DEPARTMENT OF REHABILITATION—Continued

$36,000 for increased medical consulting fees, $29,000 for increased dental consulting fees and approximately $106,000 for miscellaneous smaller items.

The Governor's Budget (line 56, page 679) states that "5.7 medical positions are proposed new in the budget year to replace services previously obtained under contractual services." However, the budget proposes an *increase* of $36,000 in medical consulting fees. We believe that the proposed increased medical and dental consulting fees, together with smaller miscellaneous increases, constitutes overbudgeting for consultant and professional services.

We recommend that the total budgeted for professional and consultant services consist of the (a) base amount of $856,000, (b) the $251,000 for Section 504 implementation, (c) $30,000 for job development projects, and (d) $30,000 for training of occupational specialists, for a total of $1,167,000. This would result in a reduction of $171,092, of which $34,206 is from the General Fund.

DEPARTMENT OF SOCIAL SERVICES

General Summary

Funds for the new Department of Social Services are contained in nine budget items and one control section of the 1978–79 Budget Bill as identified in Table 1. The department requests a total of $1,771,416,847 from the General Fund for fiscal year 1978–79.

Table 1
Department of Social Services
General Fund Requests for 1978–79

Budget Bill	*Purpose*	*Estimated 1977–78*	*Proposed 1978–79*	*Percent increase*
270	Departmental support	N/A	$28,930,400	N/A
Control Section				
32.5	Cash grants: AFDC	$622,737,000	673,149,800	+8.1%
271	Cash grants: aged, blind and disabled	733,659,900	831,575,800	+13.3
272	Special adult programs	5,642,100	6,214,500	+10.2
273	WIN child care	327,803	347,471	+6.0
274	Special social services programs	94,024,998	130,512,576	+38.8
275	Indo-Chinese refugee assistance program	0	3,019,900	+100.0
276	County administration	69,746,100	77,904,900	+11.7
277	Executive mandates	0	2,022,800	+100.0
278	Legislative mandates	17,768,000	17,738,700	−0.2

Department of Social Services
DEPARTMENTAL SUPPORT

Item 270 from the General Fund — Budget p. 687

Requested 1978–79	$28,930,400
Estimated 1977–78	N/A
Total recommended reduction	$197,182

1978–79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
Item 270	Department of Social Services Support	General	$28,912,400
Chapter 892, Statutes of 1977		General	18,000
			$28,930,400

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS — *Analysis page*

1. Departmental Reorganization. Recommend Department of Benefit Payments submit a report to the Joint Legislative Budget Committee and the fiscal subcommittees and policy committees by April 1, 1978, which identifies proposed internal organization of the Department of Social Services. 598
2. Organization of Social Services Division. Recommend progam support functions of the Social Services Division be integrated with the support functions of the Department of Social Services. 599
3. Community Care Licensing. Recommend that the Department of Health report to the Joint Legislative Budget Committee and the fiscal subcommittees and policy committees by April 1, 1978, on community care caseload standards, and the return of licensing responsibilities by counties to the state. 602
4. *Control Section 32.5—AFDC Cash Grants. Reduce by $1,280,200.* Recommend Control Section 32.5 be reduced by $1,280,200 for the cost of proposed new regulations which have not yet been adopted or reviewed. 602
5. Federal Welfare Legislation. Recommend Department of Benefit Payments report to fiscal subcommittees during budget hearings on estimated impact on PL 95-216 and proposed expenditure of new federal funds. 604
6. *Special Social Services Program* (discussed in our analysis of Item 274). *Reduce by $197,182.* Recommend that Item 270 be reduced by $197,182 by deleting seven proposed new positions. 604
7. Evaluation Model. Withhold recommendation of four new 604

DEPARTMENTAL SUPPORT—Continued

positions pending receipt of Assembly Office of Research report.

GENERAL PROGRAM STATEMENT

Chapter 1252, Statutes of 1977, creates a new Department of Social Services effective July 1, 1978. This department will replace the Department of Benefit Payments as the single state agency responsible for supervising the administration of public social services supported by state funds and federal grants-in-aid. Specifically, the new department will retain the welfare operations function of the current Department of Benefit Payments and the disabity evaluation, community care licensing and social services functions currently administered by the Department of Health.

ANALYSIS AND RECOMMENDATIONS

The Governor's Budget proposes $28,930,400 from the General Fund for support of the new Department of Social Services. Included in this total General Fund expenditure are amounts of $28,912,400 from this item and $18,000 from Chapter 892, Statutes of 1977 which provides funds for implementing pilot centers for victims of domestic violence. Total program expenditures, including federal funds and reimbursements, are projected at $86,920,219 for fiscal year 1978–79. Because of the creation of a new department and the transfer of various functions to it, we are unable to compare this amount to prior year expenditures.

Departmental Reorganization

We recommend that the Department of Benefit Payments submit a report to the Joint Legislative Budget Committee and the fiscal subcommittees and policy committees by April 1, 1978, which identifies the proposed internal organization of the new Department of Social Services.

The Department of Benefit Payments has undertaken a comprehensive study of alternative ways to organize the new Department of Social Services. In September 1977, a committee was established to prepare statements of the new department's mission and organizational philosophy. This committee was comprised of members of the Department of Benefit Payments' own planning committee as well as representatives from each of the programs which would be transferred to the new department.

The Department of Benefit Payments has also contacted various constituent, advocate and professional groups to obtain their input regarding the new departmental organization. The department is currently developing a timetable for receipt of these additional comments and suggestions. When this information is received, the Department of Benefit Payments will make a final decision regarding the internal organization of the new Department of Social Services. As of late January, the plan had not been prepared. We therefore recommend that the Department of Benefit Payments submit a report to the Joint Legislative Budget Committee and the fiscal and policy committees by April 1, 1978, which identifies the proposed internal organization of the new Department of Social Services.

Organization of the Social Services Division

We recommend that the program support functions of the Social Services Division be integrated with the support functions of the new Department of Social Services.

The Social Services Division as it is currently organized in the Department of Health has experienced serious difficulties in developing and implementing useful procedures for on-going planning, data collection, caseload estimates, program monitoring and program impact evaluation. As a result, we do not believe that the Social Services Division should be transferred to the new Department of Social Services without undergoing several organizational changes.

The experience and capability demonstrated by staff in the Department of Benefit Payments' Administration Division, Audit and Evaluation Division and Program Development Division could make significant contributions to improving these program activities. We therefore recommend that the program support functions of the Social Services Division including on-going planning, data collection, caseload estimates, resource allocations, and on-going program monitoring and program impact evaluation be integrated with the support functions of the new Department of Social Services.

Federal Welfare Reform

The U.S. Congress is currently considering two bills, HR 9030, and S 2084, entitled, "The Better Jobs and Income Act", which contain President Carter's plan for reforming the national welfare system. The U.S. House of Representatives has formed a special Subcommittee on Welfare Reform to review and revise HR 9030. After the subcommittee completes action on the bill it will be submitted to three main committees (Ways and Means, Agriculture. and Education and Labor) for further review. It is anticipated that these committees will make substantial revisions in the President's original proposal. As a result, we are unable to say how federal welfare reform will affect California or to make any recommendations for changes in California law at this time. A summary of the two major program components of the President's welfare reform proposal as it was originally submitted to the U.S. Congress follows:

Consolidated Cash Assistance Program. HR 9030 would replace the present federal AFDC, SSI/SSP and Food Stamp programs with a new Consolidated Cash Assistance program. The new program would cover existing categories of recipients as well as intact families, childless couples and single individuals. The proposed program would provide a national basic benefit and would encourage states such as California to continue current state supplements to the federal basic benefit level. The proposal would establish one benefit level for persons who are not expected to work and a lower benefit level for persons who are expected to work as an incentive to find a job. In addition, a portion of income earned by persons expected to work would be disregarded up to a certain level in order to encourage employment. Also included is an earned income tax credit mechanism designed to strengthen the work incentive and to provide tax relief to families with children.

DEPARTMENTAL SUPPORT—Continued

The federal government would have responsibility for administering the new cash assistance program and would fund 90 percent of the cost of the basic federal grants. The federal government would also administer and share in the cost of state supplements which meet federal eligibility requirements. Each state would be required to pay 10 percent of federal grant costs and would be responsible for the entire cost of administering and providing supplements which do not meet federal eligibility requirements. An example of the latter is the cost of providing supplements to those current recipients of AFCD and SSI who may have higher earnings than those allowed under the new program, but who would be protected against loss of present benefits by grandfathering provisions.

An Emergency Assistance program would be established under Title XX (Social Services) of the Social Security Act to provide payments for emergency subsistence needs of individuals not served by the new Cash Assistance program. California's emergency assistance allocation is estimated to be $111 million.

Employment Opportunities Program. An integral part of the Carter welfare reform proposal is the employment opportunities program which is designed to move people from public subsidy programs into private sector jobs. The employment opportunities program has two major parts, Job Search Assistance and Public Service Employment and Training.

The Job Search Assistance program would provide beneficiaries with job development and placement services such as these currently offered by the state employment service agencies (in California, the Employment Development Department).

The subsidized Public Service Employment and Training program would provide opportunities for beneficiaries to be placed in subsidized employment such as the Comprehensive Employment and Training Act (CETA) Titles II and VI now provide.

Beneficiaries who are designated as "required to work" would be obligated to participate in the employment opportunties program. First, in order to receive the full cash assistance to which they are entitled a mandatory participant would be required to seek employment in the private sector and to accept any available employment at the minimum wage or higher. If no unsubsidized employment were found, the participant would then be required to accept a public service job at minimum wage.

Major Concerns. The President's welfare proposal has been reviewed by a number of state and national welfare program providers and organizations. Below is a summary of some of the problem areas which have been identified.

1. State responsibilities would be limited to intake and direct client contact functions in the cash assistance program. As a result, the state would have to deal directly with recipients without having any control over the program or ability to respond to recipients' problems.

2. The proposal does not identify how the cash assistance program is to be integrated with the Medi-Cal and social services programs. It is anticipated that HR 9030 could create significant additional demands on

these services without providing additional money for their support.

3. The federal allocation for emergency needs is probably inadequate to cover requests for emergency funds and will be reduced in subsequent years.

4. The proposal fails to include a federal cost-of-living adjustment in benefit levels.

5. The proposal would create a complex federal/state funding relationship and would result in a fragmented administrative structure. The federal government would administer the basic cash assistance program, while the state would retain responsibility for administering special supplemental payments for non-federally eligible welfare recipients, emergency assistance, social services and Medi-Cal.

6. The measure does not address the problem of economic development. Unless private jobs are available, no employment training and placement system can succeed.

7. The requirement that participants accept jobs at minimum wage raises problems with labor unions, and is in conflict with other federal employment programs, such as the Youth Employment and Development program, which mandate that prevailing wages be paid to public service workers.

8. The proposal leaves in question the relationship between the state employment services agencies and CETA prime sponsors. By indicating that the prime sponsors would be eligible to provide what are now employment services responsibilities, the state's role is brought into question.

9. The incentives designed to encourage a beneficiary to obtain and maintain a job in the private sector need to be reworked. As it now stands, a participant might actually lose net income by taking a private sector job. Also, no financial assistance is provided that would enable the participant to seek work during his mandatory job search effort. This may severely hamper his search.

10. There is much emphasis on employment but almost no emphasis on training without which many of the beneficiaries may not be able to compete for employment.

11. The level of fiscal relief projected by the proposal is not likely to materialize. A staff analysis of the proposal has been prepared by the Department of Benefit Payments and the Employment Development Department dated October 31, 1977, and contains a cost estimate of the proposal's impact on California. This estimate is based on a comparison of current state welfare programs and an approximation of current programs under HR 9030 and projects an increased cost to the state and counties of $348 million per year.

According to the department analysis, this cost increase is due to the addition of 1.5 million working poor to the cash assistance program, increased emergency assistance payments, Public Service Employment minimum wage supplements, increased Medi-Cal administrative costs and the grandfathering of those AFDC and SSI/SSP recipients who would no longer be eligible for the federal program. Not included are the increased Medi-Cal program costs and increased administrative and program costs for the Social Services program which could be substantial. These esti-

DEPARTMENTAL SUPPORT—Continued

mates are likely to change depending on action taken by the congressional committees.

Community Care Licensing Program

We recommend that the Department of Health report to the Joint Legislative Budget Committee and appropriate policy and fiscal subcommittees committees by April 1, 1978 on community care evaluation caseload standards, and the return of licensing responsibilities by counties to the state.

The budget proposes $8,658,292 from the General Fund for the Community Care Licensing Program, and $1,500,000 in Federal Title XX Funds. Of the General Fund amount, $8,158,292 is in this item (support) and $500,000 is in Item 274 (Special Social Services Programs) to match the Federal Title XX monies of that item. This program with a proposed 224.7 positions is currently within the Department of Health's Licensing and Certification Division.

The Community Care Licensing Program is responsible for regulating approximately 50,000 day care centers, 24-hour residential facilities, preschools, and similar types of community care facilities. These facilities are evaluated by state personnel in regional offices, and by county programs operating under contract with the state. The counties handle about 80 percent of the workload.

The Community Care Licensing Program has had difficulty fulfilling its mandate over the past year. Most of the program's district offices failed to meet state mandated annual evaluation requirements. This problem stemmed from an abnormally high staff vacancy rate, inappropriate caseload standards for facility evaluators, and county programs returning licensing responsibility to the state. The program has now filled most of its positions and is working on caseload standards. We recommend that particular attention be directed to the problem of maintaining full staffing and that the Department of Health report on the progress in developing new caseload standards and on the current status and probable trend over the next year on the return of licensing responsibilities to the state.

AFDC Cash Grants

We recommend a General Fund reduction of $1,280,200 from Control Section 32.5 pending the issuance and review of new regulations.

Control Section 32.5. The Budget Bill does not contain an item which appropriates funds for the Aid to Families with Dependent Children (AFDC) program because the Welfare and Institutions Code provides a continuous appropriation. However, Section 32.5 of the Budget Bill limits available funds to a specified amount and permits the Director of Finance to increase the expenditure limit in order to provide for unexpected caseload growth or other changes which increase aid payment expenditures.

The budget proposes $673,149,800 in Section 32.5, which is $50,412,800 or 8.1 percent more than is estimated to be expended in the current year. In addition to these funds, there are state costs for AFDC grants of

$17,768,000 in the current year and $17,924,600 in the budget year for legislative and executive mandated costs budgeted in Items 277 and 278. Thus the total General Fund cost for AFDC grants in fiscal year 1978–79 is estimated to be $691,074,400 which is an increase of $50,569,400 or 7.9 percent over the amount estimated to be expended in the current year.

AFDC Caseloads and Cost Trends. The Governor's Budget projects that the AFDC caseload will decline by 0.2 percent in 1977–78 as shown in Table 1.

Table 1
1978–79 Governor's Budget
AFDC Average Monthly Caseload (Person Count)

	1977–78	*1978–79*	*Change from 1977–78*	*Percentage change*
AFDC Family Group	1,271,200	1,272,747	+1,547	+0.1%
AFDC Unemployed	172,908	168,717	−4,191	−2.4
AFDC-Foster Children	26,558	26,558	0	0
	1,470,666	1,468,022	−2,644	−0.2%

The net AFDC General Fund cost increase of $50.4 million reflected in Section 32.5 includes $56.8 million in increased costs and $6.4 million in offset savings. The major cost increases include: a) an annual AFDC cost-of-living adjustment ($45.8 million), b) an increase in payment standards resulting from Chapter 348, Statutes of 1976 ($3.7 million), c) phase-out of the federal special unemployment assistance program and the federal extended unemployment insurance program ($0.8 million), d) increase in child support payments ($2.8 million), e) the cost of new regulations implemented as a result of federal mandates, within the authority of existing state law, or as a result of an out-of-court settlement which the Legislature has previously reviewed ($2.6 million) and f) the result of a recent court case which ruled that the department's prior-month budgeting system for calculating AFDC payments is inadequate ($1.1 million).

These costs will be offset by savings resulting from: a) a reduction in AFDC caseload ($4.3 million savings), b) an increase in OASDI benefits ($0.8 million savings) and c) increases in the minimum wage ($1.3 million savings).

Proposed Regulations. The budget contains a total General Fund expenditure of $1,280,200 for proposed regulations resulting from the *Garcia vs. Swoap* case. Under existing regulations the department requires a recipient to report income received in the prior month as a basis for determining the grant level to be received in the next month. However, the court has ruled that the department's prior-month budgeting system is inadequate and has required the department to submit revised regulations for its approval. The modified regulations would require that should a change in income occur to create a hardship, a supplemental payment would be issued upon the request of the recipient. The department estimates these revised regulations will be submitted to the court by February 1, 1978, but it is also pursuing an appeal to the U.S. Supreme Court.

Because these regulations have not yet been issued, and because the

DEPARTMENTAL SUPPORT—Continued

Legislature has not yet had an opportunity to review the issues raised by the court's decision, we recommend that funds appropriated through Section 32.5 be reduced by $1,280,200.

New Federal Welfare Legislation

We recommend that the Department of Benefit Payments report to the fiscal subcommittees during budget hearings on estimated impact of PL 95-216 and proposed expenditures of new federal funds.

On December 15, 1977, Congress enacted PL 95-216 (HR 1346) which allocates $187 million to states and counties for fiscal relief of state and local welfare costs. State allocations are to be based on a two-part estimate: 1) 50 percent based on each state's share of total AFDC expenditures for December 1976, and 2) 50 percent based on the general revenue sharing formula. The law requires the states to pass-on a portion of these funds to political subdivisions. Based on a preliminary determination, it is estimated that California will receive approximately $25.4 million in additional federal funds. Federal funds will be payable to the states for the period October 1, 1977 to March 31, 1978.

In addition, the law changes fiscal incentives for the AFDC quality control program, changes procedures for obtaining information from federal wage records, expands the authority for state demonstration programs, and changes procedures for reimbursing erroneous state supplementary payments.

Because these funds were only recently approved by Congress, they are not reflected in the Governor's Budget. We therefore recommend that the Department of Benefit Payments report to the fiscal committees during budget hearings on the estimated impact of the new federal legislation and proposed expenditure of new funds.

Recommendations Discussed in Item 274.

We have recommended that Item 270 be reduced by $197,182 by deleting seven proposed new positions for social services program monitoring.

We have also withheld recommendation on four proposed positions for development of a social services evaluation model pending receipt and review of a report by the Assembly Office of Research.

These recommendations are discussed in Item 274, Special Social Services program, because the majority of funds for the program are contained in that item. However, these reductions should be made in this departmental support item.

Department of Social Services

STATE SUPPLEMENTARY PROGRAM FOR AGED, BLIND AND DISABLED

Item 271 from the General Fund — Budget p. 690

Requested 1978–79	$831,575,800
Estimated 1977–78	733,659,900
Actual 1976–77	676,632,394
Requested increase $97,915,900 (13.3 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

On January 1, 1974, the Federal Social Security Administration assumed responsibility for direct administration of cash grant welfare assistance for California's aged, blind and disabled recipients. Prior to that time, California's 58 county welfare departments provided cash assistance to these recipients.

Under provisions of state and federal law, California supplements the basic Federal Supplemental Security Income (SSI) payment with an additional State Supplementary Program (SSP) payment. Each year state supplemental payments are increased to provide recipients a cost-of-living adjustment pursuant to the Welfare and Institutions Code.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes a General Fund appropriation of $831,575,800 for the state cost of aid payments to aged, blind, and disabled recipients for fiscal year 1978–79. This is an increase of $97,915,900, or 13.3 percent, over the amount estimated for the current year.

The major reasons for the $97.9 million increase in the cost of the SSP program are as follows: (a) an automatic annual cost-of-living adjustment on the State Supplementary Payment provided to recipients (net state cost of $67.5 million) (b) a pass-on of federal cost-of-living increases in the federal SSI benefit pursuant to Chapter 348, Statutes of 1976 (net state cost of $23.9 million), and (c) an increase in caseload ($6.4 million). The caseload is estimated at 714,641 for fiscal year 1978–79, which is an increase of 21,857, or 3.2 percent, over the current year.

Payment standards for the SSP program are estimated to increase on July 1, 1978, as follows: (a) from $296 per month to $320 per month for aged and disabled individuals, and (b) from $334 per month to $361 per month for blind individuals.

We recommend approval of this amount with the understanding that the appropriation is subject to adjustment when the Department of Finance submits the May revision of expenditures to the Legislature.

Federal Revenue-Sharing Funds

Budget Bill language in Item 409 specifies that $275 million shall be appropriated from the Federal Revenue-Sharing Fund to the General Fund and transferred to Item 271 to partially fund the SSP program. Language in Item 271 specifies that the revenue-sharing money is to be expended prior to the expenditure of the remaining $556,575,800. For the four fiscal years prior to the 1978–79 fiscal year, federal revenue-sharing funds were appropriated to the State School Fund for public school apportionments. In fiscal year 1973–74, a portion of the federal revenue-sharing funds were appropriated for welfare costs of the SSP program.

Department of Social Services

SPECIAL ADULT PROGRAMS

Item 272 from the General Fund — Budget p. 691

Requested 1978–79	$6,214,500
Estimated 1977–78	5,642,100
Actual 1976–77	4,837,452
Requested increase $572,400 (10.1 percent)	
Total recommended reduction	None

1978–79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
272(a)	Special Circumstances	General	$3,222,300
272(b)	Special Benefits	General	108,100
272(c)	Aid to Potentially Self-Supporting Blind	General	1,031,700
272(d)	Emergency Payments	General	1,852,400
			$6,214,500

GENERAL PROGRAM STATEMENT

Chapter 1216, Statutes of 1973, (AB 134) established a program to provide for the emergency and special needs of SSI/SSP recipients. The program's special allowances, paid entirely from the General Fund, are administered by the county welfare departments.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes a General Fund appropriation of $6,214,500 which is an increase of $572,400 or 10.1 percent over the current year. We recommend approval of this amount with the understanding that the appropriation is subject to adjustment when the Department of Finance submits the May revision of expenditures.

Special Circumstances (Item 272(a))

The special circumstances program provides adult recipients with special assistance in times of emergency. Payments can be made for replacement of furniture, equipment or clothing which is damaged or destroyed by a catastrophe. Payments are also made for moving expenses, housing repairs and emergency rent.

The budget proposes $3,222,300 for fiscal year 1978–79 which is an increase of $300,800 or 10.3 percent over the current year. The primary reasons for this increase is a cost-of-living adjustment as well as the cost of new regulations implemented by the Department of Benefit Payments on June 21, 1977 in response to a court case. The new regulations remove the requirement that recipients liquidate all available income before qualifying for a payment, increase the maximum allowance for certain categories of special circumstances, and create additional categories of allowances.

Special Benefits (Item 272(b))

The special benefits program is for blind SSP recipients who have guide dogs. This program provides a special monthly allowance to cover the cost of dog food. The budget proposes $108,100 for fiscal year 1978–79 which is an increase of $21,900 or 25.4 percent over the current year. The primary reason for this increase is Chapter 1206, Statutes of 1977, which increased the monthly allowance from $18 to $30 effective January 1, 1978.

Aid to Potentially Self-Supporting Blind (Item 272(c))

The Aid to Potentially Self-Supporting Blind (APSB) program provides payments to blind recipients who earn more income than is allowed under the basic SSI/SSP program. The purpose of the program is to provide an incentive to these individuals to enable them to become economically self-supporting. The budget proposes $1,031,700 for fiscal year 1978–79 which is an increase of $218,500 or 26.9 percent over the current year. The reason for this increase is an expanded caseload as well as a cost of living adjustment for payment standards. The program is estimated to have an average monthly caseload of 252 recipients in fiscal year 1978–79.

Emergency Payments (Uncollectible Loans) (Item 272(d))

Chapter 1216, Statutes of 1973, mandates that counties provide emergency loans to aged, blind, or disabled recipients whose regular monthly check from the federal Social Security Administration has been lost, stolen or delayed. The budget proposes $1,852,400 for fiscal year 1978–79 which is an increase of $31,200 or 1.7 percent over the current year.

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Department of Social Services

WORK INCENTIVE PROGRAM—CHILD CARE

Item 273 from the General Fund — Budget p. 693

Requested 1978–79	$347,471
Estimated 1977–78	327,803
Actual 1976–77	312,193
Requested increase $19,668 (6.0 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The new Department of Social Services will have responsibility for providing nonemployment-related social services to welfare recipients registered in the Work Incentive (WIN) program. This responsibility was transferred from the Employment Development Department to the Department of Social Services' predecessor agency, the Department of Benefit Payments, in February 1976. The primary purchased service in the WIN program is child day care.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The Governor's Budget proposes a General Fund expenditure of $347,-471 for WIN child care for fiscal year 1978–79, which is an increase of $19,668 or 6.0 percent more than is estimated to be expended during the current fiscal year. This amount is to be matched with $4,632,949 in federal funds and $167,301 in county funds for a total program expenditure in fiscal year 1978–79 of $5,147,721. This is a total program increase of $288,-380, or 5.9 percent, over the amount estimated to be expended in the current year.

Under existing federal and state law, it is possible to reimburse child care expenses for WIN enrollees through AFDC funds, WIN funds, or social services funds. The Department of Benefit Payments' current policy is to encourage county welfare departments to charge the WIN program for child care whenever possible because of the higher federal sharing ratio for WIN child care costs.

Child Care Report

It is estimated that subsidized child care is provided annually to between 60,000 and 80,000 children in California directly as a work-related welfare expense through the Aid to Famililes with Dependent Children (AFDC) program and to approximately 5,100 children through the Work Incentive (WIN) program. However, there is presently little statistical or evaluative data for these child care programs. The 1977–78 Budget Act includes supplemental language requiring the Department of Benefit Payments and the Department of Education to develop procedures for annually reporting comparable statistical information. This information is aimed at supplying the Legislature with a better understanding of the nature of welfare-related child care and a partial comparison of such child care with subsidized child care provided through the educational system. The information required by the Legislature includes: (a) characteristics of individuals served, (b) types of child care used, (c) child care costs, and (d) total annual child care expenditures.

The Department of Benefit Payments has indicated that its report will be submitted to the Legislature by March 1, 1978. We will review the data in the report and compare it with information contained in the Department of Education's report which has already been submitted to the Legislature.

Department of Social Services

SPECIAL SOCIAL SERVICES PROGRAMS

Item 274 from the General Fund — Budget p. 694

Requested 1978–79	$130,512,576
Estimated 1977–78	94,024,998[a]
Actual 1976–77	45,382,710
Requested increase $36,487,578 (38.8 percent)	
Total recommended reduction	$38,240,472

[a] Excludes $1,200,000 appropriated by Welfare and Institutions Code Section 16151 for the maternity care program.

1978–79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
274	Special Social Services Program	General	$130,387,576
Chapter 892, Statutes of 1977		General	125,000
			$130,512,576

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS — *Analysis page*

1. New Federal Legislation. Recommend Department of Finance report to the fiscal subcommittees during budget hearings regarding the proposed use of $19.88 million in federal funds appropriated by PL 95-171. 614
2. *Other County Social Services Program.*
   (a) *Reduce by $22,132,591.* Recommend reduction of $22,132,591 for state funding of program. 615
   (b) Recommend the Department of Social Services report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by July 1, 1978 on procedures to assure Budget Act language requirements for county matching funds are implemented in the event the Legislature approves a General Fund appropriation. 616

SPECIAL SOCIAL SERVICES PROGRAMS—Continued

3. *Homemaker/Chore Program.*
   (a) *Reduce by $15,907,881.* Recommend reduction of $15,907,881 for General Fund program augmentation. 617
   (b) Recommend the Social Services Division report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by April 1, 1978 on procedures to reduce staff turnover in the In-Home Supportive Services Branch. 619
   (c) Recommend the Department of Social Services report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees on a biannual basis beginning July 1, 1978 on the state management of the Homemaker/Chore program. 620
4. *Demonstration Programs. Reduce by $200,000.* Recommend reduction of $200,000 for demonstration programs. 621
5. Maternity Care Program. Recommend the Department of Health submit a plan for implementation of the maternity care program to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by April 1, 1978 which identifies procedures for assuring that estimated expenditures do not exceed funds appropriated. 621
6. Management Information System. Recommend the Department of Social Services report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by December 1, 1978, on its progress in (a) implementing a comprehensive data system for the Homemaker/Chore program, and (b) studying the feasibility of a statewide data system for all social services. 622
7. *Program Monitoring and Review.*
   (a) *Recommend Item 270 be reduced by $197,182.* Recommend deletion of seven proposed positions. 623
   (b) Recommend the Department of Social Services examine the current program review and monitoring operations for the Social Services program and submit a report of its findings and recommendations to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by December 1, 1978. 623
8. Evaluation Model. Withhold recommendation of funds budgeted in Item 270 pending receipt and review of Assembly Office of Research report. 624
9. Programs for the Elderly. Recommend the Social Services Division designate two professional staff to participate in a special planning group in the Department of Aging no later than June 1, 1978. 625

GENERAL PROGRAM STATEMENT

Beginning July 1, 1978 the Social Services program will be administered by the new Department of Social Services. This department is designated as the single state agency for purposes of receiving federal social services funds from Title XX of the Social Security Act. The goals of the Title XX social services program as defined by federal law include self-support, self-sufficiency, protection of children and adults, deinstitutionalization and institutionalization where necessary.

Title XX Services. Federal regulations require that at least three services be provided for SSI/SSP recipients and that at least one service be directed at each of the five federal program goals. The only specific service mandated by federal law is family planning for AFDC recipients. However, state law mandates that counties provide the following services: (1) information and referral, (2) protective services for children, (3) protective services for adults, (4) out-of-home care for children, (5) out-of-home care for adults, (6) child day care services, (7) health-related services, (8) family planning, (9) in-home supportive (homemaker/chore) services, and (10) employment-related services. In addition, state law permits counties to provide any of 14 additional special services.

Of the 10 mandated services, four are required to be available to all persons: information and referral, protective services for children, protective services for adults, and court-ordered child foster care. Other services are provided to individuals based on their participation in various income maintenance programs including SSI/SSP, AFDC, and the Medically Needy Only portion of the Medi-Cal program. Federal regulations require that 50 percent of Title XX funds be used for such cash grant recipients. In addition, the state requires that some of the services be provided to individuals whose annual gross income does not exceed 80 percent of California's adjusted median income for a family of four.

Title XX social services are administered or provided by the 58 county welfare departments, the state Department of Social Services, the Department of Health Services (family planning), the Department of Mental Health (community rehabilitation), the Department of Developmental Services (regional centers), the Department of Rehabilitation (blind counselors), and the Department of Education (child development).

Title XX Program Funding. In 1972, Congress enacted legislation establishing a cap of $2.5 billion for federal Title XX funds to be distributed to the states on the basis of population. California's share for fiscal year 1978–79 is $248,500,000. In addition, $5 million in unallocated Title XX funds are available from fiscal year 1977–78. As a result, a total of $253,500,000 in federal Title XX funds are available for the budget year.

Federal law requires that funds be matched on the basis of 75 percent federal funds and 25 percent state and county funds. As a result of the federal funding cap, California is now providing General Fund support for social services which is far in excess of the 25 percent required match. For fiscal year 1978–79, General Fund expenditures for social services programs will be more than $67 million above the amount required by the 25 percent match.

In addition, Chapter 1216, Statutes of 1973, requires that at least 66

SPECIAL SOCIAL SERVICES PROGRAMS—Continued

percent of federal Title XX funds be allocated to the counties. The 1978–79 budget proposes that $193,705,711 or 76.4 percent of Title XX funds be allocated to counties. The remaining federal funds are allocated to state programs, primarily child care and programs for the mentally and developmentally disabled.

Of the $193,705,711 allocated to the counties, $124,454,128 is allocated for the Other County Social Services program and $69,251,583 is allocated for the Homemaker/Chore program. Prior to fiscal year 1976–77, the counties provided the 25 percent match for federal funds in the Other County

Table 1

Proposed General Fund Budget Increases for Social Services Program 1978–79

	Cost	*Total*
A. Budget Base		$94,024,998
B. Budget Adjustments		
1. Other County Social Services		
a. Replacement of one-time fifth-quarter federal funds available in fiscal year 1977-78	$11,247,779	
b. Six percent cost-of-living for total program support	8,297,362	
		$19,545,141
2. Homemaker/Chore		
a. Replacement of one-time federal funds available from PL 94-401 (HR 12455) in fiscal year 1977–78	4,544,256	
b. Caseload increase	9,820,119	
c. Increase in average hours per case	4,446,331	
d. Increase in minimum wage standard and six percent cost-of-living for county employees	8,183,432	
e. Federal fund adjustment	163,743	
f. Federal Title XX funds available from fiscal year 1977–78	−5,000,000	
g. Federal Title XX funds unallocated in 1977–78 base	−5,000,000	
h. Increase in federal Title XX yearly allocation to reflect population adjustment	−1,250,000	
		$15,907,881
3. Adoptions		
a. Reduction in funds previously appropriated from Chapter 363, Statutes of 1975	−64,000	
b. Six percent cost of living	923,556	
		$859,556
4. Community Care Facilities Evaluation		
a. General Fund match for federal Title XX funds previously budgeted in Department of Health support item	500,000	
		$500,000
5. Demonstration Programs		
a. Continuation of pilot program previously funded by Chapter 977, Statutes of 1976	1,600,000	
b. Appropriation from Chapter 892, Statutes of 1977	125,000	
c. Reduction in funds appropriated from other legislation	−2,050,000	
		$−325,000
Total, Budget Increases		$36,487,578
Proposed Total General Fund, Item 274 and Chapter 892, Statutes of 1977		$130,512,576

Social Services program. However, beginning in 1976–77, the state has contributed an increasing amount of funds for program support. Chapter 1216, Statutes of 1973, requires that the state provide the 25 percent match for federal funds allocated to county homemaker/chore programs.

Other Social Services Programs. The Social Services program also includes $3.4 million in federal Title IVB funds for child protective services for which the counties provide a 25 percent match, and the $16.3 million adoptions program which is 100 percent state funded.

ANALYSIS AND RECOMMENDATIONS

The Governor's Budget proposes $130,512,576 from the General Fund for special social services programs. Included in the total General Fund expenditure are amounts of $130,387,576 from this item and $125,000 from Chapter 892, Statutes of 1977 for centers for victims of domestic violence. These funds are allocated to the following five program areas: the Other County Social Services program, the Homemaker/Chore program, the Adoptions program, community care facilities evaluation, and demonstration programs. The proposed General Fund appropriation is $36,487,578, or 38.8 percent, more than is estimated to be expended in the current year. Table 1 identifies the major components of this cost increase and offset savings.

Table 2

Total Proposed Expenditures for Social Services Programs
Fiscal Year 1978–79

	General Fund in Item 274	*General Fund in other items*	*Federal funds in Item 274*	*County funds*	*Total*
Other County Social Services	$22,132,591	—	$124,454,128	$48,862,239	$195,448,958
Homemaker/Chore	89,588,835	—	69,251,583	—	158,840,418
Adoptions	16,316,150	—	—	—	16,316,150
Facilities Evaluation	500,000	—	1,500,000	—	2,000,000
Demonstration Programs	1,975,000[a]	—	—	—	1,975,000
Child Development (Department of Education)	—	$10,671,314	32,013,942	—	42,685,256
Regional Centers (Department of Developmental Services)	—	1,753,334	5,260,002	—	7,013,336
Community Rehabilitation (Department of Mental Health)	—	4,295,179	12,885,537	—	17,180,716
Blind Counselors (Department of Rehabilitation)	—	35,000	105,000	—	140,000
Family Planning (Department of Health Services)	—	444,444	4,000,000	—	4,444,444
Child Protective Services	—	—	3,400,000[b]	1,133,333	4,533,333
Totals	$130,512,576	$17,199,271	$252,870,192	$49,995,572	$450,577,611

[a] Includes $125,000 appropriated from Chapter 892, Statutes of 1977.
[b] Federal Title IV-B funds for child protective services.

SPECIAL SOCIAL SERVICES PROGRAMS—Continued

Table 2 identifies total proposed expenditures for social services programs for fiscal year 1978–79. These include five programs which are entirely funded in Item 274 and five programs for which federal funds are budgeted in Item 274 and matching state funds are budgeted in other items. Item 274 also contains an appropriation of $3,400,000 in federal Title IVB funds for protective services for children. These funds are matched on the basis of 75 percent federal and 25 percent county with no state participation. County funds are estimated to be $1,133,333 for a total program expenditure of $4,533,333 in fiscal year 1978–79.

Total expenditures for programs supported in Item 274 including state, federal and county funds are estimated to be $433,378,340 for fiscal year 1978–79. This is an increase of $36,220,556 or 9.1 percent over estimated current year expenditures.

New Federal Legislation

We recommend that the Department of Finance report to the fiscal subcommittees during budget hearings regarding the proposed use of $19.88 million in federal funds appropriated by PL 95-171.

In calendar year 1976, $23.7 million in federal funds appropriated by PL 94-401 (HR 12455) was available to California for child care services for the 15-month period, July 1976–September 1977. These funds were appropriated to help states meet the federal Interagency Day Care Requirements for child care services. Because California already met federal day care staffing requirements, a portion of these funds were used to replace existing federal Title XX funds allocated to child care. These Title XX funds were in turn redirected to other social service programs including homemaker/chore.

On November 12, 1977, Congress enacted PL 95-171 (HR 3387) which extends the provisions of PL 94-401 and allocates an additional $19.88 million in federal funds to California for the period October 1, 1977 to September 30, 1978. The Governor's Budget does not indicate how these funds are to be expended. It is necessary that the Legislature be informed of the administration's proposal because the proposed use of these funds will affect decisions relating to the funding of other social service programs. It should be noted that Budget Act language for fiscal year 1977–78 and proposed Budget Bill language for fiscal year 1978–79 state that any additional Title XX funds which become available to the state shall be used in lieu of the General Fund appropriation for other county social services. We therefore recommend that the Department of Finance report to the fiscal subcommittees during budget hearings regarding the proposed use of $19.88 million in federal funds appropriated by PL 95-171.

OTHER COUNTY SOCIAL SERVICES PROGRAM

Prior Year Funding

The Other County Social Services program includes Title XX services other than homemaker/chore services provided by county welfare departments. These services include protective services for children and adults, out-of-home services for children and adults, health-related services, employment services, information and referral, and others.

Prior to fiscal year 1976–77, other county social services were funded on the basis of 75 percent federal Title XX funds and 25 percent county funds with no state participation. Beginning in fiscal year 1974–75, the Department of Health began a four-year phase-in of a method of allocating federal funds to counties based on the number of public assistance recipients in the counties. The old method based on prior year expenditures was to be phased out over a four-year period. The Budget Act of 1976 appropriated, for the first time, $6.8 million from the General Fund to support other county social services. These funds were allocated so that each county received an amount equal to its highest allocation during the first three years of phase-in of the new allocation formula. During fiscal year 1976–77, the state received an additional $5 million in one-time federal Title XX funds available from the fifth quarter of the federal fiscal year. These funds were allocated to the Other County Social Services program, and thus $5 million of the appropriated $6.8 million reverted to the General Fund.

The Budget Act of 1977 appropriated $13,835,229 from the General Fund to provide a six percent cost of living for the federal and General Fund share of program support. The new allocation system based on number of public assistance recipients was discontinued, and funds were distributed to each county in an amount sufficient to provide a cost of living increase for prior year expenditures. During the current fiscal year, an additional $11.2 million in fifth-quarter federal funds again became available. Because Budget Act language required the state to use any new federal Title XX funds in lieu of General Fund support for other county social services, the $11.2 million in federal funds were allocated to the program, and an identical amount is proposed to revert to the General Fund.

Governor's Budget Proposal

We recommend a General Fund reduction of $22,132,591 for the Other County Social Services program.

The budget proposes an appropriation of $22,132,591 for the Other County Social Services program which is an increase of $19,545,141 or 855.4 percent above current year expenditures. The General Fund increase includes the following cost components: (a) $11,247,779 in lieu of the one-time federal funds available during fiscal year 1977–78, and (b) $8,297,362 to provide a six-percent cost-of-living for both the state and federal portion of program support. Total program support is estimated at $195,448,958 which includes $124,454,128 from federal Title XX funds and $48,862,239 from county matching funds.

If the federal Title XX funds remain capped, and if the state continues to provide a cost-of-living for both the federal and state share of program

SPECIAL SOCIAL SERVICES PROGRAMS—Continued

support, the annual level of state expenditures can be expected to rise to over $70 million by 1983–84.

We have a number of concerns about appropriating state funds for this program. First, there is no mechanism to assure that funds are allocated to those counties with the greatest need, for example, those with the highest number of public assistance recipients. As a result, there is significant variation in the funds allocated to the counties. Second, the Department of Health has not established adequate guidelines to assure that counties are providing a minimum standard of services. Instead, these determinations are left to the individual counties. Third, the department is unable to identify how the proposed funds will actually be spent for the various mandated and optional social services because an adequate planning and allocation procedure has not been implemented. Finally, there are no data available to measure the effectiveness of the program.

As a result, we recommend a General Fund reduction of $22,132,591 for the Other County Social Services program.

County Funds

In the event that the Legislature approves a General Fund appropriation for other county social services, we recommend that the Department of Social Services report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by July 1, 1978 on procedures to assure that Budget Act language requirements for county matching funds are implemented.

The Legislature added language to the Budget Act of 1977 which required that any allocation of funds appropriated for Other County Social Services be available when matched by 25 percent in increased county program funds above the level in existence during fiscal year 1976–77. The intent of such language was to insure that counties would provide a match for additional General Fund support from new county monies.

In a letter dated July 25, 1977, the Department of Health instructed counties to match federal and state monies for other county social services with 25 percent county funds. The department did not indicate that the match must be provided from new county funds. As a result, counties could opt to provide the 25 percent match from existing county overmatch, without having to increase the level of county support. We believe this action was contrary to the intent of the Legislature.

The 1978–79 Budget Bill again contains language that would require increased allocations for other county social services to be matched by 25 percent in increased county program funds above the level in existence during the 1977–78 fiscal year. In the event that the Legislature approves a General Fund appropriation for other county social services, we recommend that the Department of Social Services report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees on procedures for assuring that the intent of this language is met in fiscal year 1978–79.

HOMEMAKER/CHORE PROGRAM

Program Description

The Homemaker/Chore program provides domestic and personal care services to approximately 73,000 aged, blind, and disabled low-income individuals. County welfare departments administer the program, and services may be provided either directly by county employees, by agencies under contract with the counties, or by providers hired directly by the recipient.

Section 12304 of the Welfare and Institutions Code defines a severely impaired recipient as one who requires 20 or more hours of service per week to carry out specified functions of daily living. The program defines a nonseverely impaired recipient as one who receives less than 20 hours of service per week. As of July 1, 1977, the maximum monthly allowance for severely impaired clients was $577 and the maximum allowance for nonseverely impaired clients was $400.

Section 12306 of the Welfare and Institutions Code requires the state to match available federal Title XX funds for the cost of the program. The federal matching basis is 75 percent federal funds and 25 percent state funds. However, beginning in fiscal year 1974–75, the state has provided increased state funds while federal funds have remained the same. County administrative costs for the Homemaker/Chore program are included in the cost of the Other County Social Services program which is supported from federal, state and county funds. Beginning in fiscal year 1977–78, homemaker/chore funds are allocated to counties on the basis of individual county caseload growth, average hours per case, and average cost per case.

Table 4 shows the growth in the Homemaker/Chore program from fiscal year 1974–75 to 1978–79.

Table 4
Total Expenditures in Homemaker/Chore Program
Fiscal Year 1974–75 to 1978–79

Fiscal Year	*General Fund*	*Federal Funds*	*Total*	*Annual Percent Increase*
1974–75	$25,927,000	$52,750,002	$78,677,002	-
1975–76	44,953,000	51,415,152	96,368,152	22.6%
1976–77	28,908,943	86,726,828	115,635,771	20.1
1977–78 (Estimated)	73,680,954	62,709,582	136,390,536	18.0
1978–79 (Budgeted)	89,588,835	69,251,583	158,840,418	16.5

Governor's Budget Proposal

We recommend a General Fund reduction of $15,907,881 for the Homemaker/Chore program since projected benefits resulting from this augmentation cannot be identified.

The Governor's Budget proposes a General Fund appropriation of $89,588,835 which is an increase of $15,907,881, or 21.6 percent above the current year estimated expenditure. Total program expenditures including federal funds are projected at $158,840,418 which is an increase of $22,449,882, or 16.5 percent over the total current year expenditure. The

SPECIAL SOCIAL SERVICES PROGRAMS—Continued

primary reasons for this $22.5 million increase are: (a) a projected 7.2 percent increase in caseload ($9.8 million), (b) an increase in average hours of service per client ($4.5 million), and (c) an increase in minimum wage standards and a six percent cost-of-living for county employees ($8.2 million).

A general goal of the program is to permit aged, blind and disabled low-income persons to remain in their own homes in lieu of institutionalization. Home care is often both more socially humane as well as more cost-efficient than placing such persons in an institution. It is evident that if no homemaker/chore services were provided, a certain number of persons would need to be institutionalized in out-of-home care facilities such as nursing homes or board and care facilities. However, it is not possible to identify the level of funding necessary to hold institutionalization to the minimum level feasible. Nor is it possible to identify what specific impact, if any, increased or decreased funding for homemaker/chore services has on admissions to such facilities. It is likely that some of those now receiving services would not be institutionalized even if the services were not provided. Moreover, in some cases the cost of providing homemaker/chore services, when added to an individual's SSI/SSP benefit payment, may exceed the cost to the state of providing services through an out-of-home care facility.

In addition, the program lacks uniform procedures for determining client eligibility and service needs, and lacks standards for monitoring program quality and costs.

We cannot recommend continuous General Fund augmentations to the Homemaker/Chore program until such time as the projected target populations or program benefits resulting from such augmentations are identified by the department. We therefore recommend a General Fund reduction of $15,907,881.

Homemaker/Chore Regulations

During fiscal committee hearings last year, the Department of Health projected that proposed new regulations for the Homemaker/Chore program would result in an annual General Fund *savings* of $16 to $23 million. The proposed homemaker/chore appropriation in the Governor's Budget for fiscal year 1977–78 was based on the assumption that such a savings would be realized. However, because the regulations had not yet been implemented, the Legislature added an additional $20 million to the budget. During the current year, a portion of these funds have reverted.

The Legislature also added language to the Budget Act of 1977 which prohibited homemaker/chore regulations with a fiscal impact greater than $500,000 from going into effect until the Chairman of the Joint Legislative Budget Committee, or his designee, has had at least 30 days to review them. On December 28, 1977, the chairman received a letter from the Director of Finance notifying him that the Department of Health planned to implement the new regulations after 30 days. The Director of Finance estimated that the revised regulations would result in an annual General Fund *cost* of $1,940,000 to $9,442,306, but indicated that it was not possible to confirm an exact cost estimate because of the lack of adequate program data.

It appears that these regulations, if promulgated, would have a major fiscal impact and would tend to obligate the state to a higher General Fund expenditure in the future. The Governor's Budget does not include funds to cover the cost of these proposed regulations.

The Vice-Chairman of the Joint Legislative Budget Committee has recommended that the Director of Finance ask the Department of Health to withhold implementation of these regulations at the end of the 30-day period to allow the fiscal committees of the Legislature an opportunity to review this matter. We did not receive the proposed regulations early enough for us to review them in this Analysis. We will prepare a supplemental analysis of the regulations for the budget hearings.

Program Activities

We recommend that the Social Services Division report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by April 1, 1978 on procedures to reduce staff turnover in the In-Home Supportive Services Branch.

Last year the Legislature approved continuation of 26.5 positions for the In-Home Supportive Services (IHSS) branch which had been established during fiscal year 1976–77 pursuant to Section 28 of the Budget Act of 1976. This brought total staffing for the IHSS branch to 35.5 positions as of July 1, 1977. Subsequent to that time, six positions whose primary functions were related to program support—specifically, homemaker/chore evaluation and data collection—were informally transferred to the appropriate program support branches within the Social Services Division. This transfer was in accordance with legislative intent expressed at the time the positions were approved.

From February to May 1977, staff in the IHSS branch conducted a review of programs in the 58 counties. This review identified a number of problems among the various counties including (a) inconsistencies in assessing level of client needs, (b) variations in county determinations of client eligibility, (c) lack of compliance with existing regulations, (d) lack of program data, (e) variations in the level and quality of services provided, (f) variations in the cost of providing services, and (g) inappropriate implementation of standards relating to minimum wage and the Federal Insurance Contribution Act.

The Department of Health indicates that as a result of these county reviews, corrective action plans have been initiated with each county to assure conformance with existing regulations. However, in order for many of these problems to be resolved at the local level, the department needs to identify clear and consistent policies at the state level, particularly in areas not addressed by existing regulations. The department has made little progress in the identification of formal policies. Part of this delay is a result of high staff turnover within the IHSS branch.

During the 11 month period from February 1977 to January 1978, there have been three chiefs of the IHSS branch. In addition, according to information supplied by the Social Services Division, 10 of the branch's

SPECIAL SOCIAL SERVICES PROGRAMS—Continued

23.5 professional positions have left the branch during the 5-month period from July 1, to December 1, 1978. After some delay, all but 2.5 positions have been refilled as of January 15, 1978. However, the head of the Policy Development Section remains unfilled.

These staffing problems are reflective of and contribute to problems of poor employee morale and lack of effective management leadership. Unless this situation is corrected, it will be impossible for the branch to resolve many of the problems identified in the county program reviews. We therefore recommend that the Social Services Division report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by April 1, 1978 on procedures to reduce staff turnover in the In-Home Supportive Services Branch.

Reports to the Legislature

We recommend that the Department of Social Services implement procedures to assure that supplemental reports on social services programs are completed and submitted to the Legislature in a timely fashion.

We further recommend that the Department of Social Services report to the Joint Legislative Budget Committee and the fiscal subcommittees and appropriate policy committees on a biannual basis beginning July 1, 1978 on state management of the Homemaker/Chore program. Such a report should identify major program issues, describe scheduled and completed staff activities, and identify policies established by the department to resolve these issues.

The Legislature added supplemental language to the Budget Act of 1977 requesting that the Department of Health report to the Legislature on a quarterly basis beginning July 1, 1977 on progress in the study of policy issues relating to the homemaker/chore program. Even though staff work for the first report has been completed for some time, no formal reports were submitted to the Legislature as of January 15, 1978.

Because the Legislature needs to be kept informed of the progress and activities of the IHSS branch, we recommend that the Department of Social Services implement procedures to assure that supplemental reports on social services programs be completed and transmitted to the Legislature in a timely fashion. We further recommend that the department submit a report to the Legislature on a biannual basis beginning July 1, 1978 on state management of the homemaker program which includes (a) identification of major program issues, (b) description of scheduled and completed staff activities, and (c) identification of policies established by the department to resolve these issues.

OTHER STATE ADMINISTERED SOCIAL SERVICES PROGRAMS

Adoptions

We recommend approval of the proposed $16,316,150 General Fund subvention for public adoption agencies. This is an increase of $859,556 or 5.6 percent over estimated expenditures in the current year. The increase is due to a cost-of-living adjustment for the program.

Item 270, Department of Social Services Support, proposes $157,596 from the General Fund to establish nine positions for the Adoptions Program. The new staff will be used to (a) reduce backlogs in case processing and review relinquishments and other actions which free children for adoption, (b) develop a monitoring system for the Aid for the Adoption of Children program which provides financial assistance to limited-income parents who adopt hard to place children, (c) provide additional support for placement of children across state lines, and (d) investigate illegal or improper adoptions and placements.

Demonstration Programs

We recommend a General Fund reduction of $200,000 for unspecified demonstration programs.

The budget proposes $1,975,000 for social services demonstration programs. Of this amount, $1,850,000 is in Item 274 and $125,000 is from Chapter 892, Statutes of 1977. This is a decrease of $325,000 or 14.1 percent from current year expenditures and reflects a decrease in funds appropriated from other legislation.

Included in the $1,975,000 are the following amounts: (a) $1,650.000 for continuation of the family protection pilot program previously funded by Chapter 977, Statutes of 1976, (b) $125,000 for local assistance costs to implement pilot centers for victims of domestic violence under the provisions of Chapter 892, Statutes of 1977, and (c) $200,000 for unspecified demonstration programs.

Victims of Domestic Violence. Chapter 892, Statutes of 1977, which became effective January 1, 1978, requires the Department of Health to contract with between four and six public or private nonprofit agencies to develop centers for victims of domestic violence. The Department of Health is required to select projects for funding no later than April 1, 1978. The department has placed responsibility for this program with the Social Services Division. The division indicates it currently plans to send out requests for proposal to prospective bidders by the end of January 1978 and to have individual centers funded by the April 1, 1978 deadline.

Unspecified Projects. The Budget Act of 1977 contained $200,000 from the General Fund for departmental demonstration programs. However, the Department of Health did not begin soliciting proposals for these projects until December 29, 1977. The Governor's Budget again proposes $200,000 for unspecified demonstration programs.

We recommend a General Fund reduction of $200,000 for demonstration programs for the following reasons: (a) we are unable to identify how funds available in the current year will be expended or what benefits will be derived from these projects, and (b) the department is unable to identify how these funds will be spent in the budget year.

Maternity Care Program

We recommend that the Department of Health submit a plan for implementation of the maternity care program to the Joint Legislative Budget Committee and the fiscal subcommittees and appropriate policy committees by April 1, 1978. This plan should include procedures for

SPECIAL SOCIAL SERVICES PROGRAMS—Continued

assuring that estimated expenditures do not exceed funds appropriated and a schedule for implementation of regulations.

Chapter 1190, Statutes of 1970, (The Pregnancy Freedom of Choice Act) which went into effect January 1, 1978, requires the state to reimburse nonprofit licensed maternity homes for the cost of care and services provided to unmarried pregnant women under the age of 21. These reimbursements are not to exceed $965 per month per person as adjusted annually. The Department of Health is required to adopt regulations, to specify procedures for filing claims for reimbursement, and to conduct audits. The Department of Health placed responsibility for administration of the program with the Social Services Division.

Section 16151 of the Welfare and Institutions Code appropriates funds from the General Fund to the Department of Health to reimburse licensed maternity homes as follows: (a) $1.2 million for fiscal year 1977–78, and (b) $2.4 million for fiscal year 1978–79. Although these funds are not appropriated through Item 274, they are reflected in the Governor's Budget under the special social services program.

As of late January, the Department of Health was in the process of developing a model contract for reimbursements, but had not yet implemented the program. Because of the possibility that requests for reimbursement may exceed appropriated funds, careful program planning and early implementation of regulations are essential to assure that funds are properly allocated.

We therefore recommend that the Department of Health submit a plan for implementation of the maternity care program to the Joint Legislative Budget Committee and the fiscal subcommittees and appropriate policy committees by April 1, 1978. This plan should include but not be limited to procedures for assuring that estimated expenditures do not exceed funds appropriated and a schedule for implementation of regulations.

SOCIAL SERVICES PROGRAM ADMINISTRATION

Management Information System

We recommend that the Department of Social Services report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by December 1, 1978 on its progress in (a) implementing a comprehensive data system for the Homemaker/Chore program, and (b) studying the feasibility of a statewide data system for all social services.

One of the continuing problems of the social services program is lack of a comprehensive management information system. In the past the department has relied on several information sources. First, the department receives some client and service information reported by counties in accordance with federal statistical reporting requirements. However, this information does not provide sufficient detail on a timely basis to meet the program's data needs. In addition, the department has relied on one-time surveys of selected counties to provide information in the Homemaker/Chore program area. However, these one-time surveys have often been poorly designed and fail to provide on-going information to identify program trends over time. Recent studies of the Homemaker/Chore program completed by the Office of the Auditor General and the State Benefits and Services Advisory Board point out the need for a comprehensive homemaker/chore management information system.

Recently, the Information Development Section of the Social Services Division developed a series of management objectives for collection of program data. These objectives include development and implementation of a monthly interim data system for the Homemaker/Chore program by January 1978, to provide information on number of clients served, hours of service provided and program expenditures by county. In addition, the section plans to develop and implement a more comprehensive information system for the Homemaker/Chore program by October 1979 and to conduct a study of the feasibility of implementing a statewide management information system for all social services by June 1979.

Because of the need for adequate program data to provide a basis for effective program planning, monitoring, and evaluation, the new Department of Social Services should establish a comprehensive social services information system as one of its major priorities. We therefore recommend that the Department of Social services report to the Joint Legislative Budget Committee and the appropriate fiscal subcommittees and policy committees by December 1, 1978 on its progress in implementing a comprehensive data system for the Homemaker/Chore program and in studying the feasibility of implementing a statewide system for all social services.

Program Monitoring and Review

We recommend deletion of seven new positions for a General Fund reduction of $197,182 in Item 270, support for the Department of Social Services.

We further recommend that the Department of Social Services examine the current program review and monitoring operations for the Social Services program and submit a report of its findings and recommendations to the Joint Legislative Budget Committee and appropriate policy and fiscal subcommittees by December 1, 1978.

Last year, the 1977–78 budget proposed the continuation of six positions in the Social Services Evaluation Branch which had been established pursuant to Section 28 of the Budget Act of 1976. Because the justification for these positions was not adequate, we withheld recommendation pending receipt of the department's plan for conducting reviews of county programs and special program studies. Although the information which was submitted to the Legislature during budget hearings did not adequately identify the department's planned activities, we recommended approval of the six positions because of the program's need for stronger program monitoring and review capabilities. There are currently 26 positions assigned to the Social Services Evaluation Branch.

The budget proposes $197,182 in Item 270 (support for the Department of Social Services) for an additional seven positions to review county programs and conduct special studies. The documentation submitted to our office for justification of the new positions was outdated. We therefore

SPECIAL SOCIAL SERVICES PROGRAMS—Continued

requested and received additional information which indicated that the new positions would be used as follows:

1. *County Monitoring.* Five of the new positions are proposed to be assigned to the Field Operations Section to conduct county reviews. There are currently 14 positions assigned to this section. The purpose of these reviews is to assure that county programs are in compliance with existing social services regulations. The new positions would enable the section to review county programs every 18 months with the first cycle scheduled for completion December 1979.

2. *Special Studies.* Two positions would be assigned to the Program Review Section which currently consists of eight positions. These positions would be used to complete two to four studies in as yet undesignated topic areas.

We have several concerns about the current monitoring and review activities conducted by the Social Services Evaluation Branch. First, there is a lack of coordination between staff of the Evaluation Branch and other program branches who conduct county reviews such as the In-Home Supportive Services Branch. As a result, a county may have several different teams of state staff reviewing selected elements of county programs at different points in time. Second, there is no procedure for assuring that the findings identified in county reviews or special reports are reviewed and resolved by other branch managers responsible for on-going program administration. Third, existing regulations are so vague that they do not provide an adequate standard for state level review of county programs.

Since these problems have not yet been resolved, we do not believe additional positions can be used effectively at this time. As a result, we recommend deletion of seven new positions for a General Fund reduction of $197,182 in Item 270. We further recommend that the Department of Social Services examine the current program review and monitoring operations for the Social Services program and submit a report of its findings and recommendations to the Joint Legislative Budget Committee and the appropriate fiscal and policy committees by December 1, 1978.

Development of an Evaluation Model

We withhold recommendation of four proposed positions pending receipt and review of the Assembly Office of Research preliminary report on social services evaluation.

The budget proposes $126,082 in Item 270 for four positions to be established for the period July 1, 1978 to June 30, 1980. These positions will be used to establish and implement an evaluation model focusing on program effectiveness of child protective services in seven selected counties. The department has not yet developed a work plan for development and implementation of this model.

House Resolution No. 21 directs the Assembly Office of Research to review the evaluation and monitoring systems of the social services programs funded by Title XX, design and select one or more models of social services evaluation, and make recommendations for program evaluations. The Assembly Office of Research indicates it will submit a preliminary report of its findings to the Assembly Rules Committee by February 1978. We withhold recommendation of the four proposed positions pending receipt of this report.

Coordination of Programs for the Elderly

We recommend that the Social Services Division designate two experienced professional staff to participate in a special planning group in the Department of Aging beginning no later than June 1, 1978.

In Item 238, Department of Aging, we discuss the lack of an integrated system of services to the elderly, particularly in the area of health and social services. As a result, we recommend that a special planning group be established in the Department of Aging which has responsiblity for coordinating services to the elderly. This planning group would be composed of staff from each of the existing state departments and offices which have responsibility for planning and providing health and social services to the elderly. The Social Services Division in the Department of Health is a logical contributor to this effort since it is responsible for planning and providing protective and out-of-home care services for adults, as well as homemaker/chore services. In the Homemaker/Chore program, it is estimated that 64 percent of the recipients are over 65 years of age.

We recommend that the Social Services Division identify two experienced professional staff to participate in this special planning group no later than June 1, 1978. Because the Social Services Divison already has responsibility for services planning and coordination and because a significant number of new positions were added to the budget last year for this purpose, the designation of two positions to the special planning group is an appropriate use of existing staff.

Department of Social Services

INDO-CHINESE REFUGEE ASSISTANCE PROGRAM

Item 275 from the General Fund — Budget p. 693

Requested 1978–79	$3,019,900
Estimated 1977–78	None
Requested increase $3,019,900	
Total recommended reduction	$1,630,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS — *Analysis page*

1. *Federal Funding Changes. Reduce by $1,630,000.* Recommend reduction of support for payments to individuals not meeting eligibility requirements of existing welfare programs. — 626

INDO-CHINESE REFUGEE ASSISTANCE PROGRAM—Continued

GENERAL PROGRAM STATEMENT

The Indo-Chinese Refugee Assistance program (IRAP) was established by federal law and policy directives to provide benefits to eligible Indo-Chinese refugees. Until recently, the IRAP was 100 percent federally-funded. However, the enactment of recent federal legislation (PL 95-145) will phase-out federal participation in this program. This phase-out is to be implemented over a four-year period as follows: 75 percent federal participation beginning October 1, 1978; 50 percent on October 1, 1979; 25 percent on October 1, 1980; and zero on October 1, 1981.

ANALYSIS AND RECOMMENDATIONS

The Governor's Budget proposes a General Fund appropriation of $3,-019,900 for the local assistance cost of continuing the Indo-Chinese Refugee Assistance program in fiscal year 1978–79. Total local assistance costs including federal, state and county support are projected to be $29,644,800 which is an increase of $2,619,600, or 9.7 percent, over the current year. The primary reason for this increase is a projected increase in caseload. Table 1 presents total local assistance costs as identified in the Governor's Budget.

Table 1
Local Assistance Costs for Indo-Chinese Refugee Assistance Program for Fiscal Year 1978–79

	Federal	*State*	*County*	*Total*
1. AFDC				
a. Federally eligible	$14,272,500	$1,376,300	$662,600	$16,311,400
b. Nonfederally eligible	2,339,100	526,300	253,400	3,118,800
2. General assistance	1,067,600	—	513,200	1,580,800
3. Residuals	7,244,400	1,630,000	784,800	9,659,200
4. Nonassistance food stamp savings	(512,700)	(512,700)	—	(1,025,400)
Total	$24,410,900	$3,019,900	$2,214,000	$29,644,800

Federal Funding Changes

We recommend a General Fund reduction of $1,630,000 for the state cost of providing benefits to Indo-Chinese refugees who do not meet eligibility requirements for existing welfare programs.

As of October 1, 1977, IRAP individuals who were qualified to receive AFDC payments were enrolled in the AFDC program. Payments to these individuals were 100 percent federally supported, with IRAP reimbursing the state and counties for their share of AFDC costs. IRAP individuals who were not eligible for AFDC nevertheless received payments from county welfare departments equal to the AFDC payment. These costs were also 100 percent federally funded, with IRAP providing the entire amount. These non-AFDC eligible individuals are referred to as IRAP "residuals."

Beginning October 1, 1978, federal IRAP reimbursements will be reduced by 25 percent. The $3,019,900 proposed from the General Fund is the net state cost of replacing declining federal reimbursements and contains the following cost components: (a) an increase of $1,902,600 for the portion of the state's share of AFDC costs which will no longer be reimbursed by federal IRAP funds, (b) an increase of $1,630,000 for the state cost of continuing payments to residual individuals at the current year level despite a reduction in federal reimbursements, and (c) a savings of $512,700 that will no longer be charged to the nonassistance food stamp program. In the past, IRAP recipients were enrolled in the nonassistance food stamp program for which the state pays 50 percent of the administrative cost. However, as IRAP individuals are transferred to the AFDC program, food stamp administrative costs will be absorbed by the AFDC program.

The Department of Benefit Payments has estimated that a portion of the residual IRAP individuals will be eligible for county general assistance. These costs will be supported from federal IRAP reimbursements and county funds with no state participation.

If the state should choose to continue to replace declining federal funds with state General Fund support for the IRAP residuals, this cost will continue to grow as projected federal phase-out of the program is completed.

We believe that neither the state nor the counties have the responsibility or authority to pay for the administrative and grant costs of individuals who do not qualify for existing welfare programs. The administration is proposing a significant policy change through the budget procedure in lieu of the normal legislative procedure. Adoption of this policy would result in the granting of public assistance to a group of persons who have assets or income which exceed the present AFDC standards or who do not meet other eligibility requirements such as having minor children. We can find no justification for this and therefore recommend a General Fund reduction of $1,630,000 for the state cost of providing payments to IRAP residuals.

Department of Social Services
COUNTY ADMINISTRATION

Item 276 from the General Fund — Budget p. 692

Requested 1978–79	$77,904,900
Estimated 1977–78	69,746,100
Actual 1976–77	65,677,564
Requested increase $8,158,800 (11.7 percent)	
Total recommended reduction	Pending

1978–79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
276(a)	AFDC	General	$64,638,700
276(b)	Special Adult Programs	General	1,950,800
276(c)	Food Stamps	General	10,446,600
276(d)	Emergency Payments	General	548,900
276(e)	Nonmedical Out-of-Home Care Certification	General	319,900
			$77,904,900

COUNTY ADMINISTRATION—Continued

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

	Analysis page
1. Expenditure Revisions. Withhold recommendation pending receipt and review of May Revision of Expenditures.	629

GENERAL PROGRAM STATEMENT

This item contains the General Fund appropriation for the state's share of administrative costs incurred by counties for the following program activities: a) AFDC eligibility determination, b) administration of the Food Stamp program, c) administration of the special benefit and emergency payments programs for aged, blind and disabled recipients, and d) identification of licensed out-of-home care facilities and certification of nonlicensed facilities which provide services to aged, blind and disabled recipients.

ANALYSIS AND RECOMMENDATIONS

The Governor's Budget proposes a General Fund appropriation of $77,904,900 for the state share of county welfare department administrative costs. This is an increase of $8,158,800 or 11.7 percent over the current year.

As shown in Table 1, the Governor's Budget projects that total county welfare department administrative costs including federal, state, and county funds will be $395,845,700 in fiscal year 1978–79 which is an increase of $28,043,800 or 7.6 percent over the current year.

Table 1

TOTAL COUNTY WELFARE DEPARTMENT ADMINISTRATIVE COSTS FOR AFDC, SPECIAL ADULT PROGRAM, FOOD STAMPS, EMERGENCY PAYMENTS AND NONMEDICAL OUT-OF-HOME CARE CERTIFICATION [a]

	Estimated 1977–78	*Projected 1978–79*	*Increase*	*Percent Change*
1. AFDC				
a. Eligibility Casework	$233,404,200	$253,614,300	+$20,210,100	+8.7
b. Child Support Collections	70,818,000	75,067,100	+4,249,100	+6.0
2. Special Adult Programs	1,573,300	2,002,100	428,800	+27.3
3. Food Stamps	61,196,100	64,293,400	+3,097,300	+5.1
4. Emergency Payments	508,500	548,900	+40,400	+7.9
5. Nonmedical Out-of-Home Care Certification	301,800	319,900	+18,100	+6.0
Totals	$367,801,900	$395,845,700	+$28,043,800	+7.6

[a] Excludes costs for Medi-Cal eligibility determination, county general assistance programs and county social services programs.

Expenditure Revisions

We withhold recommendation pending receipt and review of the May revision of expenditures.

In May 1978, the Department of Finance will submit its Revision of Expenditures to the Legislature. The revision will contain the administration's most recent expenditure claims and workload data. We have identified two areas where revisions are likely. The first is the state's share of the cost of implementing proposed regulations. The budget proposes an appropriation of $1,836,900 for proposed regulations which will change procedures for contacting AFDC recipients who fail to return monthly reporting forms. The Department of Benefit Payments indicates it is currently revising its proposed regulations and this may affect the estimated cost of implementation.

A second area is the cost of implementing new federal food stamp regulations. Recently enacted federal law (PL 95-113) contains major revisions to the food stamp program. These revisions will eliminate the purchase requirement, revise income and eligibility requirements, and change certain administrative procedures. However, federal regulations have not been issued to implement this new law. If these new regulations are received by the department in time to be included in the May Revision of Expenditures, they may result in changes in the General Fund appropriation. Because of the need to continue this item as a closed-ended appropriation in conjunction with a cost-control plan, it is important that the budget estimates be as accurate as possible.

Department of Social Services
EXECUTIVE MANDATES

Item 277 from the General Fund — Budget p. 694

Requested 1978–79	$2,022,800
Estimated 1977–78	None
Actual 1967–77	None
Requested increase $2,022,800	
Total recommended reduction	Pending

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS — *Analysis page*

1. Expenditure Revisions. Withhold recommendation pending receipt and review of May revision of expenditures. 629

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation pending receipt and review of the May revision of expenditures.

The Governor's Budget proposes a General Fund appropriation of $2,-022,800 to reimburse counties for the cost of implementing state regulations for the Aid to Families with Dependent Children (AFDC) program

EXECUTIVE MANDATES—Continued

in accordance with Section 2231 of the Revenue and Taxation Code. The state's share of these increased costs is reflected in Control Section 32.5, AFDC Maintenance Payments, and in Item 276, County Administration.

This is a new budget item and reflects costs for the following changes in regulations:

1. *Work-Related Equipment.* The department proposes to implement regulations which would exempt from consideration as property the entire value of an AFDC recipient's work-related equipment. Current regulations provide a maximum exemption of $200. This limit has forced some recipients to dispose of work-related equipment in order to meet AFDC eligibility requirements. The new regulations are scheduled for implementation February 1, 1978. The budget proposes $27,500 to reimburse counties for their share of increased grant costs resulting from a minor increase in caseload.

2. *Minor Parent.* The department proposes to implement regulations which would change AFDC eligibility standards for minor parents and their children. The proposed regulation would exclude a minor parent residing with his or her nonneedy parents from eligibility for AFDC but would continue AFDC payments for the minor parent's child. Under current regulations, the value of housing, utilities, food and clothing contributed to the minor parent by his or her nonneedy parents is deducted from the AFDC payment for minor parent and child. This often results in the child receiving less than would be paid if eligibility were based on the needs of the child alone. Under the new regulations, if the grandparent is capable of supporting the minor parent, only the minor parent's child would be eligible for AFDC. This would make the payment level for that child comparable to the payment level of children residing with other nonneedy relatives. The budget proposes $158,400 to reimburse counties for their share of increased grant costs.

3. *Monthly Reporting Forms.* The department proposes to develop regulations which will change procedures for contacting AFDC recipients who fail to return monthly reporting forms. If such forms are not received, county welfare departments may discontinue a recipient's aid payment. The budget proposes $1,836,900 to reimburse counties for their share of administrative costs resulting from such regulations. However, the Department of Benefit Payments indicates that the proposed regulations may be substantially revised. As a result, the department's current cost estimate of $1,836,900 may be adjusted when the Department of Finance submits the May revision of expenditures. We therefore withhold recommendation.

Department of Social Services
LEGISLATIVE MANDATES

Item 278 from the General Fund — Budget p. 701

Requested 1978–79	$17,738,700
Estimated 1977–78	17,768,000
Actual 1976–77	8,354,372
Requested decrease $29,300 (0.2 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

Chapter 348, Statutes of 1976, increased the AFDC welfare payment standard by 6 percent, effective January 1, 1977, in order to support a higher standard of living. Normally, counties pay a portion of AFDC grant costs. However, because the state mandated the increase, it has an obligation to reimburse counties for the local share of the 6 percent increase.

Chapter 348 disclaims any obligation on the state's part to reimburse counties for cost-of-living increases in payment standards. As a result, cost-of-living increases do not affect the state's level of reimbursement on a cost-per-case basis.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget requests $17,738,700 for fiscal year 1978–79 to reimburse counties for their portion of the cost of AFDC grant increases which became effective January 1, 1977. The proposed $17,738,700 is a decrease of $29,300, or 0.2 percent, below the current year. The reason for this decrease is the 0.2 percent decrease in AFDC caseload projected for fiscal year 1978–79.

We recommend approval of this amount with the understanding that the appropriation is subject to adjustment when the Department of Finance prepares the May revision of expenditures.

Health and Welfare Agency
DEPARTMENT OF CORRECTIONS

Items 279–285 from the General Fund — Budget p. 714

Requested 1978–79	$266,116,975
Estimated 1977–78	261,041,103
Actual 1976–77	223,239,827
Requested increase $5,075,875 (1.9 percent)	
Total recommended reduction	$781,270

1978–79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
279	Departmental operations	General	$257,459,656
280	Community Release Board	General	3,982,809
281	Workers compensation—inmates	General	1,247,600
282	Transportation of prisoners	General	233,200
283	Returning fugitives from justice	General	816,200
284	Court costs and county charges	General	1,724,550
285	Local detention of parolees	General	652,960
			$266,116,975

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *New Positions for Inmate Visiting. Reduce Item 279 by $347,670.* Recommend deletion of 20 positions requested for surveilling inmate visiting areas. 635
2. *New Positions for Prison Gang Intelligence. Reduce Item 279 by $110,000.* Recommend deletion of six positions requested for obtaining information on prison gangs. 636
3. *New Maintenance Positions at Deuel Vocational Institution. Reduce Item 279 by $74,100.* Recommend deletion of five new positions. 637
4. Position Transfer. Recommend Structural Drafting Technician be transferred to headquarters staff. 637
5. Staffing Standards. Recommend department establish staffing standards for psychiatric treatment and submit report. 638
6. Limited Term Positions. Recommend nine new clerical positions for Community Release Board be authorized for one year only. 639
7. *Parole Region Consolidation. Reduce Item 279 by $25,000.* Recommend deletion of one parole agent III position redirected to update and maintain manuals. 640
8. Limited Term Approval. Recommend CEA II position funds being allocated to the Special Alcohol and Narcotics program be approved for two years only. 640

9. *New Positions for High Control Supervision Unit. Reduce Item 279 by $160,000.* Recommend deletion of 10 positions requested for parolee investigation. 641
10. *Investigative/Intelligence Staff. Reduce Item 279 by $64,500.* Recommend deletion of three special agent positions to eliminate duplication. 642

GENERAL PROGRAM STATEMENT

The Department of Corrections, established in 1944 under the provisions of Chapter I, Title 7 (commencing with Section 5000) of the Penal Code, operates a system of correctional institutions for adult felons and nonfelon narcotic addicts. It also provides supervision and treatment of parolees released to the community as part of their prescribed terms, and advises and assists other governmental agencies and citizens' groups in programs of crime prevention, criminal justice, and rehabilitation.

ANALYSIS AND RECOMMENDATIONS

To carry out its functions, the department operates 12 major institutions, 19 camps, two community correctional centers and 58 parole units. The department estimates these facilities and services will provide for an average daily population of 22,205 in institutions and 20,092 on parole (including felons and nonfelon drug addicts).

Impact of Determinate Sentencing Act of 1976, Chapter 1139, Statutes of 1976 (SB 42) and Chapter 165, Statutes of 1977 (AB 476)

On July 1, 1977, California's Determinate Sentence Law took effect, replacing the indeterminate sentencing structure. The purpose of imprisonment is no longer rehabilitation of the offender. The new law declares that "the purpose of imprisonment for crime is punishment."

The Determinate Sentence Law establishes a scale of three basic sentences for most crimes, with some crimes carrying a penalty of death or life imprisonment with or without the possibility of parole. In sentencing an individual to prison, judges must initially select one of the three basic terms set for each offense—for example 16 months, 2 or 3 years and 5, 6, or 7 years. The upper and lower ranges are for special mitigating or aggravating circumstances. In addition, judges can "enhance", or increase, sentences for the following reasons: use of weapons, prior felony convictions, excessive property damage, and consecutive sentences. Judges are not required to sentence all felons to prison; they retain the discretion to impose a fine, a county jail term, probation or suspending sentence as provided by law.

Good behavior and work participation credits can reduce the amount of time served by one-third. Credits are vested every eight months on the basis of three months for good behavior and one month for prescribed work participation. The new law stipulates one year on parole for persons not sentenced to life imprisonment and three years for those with a life sentence. The maximum time for any single reincarceration resulting from a technical violation of parole is six months and one year, respectively. Any such period of reincarceration is not credited to an individual's parole period. Thus, persons not sentenced to life imprisonment cannot

DEPARTMENT OF CORRECTIONS—Continued

be retained under parole or custody (without a new conviction) for longer than 18 months; for persons with a life sentence, the limit is four years.

The full impact of the Determinate Sentence Law on the institutional and parole programs can be assessed only after further experience with it.

The department's proposed budget provides for program and personnel increases in the institutional program. Other departmental programs generally would be continued at their previously authorized level. The total operations of this department, the Community Release and Narcotic Addict Evaluation boards, and special items of expense from all funding sources (General Fund, special and federal funds, and reimbursements) are summarized in Table 1.

Table 1
Department of Corrections
Budget Summary

			Change from Current Year	
Funding	*Estimated 1977–78*	*Proposed 1978–79*	*Amount*	*Percent*
General Fund	$261,041,103	$266,116,975	$5,075,872	1.9%
Correctional Industries Revolving Fund	18,851,279	19,943,530	1,092,251	5.8
Inmate Welfare Fund	6,015,610	6,169,861	154,251	2.6
Federal funds	42,063	42,063	-	-
Reimbursements	3,925,619	1,797,289	−2,128,330	−54.2
Total	$289,875,674	$294,069,718	$4,194,044	1.4%
Program				
I. Reception and diagnosis	$2,887,052	$2,932,846	$45,794	1.6%
Personnel-years	127	126.1	.9	−.7
II. Institution	236,615,443	241,901,178	5,285,735	2.2
Personnel-years	6,987.7	6,981.2	−6.5	−.1
III. Releasing authorities	6,501,925	4,140,881	−2,361,044	−36.3
Personnel-years	77.8	90.8	13	16.7
IV. Community correctional program	28,941,187	29,222,737	281,550	1.0
Personnel-years	877.7	897.4	19.7	2.2
V. Administration (undistributed)	11,697,133	12,445,166	748,033	6.4
Personnel-years	354.3	368.5	14.2	4.0
VI. Special items of expense	3,232,934	3,426,910	193,976	6.0
Totals	$289,875,674	$294,069,718	$4,194,044	1.4%
Personnel-years	8,424.5	8,464.0	39.5	.4

I. RECEPTION AND DIAGNOSIS PROGRAM

Through four reception centers, the department processes four classes of persons: those committed to the department for diagnostic study prior to sentencing by the superior courts, those sentenced to a term of years, those returned because of parole violation, and nonfelon addicts.

The department provides the courts, on request, a comprehensive diagnostic evaluation and recommended sentence for convicted felon offenders awaiting sentencing. For individuals committed to prison, an extensive personal history is compiled for determining suitable custody and program needs. The new felon commitments are received at reception centers located adjacent to and operated as part of regular penal institutions for males at Vacaville and Chino, for females at Frontera, and for nonfelon addicts at Corona.

The proposed expenditure of $2,932,846 for this program is $45,794 or 1.6 percent above estimated current-year expenditures. The increase represents merit salary adjustments and price inflation to continue the existing program level.

II. INSTITUTION PROGRAM

This program includes the department's 12 institutions, which range from minimum to maximum security, including two medical-psychiatric institutions and a treatment center for narcotic addicts under civil commitment.

Major programs include 24 correctional industry operations and seven agricultural enterprises which seek to reduce idleness and teach good work habits and job skills, vocational training in various occupations, academic instruction ranging from literacy classes to college correspondence courses, and group and individual counseling. The department will also operate 19 camps which will house an estimated 1,070 inmates during the budget year. These camp inmates perform various forest conservation, fire prevention and suppression functions in cooperation with the Division of Forestry. The institution program will provide for a projected average daily population of 22,205 inmates in the budget year, an increase of 820 inmates over the current year.

For this program, the department proposes an expenditure of $241,901,178 in the budget year, which is an increase of $5,285,735 or 2.2 percent above estimated current-year expenditures.

Gang related violence among inmates has become a major problem in prison operations. The primary causes of this turmoil are intra and inter ethnic rivalries, and the distribution of narcotics, both inside and outside of prison. Thus, most of the department's proposals in this program area attempt to control gang violence and reduce drug traffic into prison.

Excessive Staff Requested for Surveilling Inmate Visitors

We recommend deletion of 20 new positions proposed to increase security surveillance within prison visiting areas, for a savings of $347,670 (Item 279).

The number of institutional arrests for inmate possession of narcotics and dangerous drugs has increased approximately 91 percent from 1975 to 1977, rising from 430 in 1975 to 820 in 1977.

To combat this problem, the department is proposing a five-part, $680,652 program consisting of: (a) 18.6 additional guards for screening and searching visitors before they enter the visiting areas at a cost of $323,333; (b) certain physical modifications costing $58,900 to increase the security of visiting facilities at six institutions—e.g., telephone visiting booths; (c) urinalysis machines and equipment for ten institutions to identify narcotics users at a cost of $190,870 (San Quentin and the California Rehabilitation Center already have such machines); (d) the use of specially trained

DEPARTMENT OF CORRECTIONS—Continued

dogs and their handlers to detect drugs and other contraband items inside the institutions at a cost of $62,800; and (e) 20 guard positions at a cost of $347,670 for surveillance inside the prison visiting rooms.

The department already has 97.5 surveillance guards assigned inside the visiting areas of the 12 institutions, but only one guard is assigned to the visitors entrance gate at each institution. With the addition of 18.6 positions and more thorough inspection procedures, the entrance guards should intercept a substantial amount of illegal materials currently being smuggled into the institutions. The urinalysis machines will provide a means to detect inmates using narcotics, and those so identified will be restricted to using telephone booths for visiting purposes, thereby eliminating direct transmission of articles. The dogs will provide another means of drug detection within the institutions.

These four new proposals, combined with the existing 97.5 visiting area security guards, should have a significant deterrent impact and eliminate a substantial amount of the narcotic/contraband traffic into the prisons.

Visiting room surveillance is probably the least cost-effective method of drug control because of the crowded conditions in these areas, the presence of children and close physical contact between inmates and visitors. We believe that, given the size of staff already available and the potential benefits to be gained from implementing the first four proposals, the department should assess the impact of these programs before augmenting visiting room staff.

Reduce New Positions for Prison Gang Intelligence

We recommend deletion of six new positions proposed to obtain information on prison gang activity, for a savings of $110,000 (Item 279).

The department is requesting one full-time lieutenant position for each of the 12 institutions to collect, analyze and disseminate information on prison gangs to other institutions and parole officers, as well as to federal, state and local law enforcement agencies.

Table 2, shows reported gang incidents by institution for 1977. Given the number of reported gang incidents and the need to avoid placing inmates in institutions with rival gangs, we believe there is justification for the requested positions at four institutions: (1) Deuel Vocational Institution, (2) California Correctional Center, (3) California Training Facility, and (4) San Quentin.

Although the California Institution for Men and the California Medical Facility have had fewer incidents, we are recommending that both receive the requested positions as well. As reception centers for the entire system, they constitute important sources of information on gang activity.

The number of gang-related incidents at the remaining institutions is very small (ranging from 15 to 0) and does not warrant such positions on a full-time basis. Therefore, only six of the requested positions should be authorized.

Table 2
Department of Corrections
Number of Reported Gang Related Incidents by Institution in 1977

Institution	*Number Incidents*
Deuel Vocational Institution	84
California Correctional Center	65
California Training Facility	56
San Quentin State Prison	44
California Institution for Men	24
California Medical Facility	17
Folsom State Prison	15
California Mens Colony	9
California Correctional Institution	4
California Rehabilitation Center	2
California Institution for Women	0
Sierra Conservation Center	0

New Maintenance Personnel for Deuel Vocational Institution Not Justified

We recommend deletion of five new maintenance positions (4 painters and one glazier) for a savings of $74,100 (Item 279).

The department is requesting 16 new maintenance positions (plus a secretary) for Deuel Vocational Institution (DVI). The department states that the institution does not have a sufficient number of skilled employees for a preventive maintenance program, and that the existing staff is able only to handle breakdowns and those repairs deemed absolutely necessary. The personnel problem is compounded by the lack of inmates with trade skills to augment the civilian staff.

Eleven of the requested positions, which we recommend for approval, are in job classifications which require special expertise (e.g., machinist, electrician, and fusion welder) which would be difficult to secure from the inmate population. The remaining five, however, consist of four painter I positions and one glazier (glass installer). We believe that inmates can be trained to perform necessary painting within the institution, and therefore recommend deletion of the four painter positions. With respect to the glazier, we note that none of the 12 institutions has a position specified to install glass, and we have no information indicating why such a position is needed. DVI is not uniquely different from the other 11 institutions, and it has operated adequately in the past without a glazier. In the absence of justification for the glazier position, it should be deleted.

Position Transfer

We recommend a proposed structural drafting technician II position for Deuel Vocational Institution be transferred to headquarters.

The department has requested a structural drafting technician II position for DVI to make design and construction drawings for remodeling existing and building new structures.

None of the 12 institutions or the facilities planning section of the headquarters office has a drafting position and the department has not shown why only DVI should have one. We believe that all of the institutions could benefit from the services of this position for minor projects which would not warrant use of the State Architect's office. Therefore, it should be placed in the department's central facilities planning section.

Need Psychiatric Staffing Standards

We recommend the department formulate staffing standards for psychiatric treatment at the California Medical Facility and California Mens Colony and report to the Joint Legislative Budget Committee by November 1, 1978.

The department provides psychiatric treatment for mentally ill inmates requiring hospitalization at the California Medical Facility and the California Mens Colony. Over the past years, psychiatric staffing allocations for these institutions have been piecemeal rather than according to a comprehensive treatment plan. Recent federal court decisions in other states have mandated improved treatment standards in the corrections and mental health areas. We believe the department should develop staffing standards of its own to reduce the possibility of judicial intervention. California has recently instituted significant changes in standards for psychiatric treatment, in terms of both physical structure and staffing ratios for the mental hospitals. Chapter 1202, Statutes of 1973 (SB 413), requires state hospitals under the jurisdiction of the Department of Health to be licensed as health facilities which requires compliance with certain standards. Although the law does not make these standards applicable to the Department of Corrections, the department should develop standards to conform with contemporary practices and report thereon to the Joint Legislative Budget Committee by November 1, 1978.

Other New Positions and Major Program Adjustments

The department is requesting other new positions and program increases for the institution program which we recommend be approved as follows:

Program Detail	*Total Cost*
1. Relocate protective housing unit. Provide 20 additional positions to relocate the protective housing unit at Deuel Vocational Institution to the California Institution for Men (CIM) and to correct other related security deficiencies at CIM. (The Legislature was notified of this change through Section 28 letter.)	$335,037
2. Augment the security staff in San Quentin north and east blocks by 15.2 positions for control and safety of staff and inmates. (Approval was given by the Legislature to add these positions in the current year.)	$277,220
3. Provide 22.4 security positions for Deuel Vocational Institution to provide a second officer in each of the seven general population housing units to allow consistency of supervision and mobile surveillance.	$398,656

4. Provide 20 boiler room tender positions to replace inmate help at the Correctional Training Facility, California Institution for Men, San Quentin State Prison and California Rehabilitation Center. This will reduce repair costs and eliminate a primary source of weapons.......... $228,882
5. Replace deteriorated and unsafe laundry equipment not covered by the normal equipment replacement allotment.......... $330,000
6. Establish four office services supervisor I positions, one each at the California Medical Facility, Folsom, Deuel Vocational Institution, and the California Mens Colony. This position will assume the duties of chief clerk and provide professional skills capable of handling the increasingly complex procurement document workload. (All other institutions have this position.) $49,853

III. RELEASING AUTHORITIES

The Determinate Sentencing Law created a Community Release Board, replacing both the Adult Authority for male felons, and the Women's Board of Terms and Paroles for female felons. The board has nine members, all appointed by the Governor with the advice and consent of the Senate.

The Community Release Board reviews, within one year of commitment, the sentences of all persons committed to the department in order to ascertain whether specific sentences are in conformity with sentences received by other inmates for similar offenses. The board has the authority to return cases to the trial courts for resentencing when it determines sentences are disparate. The board will set the terms of incarceration for persons sentenced to life imprisonment with possibility of parole. The up to one-third reduction in time served for good behavior and program participation will be initially determined by the department subject to review by the Community Release Board on appeal of an inmate. The board must also decide whether, and for how long, to reincarcerate parolees for technical violations.

Temporary Backlog of Indeterminate Sentence Cases

We recommend that nine new clerical positions for the Community Release Board be authorized for one year only.

This year the board has been setting determinate terms for all inmates sentenced before July 1, 1977. To accomplish this task, the Legislature authorized a one-time augmentation of 24 positions for 1977–78. It was originally contemplated that with this enlarged staff the board could establish release dates for all inmates sentenced under the indeterminate sentence law. By the end of the current year, the board will have set determinate sentence dates for all regular and "serious offender" cases—persons convicted of crimes involving violence or bodily injury. However, in the budget year the board will need to conduct hearings for approximately 2,000 inmates sentenced to life imprisonment with the possibility of parole. To handle this workload, the board is requesting five, one-year hearing officer positions and nine permanent clerical office assistant II positions.

DEPARTMENT OF CORRECTIONS—Continued

Pursuant to the determinate sentence law, the board is required to record hearings involving serious offender and life-term prisoners. These recordings must be transcribed within 30 days of the for-life term hearings and in every serious offender hearing which is subject to court review. Additionally, in order to provide the ability to assure consistent decisions rendered by the board in these, and all other cases, as mandated by law, the decisions need to be centrally reviewed. These requirements necessitate a transcription procedure not presently available to the board.

However, by the end of the budget year the board should have completed the backlog of hearings for life-termers and have an empirical estimate of how many serious offender hearings need to be transcribed. At that time, we will be in a better position to evaluate the board's regular workload and the required number of permanent clerical positions. Pending that review, the new clerical positions should be approved for one year only.

Narcotic Addict Evaluation Authority

This board, consisting of four part-time members, makes release decisions on narcotic addicts who have committed crimes but who are committed as nonfelons for treatment of their drug problem. This board has not been directly affected by the Indeterminate Sentence Law, and the budget provides for a continuation of the currently approved program level.

IV. COMMUNITY CORRECTIONAL PROGRAM

The community correctional program includes conventional and specialized parole supervision, operation of community correctional centers, outpatient psychiatric services, anti-narcotic testing and community resource development. The program goal is to provide public protection as well as support and services to parolees to assist them in achieving successful parole adjustment.

Parole Region Consolidation Warrants Position Cuts

We recommend deletion of one parole agent III position proposed to update and maintain the three basic operating manuals on parole supervision, for a savings of $25,000 (Item 279).

We recommend that funding derived from converting one CEA II position to operating expenses for funding the Special Alcohol and Narcotics program be limited to June 30, 1981, pending the department's evaluation of this project.

The Parole and Community Services Division currently operates through five parole regions, four of which are responsible for both felons and nonfelon drug addicts, while the fifth is responsible only for nonfelons in Los Angeles County. The nonfelon population in Region V has dropped significantly during the last three years because the county has been committing a decreasing number of civil addicts to the department, preferring instead to use local facilities and programs for treating such persons. Thus, there has been a decrease in the number of nonfelons released to state parole supervision in that region.

As a result of this population decrease, the department proposes to eliminate region V and reallocate its staff of seven positions. As discussed below, we recommend deletion of one position and limited-term approval of another.

The department proposes to reassign permanently one parole agent III position to revising and maintaining the three operating manuals on parole supervision: Felon Supervision Manual, Nonfelon Supervision Manual, and Work Furlough Supervision Manual. In 1977–78 the Parole and Community Services Division established a task force (costing $38,450) to rewrite the Felon Supervision Manual. This was necessitated by changes in parole procedure resulting from the determinate sentence law.

We do not believe that the task of updating manuals is of such magnitude or need take place so frequently as to warrant a full-time position. Such work should be absorbed by existing staff. Accordingly, we recommend deletion of the position.

The National Institute of Alcohol and Alcohol Abuse funded the Special Alcohol and Narcotics program from July 1971, through June 30, 1977. This program, operated by California State Polytechnic University, Pomona, provided pre-release and community re-entry services to inmates and parolees with a history of alcohol and/or drug abuse. The focus of these services was on academic and vocational education. According to the department, preliminary results of this project indicate a high rate of successful program completion, together with a high rate of job placement.

The department proposes to eliminate one CEA II position (regional parole administrator) and transfer the savings, approximating $45,000, to operating expense—subsistence and personal care. These funds would be used to continue the program. This program should be empirically evaluated before state funds are committed for its continuation.

Reduction of High Control Supervision Unit

We recommend deletion of 10 new parole positions proposed for a High Control Supervision program, for a savings of $160,000 (Item 279).

The department is requesting 30 positions (24 special agents and 6 clerical) to establish for a two-year period, six "high control" parole supervision units to provide special investigation and surveillance of parolees suspected of engaging in organized and/or serious criminal behavior. These agents would not carry ordinary caseloads.

Because this would be an experimental program and the size of the relevant parole population is unknown, there is no basis for determining the number of such units that might be utilized or evaluating their impact on parolee behavior. Accordingly, we believe that the program should be limited to four units (16 agents and four clerical) with expansion in future years dependent on an assessment of program results.

V. ADMINISTRATION

The administration program, including centralized administration at the departmental level headed by the director, provides program coordination and support services to the institutional and parole operations. Each institution is headed by a warden or superintendent and its own

DEPARTMENT OF CORRECTIONS—Continued

administrative staff. Institutional operations are divided into custody and treatment functions, each headed by a deputy warden or deputy superintendent. The parole operation is administratively headed by a chief parole agent assisted by centralized headquarters staff. Each of the 5 parole regions is directed by a parole administrator, and the parole function is subdivided into districts and parole units.

Duplication of Investigative/Intelligence Staff

We recommend deletion of three special agent positions for a savings of $64,500 (Item 279) to eliminate duplication.

The department's central office is requesting three special agent positions, one for the Bay Area Special Services unit and two for assignment to the Prison Gang Task Force.

The Bay Area Special Services unit provides a number of administrative and investigative functions, such as liaison with local law enforcement agencies and investigation of prison gang-related activities. Approximately 50 percent of the agents' time will be assigned to a special Bay Area Task Force on prison gang activity (whose functions are very similar to those described below).

The Prison Gang Task Force collects and analyzes information on prison gang activity—both inside and outside of prison—and dessiminates it to other operational units of the department as well as federal, state, and local law enforcement agencies.

The department has also requested 36 other new positions, costing $1,567,000, whose stated tasks are duplicative of the above functions as follows:

A. Four parole agent II positions (one for each region) to investigate, coordinate, and disseminate information concerning prison gangs within their respective regions. These agents will not carry any caseload. Their total efforts will be directed toward the suppression of prison gang-connected activity both inside and outside of the institutions.

B. A senior special agent and secretary for headquarters staff to coordinate the above four parole agents and the 12 lieutenant positions for each of the institutions discussed earlier.

C. Thirty positions (discussed earlier) for six high control supervision units to provide investigation and surveillance of parolees suspected of engaging in organized and/or other serious criminal behavior.

These 36 special investigative, intelligence, and surveillance positions would be performing the same basic duties proposed for the three special agents. One or more of the 36 positions could also provide liaison to the Bay Area Task Force and the Prison Gang Task Force.

VI. SPECIAL ITEMS OF EXPENSE

Item 282 to 285 provide reimbursements to the counties for expenses relating to transportation of prisoners and parole violators to state prisons, returning fugitives from justice to the state, court costs and all other charges relating to trials of inmates for crimes committed in prison and local detention costs of state parolees held on state orders. These reimbursements are made by the State Controller on the basis of claims filed by the counties. As shown in Table 3 each of the four items reflects a continuation of the currently approved program level adjusted for inflation.

Table 3

	Actual 1976–77	Estimated 1977–78	Proposed 1978–79	Change From Prior Year Amount	Percent
Function					
Transportation of Prisoners (Item 282)	$200,000	$220,000	$233,200	$13,200	6%
Returning Fugitives from Justice (Item 283)	700,000	770,000	816,200	46,200	6
Court costs and County Charges (Item 284)	1,598,934	1,626,934	1,724,550	97,616	6
County Charges for Detention of Parolees (Item 285)	560,000	616,000	652,960	36,960	6

Health and Welfare Agency

DEPARTMENT OF THE YOUTH AUTHORITY

Items 286–293 from the General Fund — Budget p. 736

Requested 1978–79	$147,988,086
Estimated 1977–78	142,516,655
Actual 1976–77	117,960,892
Requested increase $5,471,431 (3.8 percent)	
Total recommended reduction	$860,680

1978–79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
286	Department Support	General	$110,173,246
287	Transportation of persons committed	General	43,540
288	Maintenance and operation of county juvenile homes and camps	General	3,648,000
289	Construction of county juvenile homes and camps	General	400,000
290	County delinquency prevention commissions	General	33,300
291	Delinquency prevention projects, research and training grants	General	200,000
292	Assistance to county special probation supervision programs	General	15,430,000
293	Legislative mandates (Chapter 1071, Statutes of 1976)	General	18,000,000
	Prior year balance available (Chapter 647, Statutes of 1977)	General	60,000
			$147,988,086

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

	Analysis page
1. *Feeding Cost. Reduce Item 286 by $65,450.* Recommend offset of reimbursements from National School Lunch Program.	650
2. *Offsetting Grant Overhead Funds. Reduce Item 286 by $214,500.* Recommend overhead portion of monies received to offset costs of administering grant programs be used for that purpose for a General Fund savings.	650
3. *Camp Programs Under-utilized. Reduce Item 286 by $148,480.* Recommend deletion of 6.8 positions for the camp at Ventura School.	651
4. *Ward/Staff Ratio. Reduce Item 286 by $220,190.* Recommend deletion of 11.1 positions for pilot program to evaluate ward and staff safety. Recommend evaluation be conducted of Fred C. Nelles School where reduced population levels already exist.	652
5. Ward Grievance Staffing. Recommend department identify all positions diverted to ward grievance duties.	653
6. *Medical-Psychiatric Program. Reduce Item 286 by $78,000.* Recommend deletion of funds for staff at the Preston School until new modular building is completed.	653
7. Modesto Training Academy. Recommend department utilize academy by sending new employees to first available class following employment.	654
8. Modesto Training Academy. Recommend simplification of contract with Department of Corrections.	655
9. Parole Reorganization. Recommend department continue to operate and evaluate special parole programs proposed for termination.	656
10. *Volunteer Coordinators. Reduce Item 286 by $104,900.* Recommend deletion of four positions requested for pilot volunteer projects in parole program.	657
11. *County Reimbursements for Detaining Parolees. Reduce Item 286 by $104,660 and establish Item 286.1 in the amount of $75,500.* Recommend transfer of funds to local assistance and reduction of amount requested by $29,160.	658
12. Probation Subsidy. Withhold recommendation pending additional cost information.	658

GENERAL PROGRAM STATEMENT

The responsibility of the Youth Authority Board and the Department of the Youth Authority, as stated in the Welfare and Institutions Code, is ". . . to protect society more effectively by substituting for retributive punishment, methods of training and treatment directed toward the correction and rehabilitation of young persons found guilty of public offenses." The board and the department have attempted to carry out this mandate through the program areas discussed below.

Youth Authority Board

The Youth Authority Board, consisting of eight members, is charged with personally interviewing, evaluating and recommending a treatment program for each offender committed to the department. It also sets terms of incarceration and is the paroling authority for all such wards.

Administration

The administration program consists of (1) the department director and immediate staff, who provide overall leadership, policy determination and program management; and (2) a support services element, which provides staff services for fiscal management, management analysis, data processing, personnel, training, and facility construction, maintenance and safety.

Community Services

The community services program provides direct staff services to local public and private agencies and administers state grants to subsidize certain local programs relating to delinquency and rehabilitation. Program elements are as follows.

Services to Public and Private Agencies

This element establishes minimum standards of operation and makes compliance inspections of special probation services which receive state subsidies and county-operated juvenile halls, ranches, camps and homes and, in some cases, jails in which juveniles are incarcerated. It also assists in the improvement of local juvenile enforcement, rehabilitation, and delinquency prevention programs by providing training and consultation services to local agencies.

Financial Assistance

This element administers state subsidies to local government for construction, maintenance and operation of ranches, camps, and homes for delinquents, special probation programs, and delinquency prevention programs. State support, which is intended to encourage the development of these local programs, is based on the belief that local treatment of delinquents is more desirable, if not more effective, than incarceration in state facilities. Treatment in the community or in locally operated institutions retains the ward in his normal home and community environment or at least closer to such influences than may be the case with incarceration in state facilities.

Delinquency Prevention Assistance

This element disseminates information on delinquency and its possible causes; encourages support of citizens, local governments, and private agencies in implementing and maintaining delinquency prevention and rehabilitation programs; and conducts studies of local probation departments.

Rehabilitation Services

The rehabilitation services program includes a community parole element and an institutions element, each of which is administered by a deputy director and supporting staff in Sacramento. The parole branch is divided into four regions. The institutions and camps branch is organized

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

on a north-south regional basis. It operates four reception centers, eight institutions and five forestry camps as follows:

Facility	*Location*
Reception Centers:	
Northern Reception Center/Clinic	Sacramento
Southern Reception Center/Clinic	Norwalk
Youth Training School Clinic [a]	Chino
Ventura Reception Center/Clinic [a]	Camarillo
Institutions:	
Northern California Youth Center	Stockton
O. H. Close School	
Karl Holton School	
DeWitt Nelson Youth Training Center	
Preston School of Industry	Ione
Fred C. Nelles School	Whittier
El Paso de Robles School	Paso Robles
Southern California Youth Center	Chino
Youth Training School	
Ventura School	Camarillo
Camps:	
Ben Lomond Youth Conservation Camp	Santa Cruz
Pine Grove Youth Conservation Camp	Pine Grove
Mt. Bullion Youth Conservation Camp	Mariposa
Washington Ridge Youth Conservation Camp	Nevada City
Oak Glen Youth Conservation Camp	Yucaipa

[a] Colocated with institution.

With an estimated average daily population of 4,332 wards, plus a community parole program involving 7,258 wards, the department will supervise a projected total daily average population of 11,590 wards in fiscal year 1978–79 (Table 1). The department estimates it will handle a daily average of 192 more institutional wards and 138 fewer parolees in 1978–79 than in the current year.

The wards generally come from broken homes, below average economic status and substandard residential areas. They are usually academically retarded, lack educational motivation, have poor work and study habits, and have few employable skills. Sixty-three percent have reading comprehension levels three or more years below their age-grade expectancy and 85 percent are similarly deficient in math achievement levels. Many also have psychological disorders or anti-social behavior patterns.

Table 1

Average Daily Population of Youth Authority Wards

	1976–77	*1977–78*	*1978–79*
Reception centers	645	650	665
Facilities for males	3,305	3,365	3,542
Facilities for females	119	125	125
Subtotal (institutions)	4,069	4,140	4,332
Change from prior year	—	71	192
Parole caseload	7,486	7,396	7,258
Change from prior year	—	−90	−138
Total Wards	11,555	11,536	11,590

Diagnosis

All wards received by the Department of the Youth Authority undergo a diagnosis procedure at one of the four reception centers, which includes interviews, psychological and educational testing, and medical and dental examinations. Based on this information, staff develops recommendations to assist the Youth Authority Board in determining institutional assignments and treatment programs for the individual wards.

Care and Control

Residential care in camps and institutions provides housing, feeding, clothing, medical and dental services, while parole supervision in the community provides required surveillance and control to assist in rehabilitating the ward and protecting the community.

Treatment

Treatment includes counseling, religious services, recreation, psychiatric services, academic and vocational training in the institutions and post-release treatment in the community. These services are designed to meet the needs of the wards committed as an aid to their rehabilitation.

Research

The research program provides the evaluation and feedback to management considered necessary to determine those programs that are effective and should be continued, those that show promise and should be reinforced and those that should be discontinued. It also provides estimates of future institutional and parole caseloads for budgeting and capital outlay purposes, and collects information on the principal decision points as the wards move through the department's rehabilitation program from the time of referral to final discharge.

ANALYSIS AND RECOMMENDATIONS

The department's programs, as proposed in the Governor's Budget, represent a net General Fund cost of $147,988,086 and 4,145.1 personnel-years of effort. Additionally, the department anticipates budget-year reimbursements amounting to $11,472,680 and federal grants totaling $448,455 for a total expenditure program of $159,909,221.

Table 2 summarizes the budget request, showing sources of funding by category, expenditure levels by program area, and proposed dollar and position changes.

Table 2
Budget Summary
Department of the Youth Authority

Funding	Estimated 1977–78	Proposed 1978–79	Change Amount	Change Percent
General Fund	$142,516,655	$147,988,086	$5,471,431	3.8%
Reimbursements	13,451,725	11,472,680	−1,979,045	−14.7
Federal Funds	559,496	448,455	−111,041	−19.8
Totals	$156,527,876	$159,909,221	$3,381,345	2.2%
Programs				
Youth Authority Board	$1,632,721	$1,676,904	$44,183	2.7%

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Personnel-years	41.1	40.7	−.4	−1.0
Administration	6,405,149	6,345,632	−59,517	−1.0
Personnel-years	219.4	203.5	−15.9	−7.2
Community Services	23,718,715	23,487,381	−231,334	−1.0
Personnel-years	61.0	64.0	3.0	4.9
Rehabilitation Services	104,542,629	108,343,247	3,800,618	3.6
Personnel-years	3,721.9	3,763.8	41.9	1.1
Research	2,228,662	2,056,057	−172,605	−7.7
Personnel-years	85.5	73.1	−12.4	−14.5
Legislative Mandates [a]	18,000,000	18,000,000	—	—
Totals	$156,527,876	$159,909,221	$3,381,345	2.2%
Personnel-years	4,128.9	4,145.1	16.2	—

[a] Chapter 1071, Statutes of 1976, relating to the juvenile justice system, amended by Chapter 1241, Statutes of 1977 (AB 84).

Major Shift in Distribution of Parole Resources

The budget reflects the closure of several special parole programs and the reallocation of staff to provide an equal level of service to parolees throughout the state. The programs to be closed are:

1. Five community parole centers, which provide an intensified level of service and surveillance to about 615 parolees in Los Angeles (four centers) and Stockton (one center).
2. The J.O.B.S. program, which assists parolees in securing and retaining employment in Oakland, Berkeley and Richmond.
3. The San Francisco Project, which provides more intensive services to approximately 400 parolees in San Francisco

The parole reorganization proposal also includes 15 additional clerical positions and $195,810 on a workload basis. It is discussed later in this Analysis.

Additional Funds for Out-of-Home Placements

The department requests an additional $125,304 to cover increased costs in acquiring adequate out-of-home placements for parolees not living independently or returning to their natural homes. Chapter 1071, Statutes of 1976, prohibits the placement of "status offenders" (run-aways, for example) in secure detention facilities. This has resulted in an increased demand for nonsecure facilities such as foster and group homes. Since the supply of such facilities has not increased with the demand resulting from Chapter 1071, and because counties and private agencies also utilize foster home placements, costs for such facilities have risen significantly. The additional $125,304 should permit the department to compete more adequately for desirable homes, thereby reducing the difficulty the department has experienced in placing wards in foster homes.

Medical-Psychiatric Programs Expanded

The budget includes $1,011,923 (including $250,000 for minor capital outlay) to expand the department's medical-psychiatric program to accommodate 115 wards. Funds will be used to upgrade existing intensive counseling programs at the Preston School and the Northern Reception Center Clinic to medical-psychiatric programs, and to slightly increase funding for the existing medical-psychiatric program located at the Southern Reception Center/Clinic. This is discussed later in the Analysis.

Institutional Population Projected to Increase

The budget includes $968,980 to accommodate an additional 192 wards in the institutions. Current-year average daily institutional population is projected to be 4,140 (16 less than budgeted), and an average daily population of 4,332 wards is projected for the budget year. Based on current institutional population trends, we believe that the projected budget-year increase is reasonable. However, a technical budgeting problem concerning funds required for the increased population is discussed later in this Analysis.

Funds Provided to Reimburse Counties for Costs Arising from Major Revision of Juvenile Justice Procedures (Chapter 1071, Statutes of 1976)

Chapter 1071 made major changes in the way juveniles are processed by the criminal justice system at the local level. These changes were outlined on page 666 of the 1977–78 Analysis. As originally approved, Chapter 1071 contained an "offsetting savings" local cost reimbursement disclaimer. Chapter 1241, Statutes of 1977, (AB 84) deleted the disclaimer and appropriated $18 million to pay county claims resulting from Chapter 1071 during the period January 1, 1977, to June 30, 1978. The Governor's Budget requests $18 million to continue such reimbursements in 1978–79.

Technical problems in Chapter 1241 have precluded payment of any claims. However, a bill (AB 2091) has been introduced to resolve these problems. While claims have been submitted by some counties, they have not been reviewed or validated. However, based on the limited information that is available, the funding request appears to be a reasonable approximation of reimbursement requirements on a full-year basis. We will monitor this program carefully and be in a better position next year to evaluate cost projections.

Other Program Changes

Maintenance Positions for Northern Conservation Camps and Parole. The budget includes five maintenance mechanics for the four northern conservation camps and the community residential parole center in Los Angeles. They will be funded primarily from savings in overtime and travel costs otherwise incurred in sending institutional maintenance staff to these locations.

Fiscal Monitoring and Internal Auditing. The department requests $83,063 and three positions to assist management in insuring the fiscal integrity of department operations, which entails separate budgets for each of the ten institutions, five camps and over 40 parole and administrative offices. The managers of these programs have independent authority to purchase goods and services for their operations. Accounting functions are performed at seven locations.

Youth Authority Board Staff. The budget includes $16,520 and one position to augment the board staff. The position will review board policies for compliance with statutory law and court decisions, write proposals for board policy consideration and prepare board policy manual revisions.

Implementation of Statewide Logistics and Material Management Sys-

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

tem (SLAMM). The department requests $35,965 and 3.2 positions to implement SLAMM. This computerized system, developed by the Department of General Services, is designed to improve the procurement and management of materials, thereby reducing overall state costs. The 3.2 positions will provide five hours a week of additional staff time at each of the institutions and camps and three hours a week at each of the four parole regions. Savings from the implementaiton of SLAMM should occur in future years.

Perimeter Security Youth Training School. The budget includes 1.7 positions costing $37,459 to provide increased perimeter security daily from midnight to 8 AM. The positions will be used to deter escapes and prevent intrusions of contraband and unauthorized persons.

Feeding Cost for Increased Institutional Population Overbudgeted

We recommend a reduction of $65,450 (Item 286) to offset reimbursements resulting from the department's participation in the National School Lunch program.

The budget includes $968,980 to provide institutional staffing and operating monies to accommodate an additional 176 wards over the level currently budgeted. This sum includes approximately $800 per ward for feeding. However, $372 of this amount wil be reimbursed by the federal government because of the department's participation in the National School Lunch Program. Consequently, General Fund requirements for the additional ward population can be reduced by $372 per ward or a total of $65,450.

Offsetting Grant Overhead Funds

We recommend that the overhead portion of monies received to offset costs of administering grant programs be used for that purpose for a General Fund savings of $214,500 (Item 286).

The department is budgeted to receive grant awards totaling $6,746,326 in 1978–79. Of that amount, $369,503 (a percentage of each grant) is available to offset departmental costs for administering the grant program. For example, the $222,222 grant entitled "Citizens' Initiative Project" (which involves the assignment of volunteers to work with parolees in Sacramento and Hayward) includes $33,202 of indirect cost funds.

Each grant received by the department requires accounting services. Most grants are not large enough to require (and therefore budget for) a full-time accounting position. In such cases, indirect cost monies would usually be included in the grant to offset its accounting costs. Of the $369,503 to be received as unrestricted indirect cost reimbursements, only $118,260 is allocated to specific positions as shown in Table 3.

Table 3
1978–79 Indirect Cost Funds
Department of the Youth Authority

Available for Allocation		$369,503
Allocated:		
Fiscal monitoring team	$82,590	
Budget analyst	23,340	
Stenographer, facilities planning	12,330	
Total Allocated		118,260
Not presently allocated		$251,243

The $251,243 not allocated represents resources available to the department for which no expenditure is currently planned. We believe that there are several other positions, currently funded from the General Fund, which should be supported from grant overhead cost funds. This would be consistent with the state policy to recover such costs from the grant fund source. These positions, shown in Table 4, are essential to the grant process and would not be required if the grant program did not exist.

Table 4
Grant Related Positions
Department of the Youth Authority

Organizational Element	*Personnel-years*	*1978–79 Cost*
Division of Program and Resources Development	5.0	$138,950
Personnel Division	1.0	15,100
Accounting Division	4.0	60,450
Total	10.0	$214,500

The Division of Program and Resource Development is the departmental unit which seeks and administers grants. The equivalent unit in the Department of Corrections is funded from indirect cost monies. The personnel and accounting divisions positions identified in Table 4 represent the department's estimate of the minimum staff required in those divisions to administer the grant program. Consistent with the purpose for which the federal government includes indirect cost funds in grants, we believe that the above positions should be financed with federal funds for a General Fund savings of $214,500 (Item 286).

The remaining indirect cost funds of $36,743 should be expended only for administrative services to grant-funded activities. Expenditures from this amount, as well as from any additional indirect cost funds received by the department, should allow savings to the General Fund unless the department can substantiate the need for additional positions or operating expenses to administer grants. Such expenditures should be considered an increase in the level of service and reported to the Legislature in accordance with Section 28 of the Budget Act.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Camp Programs Under-utilized

We recommend that 6.8 positions added last year to permit the department to open an institution based camp at the Ventura School be deleted for a savings of $148,480 (Item 286).

Prior to 1977–78, the department operated five separate conservation camps, one camp-type program at the El Paso de Robles School, and a centralized pre-camp forestry training program at the DeWitt Nelson Training Center. Last year, the Govenor's Budget reflected termination of the centralized training program and the opening of two additional institution based camps: one at DeWitt Nelson and one at the Ventura School. The one at Ventura was to be co-educational to give female wards an opportunity to participate in a camp program.

Because the population levels of the five camps were significantly below the budgeted level in early 1977, we recommended (subsequent to publication of the 1977–78 Analysis) that one of the five conservation camps be closed and the facility turned over to the California Conservation Corps. The department responded that it needed to retain the camp because it anticipated that camp population levels would be at budgeted capacities by June 30, 1977. While the camp population did increase, the five camps were 39 wards, or more than 10 percent, below the budgeted level on June 30. Since that time, camp populations have been declining and by the end of 1977 stood at 292 or 88 under the budgeted level. This occurred despite a significant increase in ward camp pay which was implemented administratively on July 1, 1977.

Because the camp programs represent significant capacity and all associated staffing costs are incurred even though the ward population is less than budgeted, we believe that the department should develop procedures to insure that all qualified wards are assigned to the camp program. Should the type of wards committed to the department preclude such action, the department should close at least one of the camps.

We understand that the department has delayed opening the camp program at the Ventura School until at least March 1978 in order to study the camp population problem. Because of this, we recommend that the Ventura School camp not be opened until the department has demonstrated the capacity to *sustain* ward populations in the existing camp programs at the budgeted level. The staff added last year to permit the Ventura School camp to be opened should be deleted for a savings of $148,480 (Item 286).

If, despite inadequate camp population levels, the department desires to open a co-educational camp at the Ventura School, it should transfer either the DeWitt Nelson camp or one of the four Northern Conservation Camps to Ventura.

Additional Funds Not Needed to Evaluate Benefits of a Reduction in the Ward/Staff Ratio

We recommend deletion of 11.1 positions requested to test whether lower open-dormitory population levels reduce danger to wards and staff for a savings of $220,190 (Item 286).

We further recommend that an evaluation be conducted at the Fred C. Nelles School where reduced population levels already exist.

The Governor's Budget includes $220,190 to allow the department to open an additional living unit at DeWitt Nelson to reduce population density in three units which now house a total of 150 wards. The department's plan is to assign these wards to four units (about 37 wards per unit) and to evaluate the effect of that reduction on ward and staff safety.

We believe that additional pilot or demonstration projects are not required for this purpose. The department is currently evaluating a federally funded project at the Preston School in which the population level has been reduced to 40 wards in one living unit and the staffing of another unit has been increased. Additionally, the department's research section is planning to study the relationship between population density and violence at the Youth Training School (YTS). Even though YTS is not an open dormitory facility, the results of that study should be useful in evaluating the advantages of lowering the population levels in living units throughout the department.

We believe that the proposed evaluation could be conducted at the Fred C. Nelles School which, for several years, has had reduced populations in its living units. About half of the units at the Nelles School have 30 wards with the balance at 40 wards. Because the evaluation of the impact of reduced ward/staff ratios could be conducted at the Nelles School without additional staffing costs, we recommend that funds included for additional staffing at Dewitt Nelson be deleted for a savings of $220,190 (Item 286).

Ward Grievance Staffing

We recommend that the department, during budget hearings, identify all security parole and treatment positions diverted to ward grievance duties.

The Governor's Budget requests 3.4 positions costing $64,130 to provide perimeter security for the Southern Reception Center/Clinic from 3 PM to 7 AM daily. In the current year, the department diverted an existing security position to perform wards' rights functions. We believe that this action may be indicative of other staff diversions implemented throughout the department to comply with Chapter 710, Statutes of 1976.

Chapter 710 established a procedure for responding to ward complaints. At the time the bill was under consideration, the department assured both the Department of Finance and the Legislature that no additional costs would be incurred in implementing it because the department already had administratively established a system conforming to the bill's provisions.

While workload requirements may have changed since that assurance was given, we have not been so advised and the department has not requested additional staff to implement Chapter 710. Therefore, we recommend that, during budget hearings, the department report on the numbers of security, parole and treatment personnel who are performing ward grievance duties to indicate the costs of Chapter 710 and the degree to which other activities have been reduced.

Medical-Psychiatric Staff Not Needed Until Capital Improvements Completed

We recommend that funds for the Preston staff component of the medical-psychiatric program be phased in to coincide with completion of the

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

new building and other required facilities modifications for a savings of $78,000 (Item 286).

The budget includes $1,011,923 to upgrade three existing programs to provide medical-psychiatric facilities for 115 wards. Two of these programs are located at the major reception centers (Sacramento and Norwalk) and one is at the Preston School (Ione). Because the department currently operates a medical-psychiatric program at Norwalk, only minor staff and facility adjustments will be required there.

While each of the three sites requires some physical improvements, only the Preston site requires significant new construction (a 40' by 60' modular building, as well as extensive modification to an existing dormitory). Assuming timely processing of required contracts by the Department of General Services, the department estimates that the building can be ready for occupancy by November 1, 1978. Despite this delay, the budget includes funds to fill the 16.9 new positions Preston requires for the program, on July 1. At that time any new employees would have to be housed in temporary facilities, and wards probably would not be housed in the program unit because of construction activity. Even existing employee offices will be severely disrupted by required construction.

Generally staff for new programs are authorized 30 days before the program is actually opened to permit them to develop working relationships, receive some training and exposure to an institutional setting, and take care of personnel, pay and other requirements. Consistent with that policy, we believe that most of the new staff for this program should not be hired before October 1, 1978. However, because of the significant program changes at Preston, we believe that it is not unreasonable to hire a few key people such as the program administrator and staff psychiatrist somewhat earlier than that date. Hiring staff in accordance with our recommendation would result in General Fund savings of $78,000 (including $13,500 which reflects double-budgeting of training needs).

Should construction of the building be delayed, the department should also delay hiring most of the staff until 30 days before the projected availability of the building. The Department of Finance should revert to the General Fund any monies saved by such a hiring delay.

Modesto Training Academy Not Fully Utilized

We recommend that the department fully utilize the Modesto Training Academy by sending new employees to the first available class following their employment.

The Department of Corrections and the Youth Authority jointly utilize the Correctional Training Academy at Modesto for training most newly hired personnel. The program is designed to equip new group supervisors and youth counselors (Department of the Youth Authority) and correctional officers (Department of Corrections) and ancillary personnel with the basic skills necessary to work in an institutional setting. The curriculum includes, for example, the training mandated by Penal Code Section 832 (powers of arrest, etc.), and training in room and body search techniques, report writing, self-defense, and disciplinary procedures.

According to training academy staff, such training is most effective when a new employee is sent to the academy shortly after his/her employment begins. A few days of institutional exposure, under the supervision of experienced personnel, is probably all that is desirable for new employees prior to academy attendance. Failure to receive training reasonably soon after job placement may result in employees' acquiring poor work habits, and being unable to respond properly to hazardous situations.

We believe that new staff should be scheduled for academy attendance in the first month following employment. Based on limited data collected by academy staff, it appears that less than one-third of the Youth Authority employees (11 of 38 in late 1977) are attending within their first three months of employment. Moreover, the department is not using all of its authorized slots at the academy. We recommend that the department, to the maximum extent possible, send new employees to the first available class after their employment.

Simplify Cost Accounting for Modesto Training Academy

We recommend that the contract arrangements with the Department of Corrections for operation of the Modesto Training Academy be simplified.

The Governor's Budget includes $372,050 as the Department of the Youth Authority's share of the cost of operating the Correctional Training Academy. This amount, which is transferred to the Department of Corrections by contract, includes funds for instructional costs, travel and per diem of students. It also includes the money necessary to hire back-up personnel to cover the student's work shift in the institution. Consequently, a considerable portion of the funds originally transferred to the Department of Corrections are *returned* to the Department of the Youth Authority.

We recommend that the department transfer only its portion of the instructional costs to the Department of Corrections and retain those funds which would ultimately be returned. This would simplify accounting procedures and produce minor cost savings to both departments.

Parole Reorganization

The Governor's Budget reflects a reorganization of the department's parole program with the goal of providing more services to, and surveillance of, parolees during the period immediately after institutional release. The reorganization includes a revision of the clerical staffing formula and the closure of several special parole programs whose staff would be redistributed to regular parole offices throughout the state.

Clerical Staffing Formula. The number of clerical positions authorized for each regular parole office is based on a formula adopted over 20 years ago. It provides one clerical position for each 220 cases plus one-half position for each supervisor. Given the significant increase in paperwork resulting from court decisions regarding due process for wards whose parole is in jeopardy, this level of clerical assistance is inadequate and has necessitated the use of parole agents to perform clerical tasks. The department proposes to modify this formula to provide one clerical position for three parole agents, and retain the one-half position for each supervisor. The

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

budget contains 15 additional clerical positions at a cost of $195,810 to implement the new formula.

Parole Agent Utilization. Each regular parole office is assigned one non-case-carrying agent (violations specialist) to handle parolees whose behavior may result in termination of parole or other disciplinary action. These positions were authorized as a result of recent court decisions, re *LaCroix* and re *Valrie.* Because of variations in the number of cases requiring special handling, the specialists in some offices are under-utilized. In order to equalize workload, the department proposes to assign all specialists to the pool of regular case-carrying agents.

Parole Reorganization

We recommend that the department continue to operate and evaluate the special parole programs which are proposed for termination.

During the past several years, the department has established a number of parole programs designed to provide special, more intensified services for parolees, generally in high crime, high unemployment areas of the state. These projects offer such diverse services as lodging, job training, academic studies, and group counseling. Despite substantial allocation of resources to these projects, the department has failed to provide adequate evaluation of their accomplishments. It is proposing to terminate a number of them in the budget year and reallocate their resources to the regular parole program. Only the SPACE program in Los Angeles and the Park Centre in San Diego are proposed for continuation. Programs to be terminated are:

1. The San Francisco project, which serves 400 parolees in the San Francisco area. It was officially formed in July 1975 by combining two special projects and one regular parole office. The program is staffed at a level significantly higher than regular parole offices and employs other professional staff. Parolees are phased through the program and receive services prescribed on an individual basis. For example, some wards receive schooling at the project while others are placed in smaller caseloads where their behavior can be more closely observed.

2. The J.O.B.S. program, which was established in July 1975 to assist parolees in Oakland, Berkeley and Richmond in obtaining employment. J.O.B.S. staff work in conjunction with regular parole agents to place parolees in jobs or training leading to employment.

3. Five community parole centers (CPC's) which serve a total of 615 parolees, four of which are located in the Los Angeles area and one in Stockton. Six CPC's were established in 1966–67, but the one in San Francisco was integrated into the San Francisco Project described above. The centers are staffed at a level higher than regular parole offices. They also employ a teacher and a group supervisor who generally assists wards in obtaining employment.

The Department of Finance in its October 1976 review of the department's parole program concluded that CPC's should be discontinued in 1978–79 unless the Youth Authority can demonstrate that they outperform regular parole units in urban target areas. With respect to the other special programs, including the San Francisco Project, the department stated that they should be continued because they are new and experimental. However, the department recommended that termination dates be established and followed unless the Youth Authority documented the programs' effectiveness.

After reviewing the Department of Finance report and the Youth Authority's response to it, we generally concur with the findings. We believe that the San Francisco Project, as well as the J.O.B.S. program, should be continued until thoroughly evaluated. We see little justification, in light of the Department of Finance study, for transferring the resources of these projects to enrich the regular parole program.

Because the Department of the Youth Authority has not documented the effectiveness of the CPC's, these programs, according to the Department of Finance report, should be terminated in 1978–79. The budget reflects this action but proposes to transfer the resources to the regular parole program. We believe the CPC's should be evaluated. They represent a considerable state investment in an innovative attempt to deal with parolee needs and problems. We therefore recommend that the CPC's be retained and evaluated.

Pending completion of evaluation reports we further recommend that the San Francisco Project and the J.O.B.S. program be given termination dates of June 30, 1982, and the CPC's termination dates of June 30, 1980.

Use of Parole Volunteer Coordinators Not Defined

We recommend deletion of four proposed volunteer coordinators in the parole regions for a savings of $104,900 (Item 286).

The budget contains $211,900 for 8.5 new positions to formalize and staff existing and proposed volunteer programs. Four and one-half positions will supplement 5.5 existing full time and part-time positions in the institutions to provide one full-time volunteer coordinator at each of the ten institutions. We believe that these positions are useful because they can provide centralized control, training and supervision to numerous volunteers serving a significant number of wards at each location.

The remaining four new positions are requested to provide one volunteer coordinator for each parole region. They will conduct pilot programs for which no detail or work plans are currently available. Even the locations of the programs are unknown.

Over the years, the department has participated in a number of grant-funded projects which made use of volunteers. It is currently operating, in Sacramento and Hayward, a grant-funded program entitled "Citizens Initiative Project" which utilizes volunteers to improve the integration of parolees into society. It began receiving parolees in early 1977. The project is staffed with 8.5 positions and will expend $222,222 in the budget year.

We believe that additional pilot projects should not be approved until performance data are available from the "Citizens' Initiative Project". Moreover, in view of the staff needed to operate that project, we do not believe that one-person pilot projects are viable. Therefore, we recommend that the four parole positions be deleted for a savings of $104,900 (Item 286).

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

County Reimbursements for Detaining Certain Youth Authority Parolees Overbudgeted

We recommend that funds included in the department's support budget to reimburse county costs incurred in detaining certain Youth Authority parolees be reduced to $75,500 and transferred to a new local assistance item for a net savings of $29,160.

Chapter 1157, Statutes of 1977 (AB 166) requires the department to reimburse counties for detaining Youth Authority parolees, when the detention is related solely to the violations of the conditions of parole and not to a new criminal charge. The act, an urgency measure, appropriated $73,000 based on the department's estimate of its annual cost. The department's support budget (Item 286) includes $104,660 to provide such reimbursements for 1978–79.

Chapter 1157 was patterned after Chapter 1237, Statutes of 1974, which requires the Department of Corrections to reimburse counties for detaining adult parolees under similar conditions. Funds for payments required by Chapter 1237 are classified as local assistance in the Governor's Budget and appropriated by a separate item in the Budget Bill (Item 285).

Monies required for transportation of persons committed to the Department of the Youth Authority and state support for construction, operation and maintenance of county juvenile homes and camps; county juvenile delinquency prevention commissions; delinquency prevention projects and research and training grants; and the probation subsidy program are classified as local assistance in the Governor's Budget and appropriated by separate items in the Budget Bill (Items 287 to 292). We believe that costs attributable to Chapter 1157 should be similarly classified.

We further recommend that the $104,660 requested be reduced to $75,500 for a net savings of $29,160. When Chapter 1157 was under consideration the department estimated its costs to be $72,900 based on 2,916 confinement days in county jails at $20 per day ($58,320) plus 324 confinement days in juvenile halls at $45 per day ($14,580). The budget request is based on the same number of confinement days but higher daily costs ($30 for jails and $53 for juvenile halls).

According to the Department of Corrections, the 1976–77 unweighted average amount paid per day for county jail costs under Chapter 1237 was $18.36. We understand that when the Department of the Youth Authority begins to make payments under Chapter 1157 it will use the rates approved by the Department of Corrections. We believe that the $30 rate used in developing the budget is excessive and that the $20 rate used by the department in estimating the cost of Chapter 1157 is more accurate and justified by the Department of Corrections' actual experience. We therefore recommend that the department's request be reduced to $75,500 and placed in a separate local assistance item. The net savings would be $29,160.

Probation Subsidy Program Historically Overbudgeted

We withhold recommendation on the probation subsidy program (Item 292) because it has been overbudgeted for five consecutive years. Additional expenditure data will be available before the May revision to the budget.

The probation subsidy program was established in 1965 to encourage greater use of probation by sharing with the counties savings resulting to the state from a reduction in commitments of juveniles and adults to state institutions. Participating counties must make "earnings" based on a prescribed formula set forth in the Welfare and Institutions Code. The county achieves earnings by reducing its combined level of adult and juvenile commitments below a base commitment rate previously established. For each reduction in its base commitment level, the county is reimbursed (up to a maximum of $4,000) its actual cost of providing an enriched probation program meeting minimum standards prescribed by the Youth Authority.

As shown in Table 5, this program has been consistently overbudgeted for the last five fiscal years. Additionally, the number of counties participating in the program and county "earnings" which determine probation subsidy expenditures have been declining over the past several years.

Table 5

Probation Subsidy Savings

	1973–74	*1974–75*	*1975–76*	*1976–77*	*1977–78 (Est.)*
Budgeted	$23,742,000	$24,100,665 [a]	$21,687,000	$19,687,000	$18,387,000
Expended	20,410,354	22,248,284	20,759,555	16,966,440	15,430,000
Savings	$3,331,646	$1,852,381	$927,445 [b]	$2,720,560	$2,957,000

[a] Includes $2,174,000 appropriated by Chapter 411, Statutes of 1974, primarily for treatment of offenders or alleged offenders by local law enforcement agencies.
[b] Includes $914,258 transferred to departmental support.

Last year the Legislature, on our recommendation, reduced the 1977–78 appropriation for the probation subsidy program to $18,387,000, which was the 1976–77 expenditure estimate shown in the 1977–78 Governor's Budget. As shown in Table 5, actual 1976–77 expenditures were less than $17 million.

Estimated expenditures for 1977–78 are $15,430,000 or almost $3 million less than appropriated. Much of this savings reflects further decline in county participation in the program. The 1978–79 budget request is the same as the current-year expenditure estimate. We believe that probation subsidy funding requirements will continue to decline. Additional current-year expenditure data will be available prior to the May revision to the Budget. On the basis of that data, a more reliable estimate of budget-year requirements for the probation subsidy program can be developed.

Health and Welfare Agency

CALIFORNIA HEALTH FACILITIES COMMISSION

Item 294 from the California Health Facilities Commission Fund — Budget p. 758

Requested 1978–79	$1,394,294
Estimated 1977–78	1,207,252
Actual 1976–77	996,652
Requested increase $187,042 (15.5 percent)	
Total recommended reduction	$82,109

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *New Positions for Health Facility Reports and Related Activities. Reduce Item 294 by $82,109.* Recommend deletion of 6.5 positions. — 660

GENERAL PROGRAM STATEMENT

The California Health Facilities Commission was created by Chapter 1242, Statutes of 1971, and charged with the responsibility of developing a uniform system of accounting and reporting for all hospitals in California. Chapter 1171, Statutes of 1974, further required the commission to develop and implement an accounting and uniform reporting system for long-term care facilites in California, in addition to the hospitals. The purposes of developing these systems of reporting requirements were to: (1) encourage economy and efficiency in providing health care services, (2) enable public agencies to make informed decisions in purchasing and administering publicly financed health care, (3) encourage organizations which provide health care insurance to take into account financial information provided to the state in establishing reimbursement rates, (4) provide a uniform health data system for use by all state agencies, (5) provide accurate information to improve budgetary planning, (6) identify and disseminate information regarding areas of economy in the provision of health care consistent with quality of care, and (7) create a body of reliable information which will facilitate commission studies that relate to the implementation of cost effectiveness programs.

ANALYSIS AND RECOMMENDATIONS

The budget proposes an appropriation of $1,394,294 from the California Health Facilities Commission Fund for support of the commission during the 1978–79 fiscal year, an increase of $187,042, or 15.5 percent, above the current year. This increase provides for the continuation of three staff service analyst positions which were established during the current year, the creation of six new positions, and 0.5 personnel years in temporary help.

Positions for Research

We recommend approval of a research manager III, a staff services analyst and related expenses at a cost of $73,836.

The present reseach staff consists of three professional and one clerical position. An additional staff services analyst position has been established during the current year and the budget proposes to continue this postion and add a research manager III. The research unit in the commission has conducted studies on the various cost components and other elements of health facility care. In view of the increasing need to have this type of information available to the Legislature as it considers the issue of rising costs in the delivery of health care services, we believe the requested positions are justified.

Positions for Processing Health Facility Reports

We recommend deletion of 6.5 positions for the processing of health facility reports and related activities at a savings of $82,109.

The budget proposes establishing two clerk I, one clerk-typist I, one senior clerk-typist position, and a 0.5 temporary help position to assist in the processing of health facility reports in the budget year. One staff services analyst position, established in the current year, is proposed for continuation in the budget year for work on changes in the accounting manual and to respond to requests for extensions in filing the reports. The accounting technician will assist in the budget and personnel functions of the commission.

Pursuant to Chapter 1171, Statutes of 1974, the commission developed a uniform accounting and reporting system for the approximately 1,200 long-term care facilities in California. Approximately 600 of the 1,200 facilities have a fiscal year of January 1–December 31. Effective January 1, 1977, compliance with the system was required of the facilities with fiscal years beginning on that date. The remainder complied when their fiscal year started.

The law requires that the facility accounting reports be submitted within four months of the end of the fiscal year and the commission estimates that it will be receiving these reports beginning in April 1978. Consequently, last year the Legislature approved the request by the commission for six new positions, effective March 1, 1978, to process the anticipated initial 600 long-term care facility reports. We have received no information indicating that the positions established March 1 cannot process the initial 600 reports and the balance of the reports on a continuing basis. In the absence of any new statutory authority extending the responsibilities of the commission, we do not believe any additional positions are justified.