connection with these positions, two programmer II positions were authorized in the Data Processing Bureau to program the procedures developed by the R. & S. Bureau. Much of the work of this staff should be accomplished prior to July 1969, and should then be available for other responsibilities such as those proposed above.

Management Analysis

We recommend the deletion of one senior management analyst position for a savings of \$14,556 (\$7,278 General Fund).

The Department of Social Welfare has been reorganized as of October 1, 1968. As part of that reorganization the Management Analyst Bureau was abolished and the personnel and functions assigned to it were dispersed to several bureaus in the department. The senior man-

Department of Social Welfare-Continued

agement analyst position which functioned as the head of the bureau has been vacant since August 30, 1968. We recommend its deletion.

Business Management and Offices Services

We withhold recommendation regarding 11 new clerical support positions pending a review of department needs after it has moved into new quarters.

This function of the department is to provide the space, equipment, supplies and centralized office services required to support the department's operation. These positions are based and adopted on a work measurement standard which established a ratio of clerks to professional positions.

Page 576 of the Program Budget states: "Units of the headquarters office are in three widely separated locations, and this has a heavy impact on the centralized office service operation." The department should be prepared to discuss the number of personnel man-months presently required because of the three separate office locations in Sacramento, such as extra messengers, typing pool supervisors and duplicating staff.

By the start of the 1969-70 fiscal year the department will move its personnel from the three locations to one central location in Sacramento. On the basis of this move it would appear that some reduction in staff could be made. We are, therefore, withholding our recommendation on the proposed 11 clerical positions pending a review of department needs.

DEPARTMENT OF INDUSTRIAL RELATIONS

Items 168 and 169 from the General Fund

Requested 1969–70	22,148,130
Requested increase \$567,020 (2.6 percent) Total recommended reduction	, , ,
SUMMARY OF RECOMMENDED REDUCTIONS Amo	Analysis unt page
Reduce operating expenses in the Division of Administration \$30,	000 632

GENERAL PROGRAM STATEMENT

The Department of Industrial Relations was created by the Legislature in 1927 to "foster, promote, and develop the welfare of the wage earners of California, improve their working conditions, and advance their opportunities for profitable employment."

To meet these broad objectives, the department provides services in the following nine program areas: (1) Conciliation Service, (2) Industrial Accidents, (3) Industrial Safety, (4) Industrial Welfare, (5) Labor Law Enforcement, (6) Apprenticeship Standards, (7) Labor Statistics and Research, (8) Fair Employment Practices, and (9) State