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# REVIEW OF THE STATE WELFARE SYSTEM



**STATE OF CALIFORNIA**  
Edmund G. Brown Jr., Governor  
**HEALTH AND WELFARE AGENCY**  
Mario G. Obledo, Secretary  
**DEPARTMENT OF SOCIAL SERVICES**  
Marion J. Woods, Director

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JULY 1979

**A Cost Effective Approach**

State  
Social Services  
Advisory Board

State Department

**STATE SOCIAL SERVICES ADVISORY BOARD**

**REVIEW OF THE STATE WELFARE SYSTEM**

**A COST EFFECTIVE APPROACH**

**JULY, 1979**

DEPARTMENT OF SOCIAL SERVICES - 744 P STREET  
STATE SOCIAL SERVICES ADVISORY BOARD  
SACRAMENTO 95814  
(916) 322-3206



July 1979

The Honorable Edmund G. Brown, Jr.  
Governor of the State of California  
State Capitol  
Sacramento, California

Dear Governor Brown:

In the spirit of Proposition 13, the State Social Services Advisory Board established a special Task Force to review the welfare system and to identify the areas where cost reductions could be made without disruptions to the present welfare system, or adversely affecting needy welfare recipients.

Joining with the Board on this Task Force have been five members of the California Welfare Directors Association and Ellis P. Murphy, retired welfare director of Los Angeles County.

The attached report constitutes a cost-effective approach to welfare administration and includes approximately 150 recommendations which, if implemented, would constitute a net program savings of at least five hundred million dollars. Such implementation will not adversely affect the welfare recipient whose only source of income is public assistance. However, there is an effort to maximize the use of outside resources for those who have the benefit thereof. Of primary concern to the Task Force is the effectiveness of the job/employment programs which were primarily designed for the benefit of the welfare recipient. Unfortunately, these programs are not working. We are recommending that the county welfare departments be given authority to reenter this activity. It is requested that your office take action to remedy this problem in accordance with our recommendations.

We have not recommended substantial cuts in Title XX social service programs because we believe these programs to be necessary and the reduction of which could lead to increased public assistance costs.

Notwithstanding that the AFDC Program is a federal program, a number of our recommendations entail changes of policy at the department level or a change in regulations over which the state has jurisdiction and authority.

In conclusion, this report is consistent with the wishes and desires of the Californians who supported Proposition 13.

Sincerely,

A handwritten signature in cursive script that reads "Robert E. Mitchell".

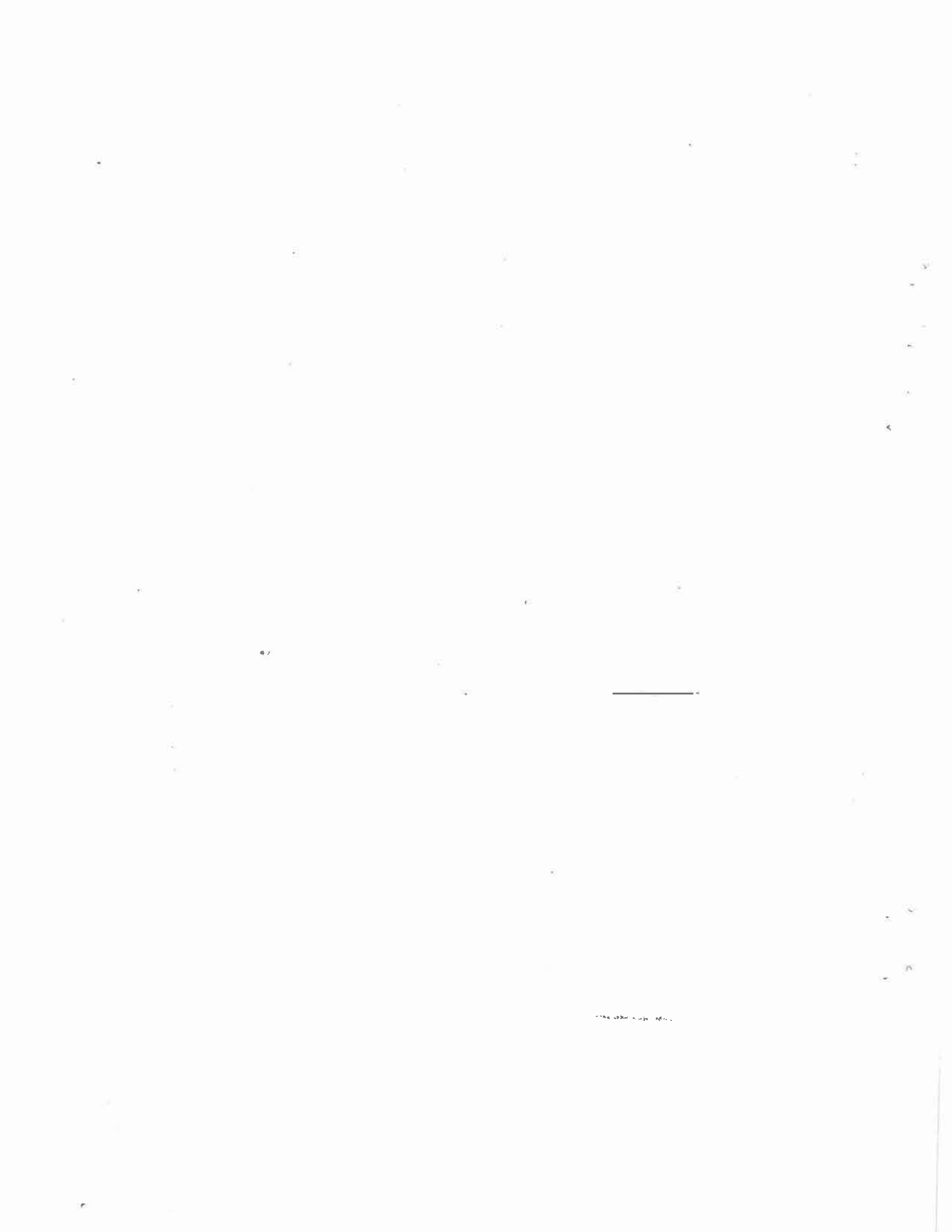
ROBERT E. MITCHELL  
Chairman

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MEETING DATES OF THE BOARD AND/OR TASK FORCE  
FOR THE  
REVIEW OF THE STATE WELFARE SYSTEM

July 27, 28, 1978	Sacramento
August 24, 25, 1978	Los Angeles
September 21, 22, 1978	Sacramento
October 10, 11, 1978	Sacramento
November 16, 17, 1978	Sacramento
December 14, 15, 1978	Los Angeles
January 25, 26, 1979	Sacramento
February 23, 24, 1979	Los Angeles
March 8, 1979	Los Angeles
March 23, 24, 1979	Los Angeles
April 6, 7, 1979	Los Angeles
April 30, 1979	Los Angeles
May 3, 4, 1979	Sacramento
May 18, 1979	Los Angeles
June 14, 1979	Los Angeles
July 13, 1979	Los Angeles



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The recommendations in this report represent the views of the appointive members of the Board and are not necessarily those of the legislative members who did not participate in the study.



STATE SOCIAL SERVICES ADVISORY BOARD

REVIEW OF THE STATE WELFARE SYSTEM

TASK FORCE

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Public Social Services  
El Monte, CA

The State Social Services Advisory Board wishes to express its recognition and gratitude to the members of the Task Force and to the many people who submitted reports or otherwise presented information from which the Board gained perspective and insight into this review of the state welfare system. The Board is certainly appreciative of the many hours of work and commitment contributed by the Task Force members, without which this report would not have been possible.



## INTRODUCTION

Initially the Board intended to make a summary review of the welfare system in response to the super majority vote on Proposition 13. It was our intent that such a review would adequately point out the areas where cost reductions could be made. However, the welfare system is a complex and interrelated system. Once we had in essence opened "Pandora's Box", our review and search became more intensive. The task force has spent more than one year on the project, and countless hours in discussions and analysis of welfare programs, practices, regulations, statistics and costs. We have now compiled a broad and comprehensive, but in-depth review of the Aid to Families with Dependent Children Program (AFDC) and social service programs related thereto. A review of the SSI/SSP Program is not included because it is now primarily a federal program, although substantial state dollars are involved. We also intended to review the Medi-Cal Program, which involves expenditures in excess of three billion dollars. However, we soon concluded not to do so because of our own lack of experience and time to study this complex medical program. Reference from time to time is made to the federal Food Stamp Program, but few recommendations are directed to that program because it is a federal program financed by federal dollars.

The passage of Proposition 13 had clear meaning to us - it set forth the idea that the public sector should identify and establish its public priorities and where possible determine where cost reductions could be made without adversely damaging the essential parts of a public program. It is our contention that those who are most knowledgeable and experienced about these programs should attempt to make these determinations. Persons with less knowledge and experience, although well meaning, might well advocate program reductions and cost cuts that would only be detrimental in the long run. In essence, this report recommends the saving of hundreds of millions of dollars without disrupting the present system or adversely affecting the needy welfare recipient.

In these times of inflation, uncertainty and limited resources, government cannot be expected to be the sole provider or the only resource for thousands of welfare families. To the extent possible welfare recipients must be encouraged to help themselves to the extent that their abilities permit. Our welfare system must encourage and direct the recipient to do more for themselves and in some measure provide for their own support. For policy makers to establish a welfare system, which in fact encourages total dependency, or encourages the recipient to believe that government will provide all services and support monies, is indeed questionable and may well lead the recipient into a false sense of security. It is an illusion which responsible government should not encourage.

Welfare recipients appear to fall within two groups. Of the nearly 450,000 AFDC cases, approximately 30 percent have resources other than the welfare grant. The primary resource is earned income. In our opinion, these outside resources must be maximized. In addition, these resources must be properly and timely identified and, to the extent that they do exist, allocated to that family benefiting therefrom so that the contribution of the public is thereby reduced. And when the recipient is in fact self-supporting, public assistance must be timely discontinued.

Unfortunately, there exists in our welfare laws and regulations technicalities which sometimes ignore economic realities and the existence of these resources. Such legal technicalities present an unintended benefit, or windfall, to the recipient at the expense of the ordinary working taxpayer. They result in advantages which the ordinary working taxpayer does not enjoy. These technicalities cannot be justified. It is in these areas that the Board has concentrated its recommendations. In our opinion, tens of millions of public dollars can be saved without adversely affecting the needy recipient by the proper identification and allocation of these outside resources.

This report constitutes only a review of the existing system by which we continue to provide for the needy, but through implementation of these recommendations the working taxpayer will be substantially assisted in carrying this burden. Some of these recommendations require federal waivers. Federal authorities have often in the past granted waivers in order to permit a state to establish new policies or to engage in pilot programs.

Many of our recommendations require only a change in state law, some of which have already been suggested. Others merely require a change in regulation or administrative procedures. We are confident that the recommendations will result in a substantial cost savings which in the end will result in a welfare system that will enhance public support and credibility. These recommendations reflect our view that the welfare system should provide money, assistance and social services in a limited and specific amount and manner for meeting existing needs; but when such need no longer exists the system must assure a means by which the public assistance is promptly discontinued. The system must operate so that welfare does not become a way of life, but rather assists the recipient in attaining an independent and self-supporting life.

In making this review of the welfare system, the Board requested the assistance from the California Welfare Directors Association, which subsequently appointed five members to the Task Force. This association is an organization comprised of the respective welfare directors of our 58 counties and their administrative assistants. This organization has a long history of accomplishment, and possesses a unique bank of knowledge and experience. Many of the welfare directors have been on the firing line, sociologically speaking, for the last 20 years. They have personally observed the soaring welfare caseload since the middle 1960's, and are familiar with the many reform programs and panaceas which have been put forth from time to time.

In California we are fortunate to have available to us this unique knowledge and experience without which this report would not be possible. Contrary to the view of some, the welfare director is not a wild-eyed liberal throwing the taxpayers' dollar indiscriminately out the window. But most often he is a dedicated public servant who attempts to balance the strong, vocal and conflicting views, interests and equities among the recipients, social workers, welfare union organizations, welfare rights organizations, the

County Board of Supervisors and the taxpayer. He seldom has the time, or the luxury, to engage in his own personal social philosophy. Each day he must administer a vast organization which is responsible for the distribution of millions of dollars and the dispensing of social services to more than a million persons. Applications must be timely granted or denied, checks must be issued, decisions must be made. His personal views are overwhelmed by this daily administrative demand and by federal and state law and regulations.

The welfare director must obey these laws and regulations although he often has had little input into their development or enactment. Often frustration is experienced when policy makers, with little knowledge or experience, enact new legislation or regulations without consulting those who have such experience and who must ultimately administer the program. Further frustration is experienced as advocates of different social philosophies, whether in Washington or Sacramento, set out to establish their pet programs whether by law, regulation or Executive Order.

The welfare director has seen the debilitating effect of long-term dependence on its recipients. However, he knows there are thousands of persons without financial support or resources other than those provided by the welfare system itself. He sees the defeated, the victims, the failures. He also observes the failures of our other social systems and institutions. As an example, how can a 19-year-old AFDC mother be trained if she cannot read, or has no work habits, and is not even aware that she should have such habits?

The welfare director has not enlisted in a battle or engaged in a war; but rather, he is engaged in a continuous sociological process, and not merely for a month, or a year, or for an Administration, but most often for his professional life. In the post Proposition 13 world, it is fortunate to have this knowledge and experience of county welfare directors to assist us in developing our public priorities.

As we were concluding this report, the 1979 Legislature enacted Assembly Bill 8, which substantially changed the traditional funding arrangement by state and county governments. For more than 20 years the funding ratios for Federal, State and County Governments for the AFDC Program have been as follows: Federal 50 percent, State 34 percent, and county 16 percent. Assembly Bill 8 provides that, henceforth, the state will assume approximately 45 percent of grant cost and County Government approximately five percent. Counties will assume responsibility for approximately 25 percent of the administrative expense. Exhibit A shows the current funding ratios for grants and administration as well as the ratios for the previous two fiscal years.

Although this statute was enacted almost upon the date of issuance of this report, we would be remiss if we did not address ourselves to several significant matters. Of concern to us is that the new funding arrangement should not diminish the role of County Government in the development of policy. The tendency may well be for the state to assume even more responsibility in policymaking areas, as county financial participation decreases. It is our hope that County Government will not diminish its participation at the policy level.

Of further concern is that County Government will not be disinclined to administer certain areas of the program. Although audit and control procedures will continue to be effective, it may be presumed that those agencies with a substantial financial participation will often exercise more responsibility than an agency without such financial participation. Programs such as welfare fraud prosecution, and the collection of overpayments, are areas in which we find county discretion. Obviously, monies regained from these activities constitute primarily state and federal dollars. However, the administrative cost to recover these funds is entirely county dollars. We suggest that the Legislature establish financial incentives to encourage aggressive county participation in these types of programs.

Of utmost concern to us is that AB 8 should not diminish the concept of local control. Hopefully, county Boards of Supervisors, taxpayer groups, recipient groups and other interested parties will continue to participate and contribute in the establishment of policy. It is essential that local government continue to have a substantial input in order to retain a balanced welfare program.

Notwithstanding the simplistic appeal for centralization of welfare administration, California has wisely retained the administration of welfare at the county level, at which level the taxpayer still has some voice, and the recipients have a local office and a locally accountable official to whom they may bring their complaints and problems.

The members of the Board are appointed by the Governor. The Board is directing this report to the Governor, the Legislature and to the Department of Social Services. However, because of the magnitude of this program, both in terms of people served and dollars expended, the report is also addressed to the citizens of the State of California. Hopefully, Californians will insist that these recommendations be given close consideration by their elected representatives and ultimately adopted.

## GOALS AND PURPOSES

These are difficult times with difficult challenges. The taxpayer, through Proposition 13, has essentially said that he wants substantial tax relief and is insisting that government be prudent in utilizing public resources.

Therefore, the Task Force in making its review of the welfare system has proceeded with the following goals and purposes in mind:

1. To maintain respect and dignity of and for the recipient.
2. To establish as state policy that its public support programs for recipients other than the blind, disabled and aged are intended to be temporary in nature, and are not intended to be permanent, or to establish a separate life style.
3. That in rendering aid and providing services, the ultimate goal of the welfare system should be to develop the self-sufficiency of the recipient.
4. That state policy be enunciated which expressly states that welfare recipients should attempt to utilize their own abilities to resolve their own problems to the extent that their abilities permit so that the demand upon public resources is thereby substantially reduced. Each recipient should establish as his or her own goal the goal of self-sufficiency.
5. That the system operate in such a manner so that a welfare recipient does not receive benefits to which the ordinary working taxpayer is not entitled.
6. To fully identify and utilize all outside income resources available to the recipient, and to assist the recipient in maximizing these income resources where possible so that there can be a corresponding reduction in the public burden.
7. To establish, maintain and preserve the integrity and the credibility of the welfare system in the eyes of the tax-supporting public.
8. To save funds through streamlining, simplifying and modifying the administration of the welfare system.

This report does not constitute a reform program, but rather is simply a review of existing laws, regulations and procedures. This review was made to establish and create a more cost effective approach without adversely affecting the needy recipient.

RECOMMENDATIONS FOR URGENT ACTION

1. It is specifically recommended that the Governor take immediate action to establish by means of appointing a special committee or otherwise for the purpose of developing a coordinated Jobs and Training Program whereby the resources of the Employment Development Department and the Social Services Department, as well as the local county welfare agencies, are brought together for a united and effective purpose. The Jobs and Training Program would be for the benefit of all fathers on welfare, all AFDC mothers who have no children under 6 years of age, and other AFDC mothers who volunteer for the program. Children over 16 years of age, who are not regularly registered in school, should also be included in this program. It is suggested that this program would be developed in accordance with the recommendations set forth in this report and that a primary responsibility would be placed with the local county welfare department in accordance with the recommendations herein.
  
2. That the Department of Social Services immediately make a review of all regulations pertaining to the CA 7 reporting system in accordance with the recommendations made in this report. That in addition the Department also make a review for the purpose of changing the existing regulations pertaining to the collection of overpayments and that such regulations be changed and modified in accordance with the recommendations set forth in this report.

I. Summary of Recommended Actions

The following is a condensed version of the recommended actions, the section reference, and the anticipated change to state and/or federal rules.

<u>Recommended Action</u>	<u>Section Reference</u>
1. Applicant to be required to provide names of all members of the family as a condition of eligibility.  Change - State Regulations	II, A
2. Aid to be granted only after the second interview of applicant.  Change - State Regulations	II, A
3. Residence to be verified by second interview.  Change - State Regulations	II, A
4. Eligibility process to include mandatory home visit where all members of the applicant's Family Budget Unit are present.  Change - State Regulations	II, A
5. Unborn child not to be considered as part of the Family Budget Unit in determining grant levels.  Change - State Law and Regulations	II, B
6. Establish clear state policy to preclude illegal aliens from being eligible to receive public assistance.  Change - State Law and Regulations	II, C
7. In that immigration and citizenship policies are set and controlled by the Federal Government, any aid to persons not covered in certain situations is to be assumed and paid for by the Federal Government.  Change - State and Federal Laws and Regulations	II, C
8. Applicant to declare any applications made for benefits in the past three years for AFDC, Medi-Cal, Food Stamps, or General Relief.  Change - State Law and Regulations	II, D
9. Eliminate immediate need and establish "Hardship Exception" instead.  Change - State Law and Regulations	II, E

<u>Recommended Action</u>	<u>Section Reference</u>
10. Value of family home should not be sole basis for ineligibility.	II, F
Change - State Law and Regulations	
11. Establish excess home value utilization procedure.	II, F
Change - New State Law and Regulations	
12. Recipient to be given option to execute lien in the amount of six percent of excess value of home in lieu of reduction in grant amount.	II, F
Change - State and Federal Law and Regulations	
13. Personal property over \$200 in value declared on application.	II, G
Change - State Regulations	
14. Personal property of stepfather declared.	II, G
Change - State Regulations	
15. Verification of residence prior to eligibility determination.	II, H
Change - State Regulations	
16. One year maximum duration for income disregard and declining scale based on earnings.	III, A
Change - Federal and State Law	
17. Twenty percent standard deduction for work-related expense.	III, B
Change - State Law and Regulations	
18. Hardship exception for unusual work-related expenses.	III, B
Change - State Law and Regulations	
19. Utilization of income tax credits for child care in lieu of child care expenses deductions for employed recipients.	III, B
Change - State Regulations	
20. Eligibility process to include totality of income available to all members of the Family Budget Unit.	III, C
Change - State and Federal Law and Regulations	

Recommended ActionSection Reference

21. Two hundred (200) percent of basic standard of need established as maximum family gross income. III, C  
Change - State Law and Regulations
22. Applicant to furnish names and earnings of all persons within the household. III, D  
Change - State Regulations
23. Stepfather and unrelated adult male income and resources to be utilized to the extent possible. III, D  
Change - State Law and Regulations
24. Eliminate work registration requirements for 16- 18-year-olds. III, E  
Change - State and Federal Laws and Regulations
25. Encourage further education through vocation training and apprenticeship program. III, E, 1  
Change - State and Federal Laws and Regulations
26. Eliminate minimum wage requirement for youngsters 16 through 17 years of age. III, E, 2  
Change - State and Federal Laws and Regulations
27. Review feasibility of establishing separate social service function for assisting welfare youngsters in completing school and/or obtaining job and/or training opportunities. III, E, 3  
Change - None
28. County work programs to permit 16- 18-year-olds on a voluntary basis. III, E, 4  
Change - State Law and Regulations
29. School Attendance not to be the responsibility of the welfare system. III, E, 4  
Change - State and Federal Law and Regulations.
30. 16- 18-year-olds to be given priority for youth employment under the CETA Program. III, E, 5  
Change - State Law and Regulations

<u>Recommended Action</u>	<u>Section Reference</u>
31. Exempt minor's earnings up to \$200/month and provide for reporting such each month.	III, F
Change - State Law and Regulations	
32. Persons 18 years of age or older to be denied public assistance.	III, G
Change - State and Federal Law and Regulations	
33. Decrease maximum allowed number of Family Budget Unit (FBU) members to seven.	III, H
Change - State Law and Regulations	
34. Eliminate prior notice of change in grant to recipients who fail to submit a timely CA 7 Report.	III, I
Change - State Law and Regulations	
35. Withhold monthly grant for failure to provide CA 7 Report.	III, I
Change - State Law and Regulations	
36. Presumption to be made that recipient fully understands the terms and consequences of completing the CA 7 Report.	III, I
Change - State Regulations	
37. Eliminate intercounty transfers without redetermination of eligibility.	IV, A
Change - State and Federal Laws and Regulations	
38. Forwarding of cash warrants to be discontinued.	IV, B
Change - State Law and Regulations	
39. Mailing of cash warrants out-of-county jurisdiction to be discontinued except under special provision.	IV, B
Change - State Law and Regulations	
40. Develop strict monitoring procedures to assure eligibility for recipients receiving out-of-jurisdiction cash warrants.	IV, C
Change - State Law and Regulations	

<u>Recommended Action</u>	<u>Section Reference</u>
41. Expand the state earnings clearance system to include as many working classifications as feasible and investigate the possibility of improving the timeliness of the retrieval process.	IV, D
Change - State Regulations	
42. The state earnings clearance system to be made more effective, through expediting the retrieval process.	IV, D
Change - State Regulations	
43. Develop agreement with neighboring states to facilitate the income verification of California cash recipients.	IV, D
Change - State Law and Regulations	
44. Pilot program to assess effectiveness of issuing cash warrants once each month with exceptions.	IV, E
Change - State Law and Regulations	
45. Reevaluate the current county cost control process and incorporate social worker costs thereof.	IV, F
Change - None	
46. Study the feasibility of establishing uniform social worker and eligibility worker workload standards statewide.	IV, F
Change - None	
47. Study the feasibility of using Eligibility Workers (EWs) on continuing cases of In-Home Supportive Services.	IV, F
Change - None	
48. Federal Government to assume total financial responsibility for lost or stolen SSI/SSP and/or OASDI checks.	IV, G
Change - Federal and State Law and Regulations	
49. Set up a 90-day limit for filing an appeal. This would bring state law into concurrence with federal regulation.	IV, H
Change - State Law and Regulations	
50. Give priority to appeals where aid is being paid pending the decision.	IV, H
Change - State Regulations	

<u>Recommended Action</u>	<u>Section Reference</u>
51. Set a limitation of 60 days for hearing and decision, thereby limiting the receipt of aid paid pending to nondeserving recipients.  Change - State Law and Regulations	IV, H
52. Limit or abolish reasons for postponement.  Change - State Regulations	IV, H
53. Establish a mechanism for timely recovery if the appeal is denied such as that allowed by Social Security regulations in Social Security cases.  Change - State Law and Regulations	IV, H
54. Review regulations in order to limit the number of situations under which aid is paid pending the decision.  Change - None	IV, H
55. Investigate the feasibility of transferring the Fair Hearing process from the Department of Social Services to the Department of General Services, Office of Administrative Hearings.  Change - None	IV, H
56. Develop orderly completion of Fair Hearing decisions for the purpose of consistency in rulings.  Changes - None	IV, H
57. Establish pilot program to issue identification cards to all California cash grant, Medi-Cal and food stamp recipients.  Change - State Regulations	IV, I
58. Assure adequate staffing for county monthly review of CA 7 report.  Change - State Regulations	IV, J
59. Review feasibility of reducing the number of notices sent to recipient for failure to file a CA 7.  Change - State Regulations	IV, J
60. Recipients to assume more responsibility in filing monthly CA 7 information and submit CA 7 in person once each year.  Change - State Regulations	IV, J

Recommended Action

Section Reference

61. Alternative payment systems to be tested in California. IV, K  
Change - None
62. Establish state policy of adult children contributing to their parents' support when receiving public assistance and provide incentives therefore. V, B  
Change - State Law and Regulations
63. Provide that the court may impose court costs upon the absent father when said father willfully fails to make child support payments. V, C  
Change - State and Federal Laws and Regulations
64. Review state administrative procedures in the Child Support Program with the purpose of reducing paperwork and/other administrative costs. V, C  
Change - State Law and Regulations
65. Consider mandatory jail sentence for absent father upon second conviction for failure to provide. V, C  
Change - State Law and Regulations
66. Stepfathers' exemption rights under state and federal income tax laws to be a basis for providing support payments to minor children. V, D  
Change - State Regulations
67. Applicant and stepfather or unrelated adult male to be required to submit copies of annual income tax returns to verify legal exemptions. V, D  
Change - State Law and Regulations
68. Unrelated adult male exemption rights under state and federal income tax laws to be a basis for providing support payments to minor children. V, D  
Change - State Regulations
69. Counties with 20 thousand or more AFDC children to be required to provide conciliation services. V, E  
Change - State Law and Regulations

<u>Recommended Action</u>	<u>Section Reference</u>
70. Program costs for conciliation service to be shared by the State at 75 percent.  Change - State Law and Regulations	V, E
71. Require immediate referral of specified types of AFDC cases to the conciliation court.  Change - State Law and Regulations	V, E
72. Through pilot programs study the feasibility of a state-wide conciliation court system and its impact on welfare and nonwelfare individuals.  Change - None	V, E
73. Investigate the feasibility of establishing a statewide network of communication facilities housing information of specified social insurance benefit programs.  Change - None	V, F
74. Employment Development Department to be used as <u>one alternative</u> in placing welfare recipients in work situations.  Change - State Law and Regulations	VI, A
75. County Welfare Departments to be authorized, as an alternative to EDD, to place welfare recipients in work situations.  Change - State Law and Regulations.	VI, B
76. Non-WIN counties to participate in a pilot project to assess the effectiveness of county employment job training and work project placement programs.  Change - None	VI, B
77. County job programs to be established as a state-mandated service.  Change - State Law and Regulations	VI, C
78. Counties to be required to refer only recipients of high job or training potential to WIN.  Change - State Law and Regulations	VI, D

Recommended Action

Section Reference

79. Establish as state policy that an able-bodied recipient mother with no children under one year of age be encouraged to work or be trained. VI, E  
Change - State Law and Regulations
80. Provide that the state does not assume or pay benefits to persons not eligible or financed under federal law. VI, F  
Change - State Law and Regulations
81. An unemployed father receiving UIB under the AFDC-U Program to be ineligible for cash assistance until UIB is exhausted. VI, F  
Change - State Law and Regulations
82. Unemployed persons to come under jurisdiction of County Job Program when AFDC-U benefits are applied for. VI, F  
Change - State Law and Regulations
83. County to have co-jurisdiction for job/training and placement after AFDC-U eligibility is established. VI, F  
Change - State Law and Regulations
84. Cash assistance to the unemployed father under the AFDC-U Program to be limited to one year from the date of application. VI, F  
Change - State Law and Regulations
85. UIB payments to be adjusted to equal the welfare benefit level for a minimum of four persons or a maximum of five persons. VI, F  
Change - State Law and Regulations
86. Legislature to study changes in social and economic factors in California and the effect on the welfare mother. VI, G  
Change - None
87. State policy to be established which directs more responsibility to the welfare recipient in seeking employment or job training. VI, G  
Change - State Law and Regulations

Recommended Action

Section Reference

88. State policy to be established giving county welfare departments more responsibility in developing, training and job placement programs for welfare mothers. VI, G
- Change - State Law and Regulations
89. Counties to be given financial incentives for establishing and demonstrating an effective job program for AFDC recipients. VI, G
- Change - State Law and Regulations
90. Review statewide statistics of persons with families on welfare for more than ten years time in an attempt to find realistic answers to why some have to utilize welfare as a permanent means of support. VI, G
- Change - None
91. Fifty percent of the allotted CETA Program jobs to be made available to AFDC recipients. VI, H
- Change - State Law and Regulations
92. Review to be conducted to reexamine the effectiveness of the CETA Program in this state. VI, H
- Change - None
93. Placement of recipients with private employers, under Title I of the CETA Act, to be more fully utilized. VI, H
- Change - State Regulations
94. State recipient characteristic studies to include data on length of time recipient has been receiving aid. VII, G
- Change - None
95. State to adopt goal of removing any obstacle, through concentrated case planning, in placing a recipient in a job within 90 days after first becoming eligible for assistance. VII, G
- Change - State Regulations
96. Recipients convicted of multiple case fraud to serve mandatory prison sentences. VIII, B
- Change - State Law and Regulations

<u>Recommended Action</u>	<u>Section Reference</u>
97. Attorney General to prosecute fraud cases where two or more counties are involved.  Change - State Law and Regulations	VIII, B
98. Persons convicted of internal fraud to serve mandatory prison sentences.  Change - State Law and Regulations	VIII, C
99. Attorney General to prosecute internal fraud cases under certain circumstances.  Change - State Law and Regulations	VIII, C
100. Restitution to be obtained for all fraud cases.  Change - State Regulations	VIII, C
101. Establish methods to minimize internal fraud, i.e., DHEW's Project Match.  Change - State Regulations	VIII, C
102. Income verification process should include checks against the Worker's Compensation Appeals Board, the State Disability Fund, and the Unemployment Insurance Fund.  Change - State Regulations	VIII, D, 2
103. State staff to review the income verification process to insure an equitable and effective process.  Change - None	VIII, D, 2
104. Persons convicted of paying cash to a recipient to avoid detection by welfare department and/or Franchise Tax to be guilty of a misdemeanor.  Change - State Law and Regulations	VIII, D, 3
105. Date of application to be on the date of the second interview of the applicant.  Change - State Law and Regulations	VIII, D, 4
106. County Administration to be authorized to delay application process up to three days in specific situations.  Change - State Law and Regulations	VIII, D, 4

<u>Recommended Action</u>	<u>Section Reference</u>
107. District Attorney to prosecute welfare fraud cases to the maximum.	VIII, D, 6
Change - District Attorney's Priorities	
108. District Attorney to work more closely with the welfare department in order to more effectively and successfully prosecute welfare fraud cases.	VIII, D, 6
Change - State Law and Regulations	
109. Establish a state-financed incentive program to pay county administrative costs in detecting and prosecuting welfare fraud and abuse cases.	VIII, D, 6
Change - State Law and Regulations	
110. Adopt policy to establish authority for the District Attorney to utilize civil proceedings, in lieu of prosecution, for the collection of monies.	VIII, D, 6
Change - State Regulations	
111. Counties to have two years from the date of discovery to collect overpayment from recipients.	VIII, D, 7
Change - State Law and Regulations	
112. Counties to receive state financial incentive of 20 percent of all collections for overpayment.	VIII, D, 7
Change - State Law and Regulations	
113. CA 7 to be used as the basis for determining overpayments and recipients to provide evidence where conflicts arise.	VIII, D, 7
Change - State Regulations	
114. Overpayments resulting from false recipient information to be reimbursed by recipient in shorter time than for an administrative overpayment, notwithstanding economic inconvenience.	VIII, D, 7
Change - State Law and Regulations	
115. District Attorney to be authorized to utilize civil remedies in the collection of monies where intentional fraud exists, but is difficult to establish.	VIII, D, 8
Change - State Law and Regulations	

<u>Recommended Action</u>	<u>Section Reference</u>
116. Pilot project to be conducted in the 10 largest California counties to assess the feasibility of a statewide Central Index system.	VIII, D, 9
Change - State Regulations	
117. State Quality Control Program to be established for the 23 smaller counties.	VIII, E
Change - State Regulations	
118. Counties performing within federal quality control standards to be provided all federal incentive funds.	VIII, E
Change - State Law and Regulations	
119. Counties performing below federal and/or state standards to be subject to mandatory sanctions by the State Director.	VIII, E
Change - State Law and Regulations	
120. Interpretation of state-approved quality control standards to be consistent among fair hearing officers and quality control staff.	VIII, E
Change - State Regulations	
121. County General Relief Program to continue to be administered at the local counties.	IX, A
Change - None	
122. The current structure of county administration and state supervision for the AFDC Program to be retained.	IX, B
Change - None	
123. State policy makers to establish more realistic effective data for implementing new laws and regulations at the local counties.	IX, C
Change - None	
124. Governor to appoint a committee made up of state and county personnel responsible for establishing implementation policy for new laws and regulations.	IX, C
Change - State Law and Regulations	

<u>Recommended Action</u>	<u>Section Reference</u>
125. Provide that the Auditor General's Office will conduct periodic reviews of the State Department of Social Services administrative activities.	IX, D
Change - State Law and Regulations	
126. The five goals specified in the federal mandates of Title XX to become the mandated services in California.	X, A, 1
Change - State Law and Regulations	
127. No new social service to be commended until there is assurance of sufficient resources, including funding, available to carry out the program.	X, A, 2
Change - State Regulations	
128. No funding for optional services to be authorized until five mandated service goals are met.	X, A, 3
Change - State Law and Regulations	
129. A review to be made of the duplication between public and private programs on a service-by-service basis. This will provide a vehicle for coordination with the private sector in the delivery of services.	X, A, 4
Change - None	
130. The service structure of the regional centers to be reviewed to eliminate areas of duplication.	X, A, 5
Change - None	
131. A review to be conducted of the current distribution formula for the allocation of social services, Title XX funds to the counties.	X, A, 6
Change - None	
132. Welfare staff levels to be maintained or increased in Child Abuse Prevention programs.	X, B, 1
Change - None	
133. Child Abuse Prevention councils to be established in each county.	X, B, 1
Change - None	

Recommended ActionSection Reference

134. Municipal and Superior Courts to be empowered to direct parents, who are guilty of child abuse, to family counseling or parenting programs as a condition of probation. X, B, 1

Change - State Law and Regulations

135. Funding for programs to teach parenting in the secondary school level to be provided by the Department of Education. X, B, 1

Change - State Law and Regulations

136. Continuing education to be mandated to parents exhibiting parenting problems. X, B, 1

Change - State Law and Regulations

137. A special task force to be formed to study the feasibility of an expanded use of Conciliation Courts in family reunification. X, B, 2

Change - None

138. Family counseling not to be the responsibility of the welfare department, but to be strictly monitored. X, B, 2

Change - State Regulations

139. Title XX funds to cover the fee for Family Counseling Services. X, B, 2

Change - Federal and State Law and Regulations

140. Fees established for the adoption of newborn babies to be according to the ability to pay. X, C, 1

Change - State Law and Regulations

141. The state to reimburse county for full cost of placing hard-to-place children. X, C, 2

Change - State Law and Regulations

142. The time for pilot programs in family reunification to be extended. X, C, 3

Change - None

143. A study to be conducted of the duplication of adoption services between private and public agencies and the impact of the State Adoption Program. X, C, 4

Change - None

<u>Recommended Action</u>	<u>Section Reference</u>
144. There are to be no reductions in allocations directed toward the adoption program.  Change - DSS Policy	X, C, 5
145. Review parenting skills and abilities after six months. Foster parents to be reviewed for acceptability.  Change - State Law and Regulations	X, D, 1
146. After one year the child to be returned to parents or be freed from parental control.  Change - State Law and Regulations	X, D, 2
147. Voluntary placement to be limited to six months. After this period, child to be returned to parents or parental control terminated.  Change - State Law and Regulations	X, D, 3
148. Child support for foster care to be based on premise and standards used for juvenile court support payment schedule.  Change - State Law and Regulations	X, D, 4
149. State to conduct a study of each social service program to determine applicability and advisability of establishing fees for service.  Change - None	X, E
150. Department of Aging and Commission of Aging to be abolished and their responsibility to be given to Department of Social Services. All federal funding to go through one agency.  Change - State Law and Regulations	X, F, 1
151. The recommendations contained in the board's report on In-Home Supportive Services (IHSS) to be enacted.  Change - State Law and Regulations	X, F, 2
152. Eligibility standards based on income to be set for senior citizen program. Eligibility study to be made based on need and income for senior citizen services.  Change - State Law and Regulations	X, F, 3

Recommended Action

Section Reference

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|------|--|------|
| 153. | Volunteer services to be the responsibility of private service agencies.   | X, G |
|      | Change - State Law and Regulations   |      |
| 154. | Welfare departments not to administer the program, but act as referral agent to the private agencies.                  | X, G |
|      | Change - State Law and Regulations   |      |
| 155. | The State Department of Social Services to establish an appropriate program for developing case management techniques. | X, H |
|      | Change - None  |      |

II. Eligibility - Aid to Families with Dependent Children (AFDC), Family Group (FG) and Unemployed (U)

A. Verification of Applicant and Members of Family Budget Unit

Discussion

It is essential for public assistance participants to have and retain the credibility of the tax-paying community which supports the system. In order to do so, the public must be satisfied that the persons who are receiving benefits have satisfied the basic eligibility rules, and that the process is effective in weeding out those persons who are attempting fraud or abuse of the program or who are in fact ineligible under the law. The purpose is not to weed out those persons who are eligible but to assure the administrators and the taxpayers that the recipients of aid do meet and satisfy the eligibility rules. These rules having been promulgated by the Legislature and by regulations of the department are not unduly harsh or oppressive, but they have been established for the purpose of safeguarding public monies. A welfare grant is not a loan and it is not money recoverable because, by law, it is a right. This concept of a right may only be sustained, in the public mind, if the applicant satisfies basic eligibility considerations. In our opinion, any grant process must first establish the identity of the persons requesting aid and verify the members of the family requesting aid. We are mindful that there is a desire to make prompt aid payments to recipients, and there is a further desire to reduce administrative costs. In connection with administrative costs, it is important to bear in mind that such costs represent approximately 15 percent of the total welfare budget - 85 percent constituting grant payments.

Recommended Action

In our opinion, additional monies expended for sufficient staff to effectively identify and verify - welfare applicants and their resources - is a necessary expense in order to assure us of a quality program. Because in the last several years there has been a desire to make welfare payments as expeditiously as possible, there has been a lessening of the verification and identification activity. It is our strong recommendation that the basic eligibility rules be reviewed, and they should include the following recommendations: 1) that a welfare payment not be made to an applicant until said applicant produces documentary evidence - usually birth certificates - to establish the identity of the applicant and the members of his or her family; 2) that aid should not be paid to the applicant until there has been a subsequent interview with said person; 3) at the subsequent interview in addition to the verification suggested above that this person also submit utility bills or other evidence to establish residence; 4) that

a mandatory home visit be conducted during the eligibility process at which time all members who are intended to be included in the Family Budget Unit be present.

## B. Unborns

### Discussion

Under the present state law an unborn child is eligible to be included within the Family Budget Unit once the mother's pregnancy has been determined. Then, she is eligible for the additional grant money. However, this is not consistent with Social Security law nor regulations pertaining to food stamps. We are also mindful that the Internal Revenue Service does not permit or recognize an unborn child as a person. Therefore, in our opinion the unborn child should not be included as a person when computing the AFDC grant. The primary concern for the unborn child is that the pregnant mother receives proper nutrition and medical care. She does so under our Medi-Cal Program and the Women, Infant, and Children (W.I.C.) program.

In our opinion the elimination of the unborn child from the Family Budget Unit (FBU) would result in significant savings of money to the state and county government. It would also improve the image of welfare, in that it would not give the impression that perhaps the increased grant was a cause for a welfare mother to become pregnant. We are mindful of the fact that there is an increasing problem of teenage pregnancies throughout the United States. Although there may be no direct proof that availability of welfare benefits to the unborn is a direct cause of this phenomenon, we cannot say that it does not encourage teenage pregnancies by providing a resource for the pregnant teenager.

It is to be noted that the level of support for one person is \$175 per month and the support for two persons is \$287 - a difference of \$112. It is unrealistic to believe that an unborn child requires support payments of \$112 per month. We believe that the health care and benefits available would be sufficient to provide the mother the necessary support during the period of pregnancy. A review of the state caseload indicates that by eliminating the unborn as a person from the family budget a statewide savings of approximately 25 million dollars should be anticipated. This will require action by the State Legislature to modify existing law and it is recommended that the Legislature do so.

### Recommended Action

The State Legislature should modify existing law so that an unborn child would not be considered as part of the Family Budget Unit in determining grant levels.

## C. Aliens

### Discussion

In connection with residence, there is sometimes confusion as to whether a resident must be a citizen or a properly documented person within the state or the United States. We are mindful that there are considerable number of persons within the State of California who are termed undocumented persons. We are further aware that the so-called illegal alien has often been identified as a person whose last residence was our neighbor, Mexico. However, it has been our experience that in addition to numerous persons here from Mexico, that there are considerable numbers of illegal aliens or undocumented persons from other countries. The Federal Government through the INS controls the entry of all aliens legal or illegal. The Federal Government has also established special Refugee Programs.

### Recommended Action

Federal law does not require that states give aid to illegal aliens, but since California law appears to create uncertainty in this area, it is recommended that state law be changed to provide that an illegal alien is not entitled to AFDC benefits. This policy would be consistent with federal law pertaining to food stamps.

Several alternatives have been suggested to remedy this problem: (1) that a person would not be eligible to receive welfare benefits in the State of California unless they can establish their citizenship; (2) that if the recipients are not able to establish citizenship they would be compelled to establish the fact that they have been a legal resident of the United States for a minimum of five years and that they were not under penalty of being deported; (3) To the extent that a noncitizen does not fall within the above two categories, any cash aid or other assistance provided by the state should be assumed and paid for by the Federal Government. It is federal policy that establishes what constitutes citizenship and of the noncitizens who were not legally admitted in the United States. This financial responsibility should not be placed upon the state or county governments.

The applicant, who is not a citizen, should have the burden of establishing eligibility for both citizenship and residence, beyond a reasonable doubt.

## D. Declarations

### Discussion

Currently state program regulations pertaining to the AFDC application process do not require an applicant to declare whether or not assistance was received during the past three years.

## Recommended Action

In connection with the eligibility process, the applicant should be requested for information pertaining to any other applications which have been made for welfare benefits in any jurisdiction within three years immediately preceding the date in the application. This question should be so stated to include information on applications whether aid was granted or not. This information should also include the receipt of Medi-Cal benefits and food stamps.

### E. Immediate Need/Emergency Grant

#### Discussion

A strong concern has been expressed by many counties that the regulations which have established the immediate need requirement, also including emergency grants, have often been abused and have placed an unfair burden upon local government. Under present immediate need regulations the county is required to pay to an eligible applicant \$100 cash within two days after the immediate need request has been made by the recipient. This results in an effort by the county to expedite eligibility thereby reducing the effectiveness of the eligibility process. If in the event the county does not establish the eligibility, or fails to pay the \$100 in cash within two days, then the county may not be reimbursed this money. Hurrying or rushing the eligibility process constitutes an injustice to the system because it gives advantages to applicants who may not in fact be entitled to them, it encourages abuse, and it runs up the costs of the eligibility process.

In discussing the application process of those persons who truly have emergency or critical situations, it appears that the issuance of food stamps would in many cases alleviate the critical problems for food. Currently, some counties expedite the food stamp eligibility process for certain cases requesting immediate need thus eliminating in these types of cases cash payments for food. It is also our understanding that if medical attention is required the Medi-Cal eligibility could also be expedited for those persons requiring such medical services.

#### Recommended Action

It is our recommendation that the law requiring immediate need and the established regulations pursuant thereto be eliminated. For those persons who, upon a preliminary review of their condition appear to be destitute, and without resources, the county could establish a hardship exception whereby the individual prior to the determination of eligibility would be entitled to the following consideration: 1) Determination of the food stamp eligibility and the prompt issuance of food stamps within two days. 2) The county would be authorized to issue vendor payments for rent and utilities directly to the vendors in an amount not to exceed \$100. 3) The county would assist the applicant in verifying

Medi-Cal eligibility if in the event such services appear warranted.

4) The county would render such other services to assist the applicant to resolve other types of needs or crises such as referral to social agencies for clothing, lodging, or transportation needs. The regulations for the hardship exception should also contain language to the effect that the issue of AFDC eligibility is not affected in any manner by granting the hardship exception and that the county is not prejudiced at a later time in the event AFDC eligibility is denied. The county would not have the authority to issue cash in any amount or manner. If, in the event the county deemed it necessary to provide cash, such would be considered as general relief and chargeable solely to the county granting same. The purpose of establishing the hardship exception as set forth above is to attempt to provide flexibility in the program so that counties experiencing different types of needs and demands would be able to tailor their respective programs to best meet these demands. In our opinion, the elimination of the immediate need program would save considerable sums of administrative monies now required to set up a duplicate eligibility process in many counties. In addition, we believe additional monies would be saved in that persons interested only in quick cash would be discouraged from using the process and would perhaps be more apt to work out their own problems. The hardship exception would allow the county to be flexible in satisfying the individual emergency situations, which might make it unnecessary for a person to become a continuing AFDC grant recipient.

#### F. Income - Real Property

##### Discussion

A review of the regulations pertaining to public assistance eligibility, real property, set forth in Regulation 42-200 et seq., reflects that perhaps modifications should be made to take into consideration the Proposition 13 factors pertaining to the assessment of real property at current market value.

In discussing the real property exemption the Board found itself caught up in a conflicting public policy in that it appeared to be in the best interest of the recipient and his/her family to retain the family in the family home rather than to compel the sale of the home which would add an additional instability to the family unit. However, at the same time, the Board was concerned that with the inflationary values of the family residence experienced in the last several years, the recipient could, in fact, be residing in a home having substantial value while receiving public assistance.

##### Recommended Action

In an effort to resolve these conflicts the following recommendations are made: 1) A welfare applicant should not be denied eligibility solely upon the basis that the value of the family

home or residence exceeded the established exemption. 2) Based upon the experience of homes of modest value in the State of California it is recommended that there be established, as a family home exemption, the sum of \$60,000. The standard of measurement or valuation is to be the current fair market value of the property on the date of the application and that such valuation shall be redetermined annually so long as the person is a recipient. 3) If in the event the value of the home exceeds the sum of \$60,000 during any time of eligibility the recipient must utilize the excess value in any of the two following manners: (a) The excess value or utilization value must return an amount of six percent annually or the recipient could opt to have his/her welfare grant reduced to this extent, prorated monthly over the term of one year, (b) The recipient would voluntarily execute a lien equal to six percent of the excess value and the lien would be filed and recorded as an encumbrance upon any real property which the recipient owns. Under this alternative monies would be collected at the time of sale of said real property. This recommendation provides for a lien against the recipient's real property if in the event the recipient voluntarily applies for the exception. Federal law at this time does not permit liens upon real property. However, it would appear that this type of lien is for the benefit of the recipient and would only be available for those recipients who actually requested the benefit of this exception.

Although state statistics show that less than 10 percent of the recipients own or are purchasing their family homes, we believe it is important that those persons who do own property make some contribution to their support and the above recommendations are intended to fulfill this purpose. If in the event the property is in coownership with the recipient and another person, such as a stepfather, and the entirety of the home is made available to the recipient and the members of the family, the full current market value is to be determined notwithstanding the interest of other owners. Upon the sale or refinancing of the property only that interest of the recipient would be available for the payment of any liens.

By adopting the above policy, there would be no requirement for the recipient to sell the family home. However, upon so doing all monies due the county would, at the time of sale, be paid over to the county from the net proceeds of the family home. In the event the recipient refinances the property for any reason, the county would be paid from such proceeds. To assist in the interpretation and understanding of this recommendation we have set forth on Exhibit B an illustration of the limitations of this policy. The recommendation made concerning the real property exemption constitutes a liberalization of the present real property exemption regulation. However, this liberalization is made for the purpose of attempting to keep the family unit in the existing home and to realistically deal with the inflationary values in the current home market. If in the event the recipient would fail to cooperate as our recommendations suggest, eligibility should be terminated.

## G. Income - Personal Property

### Discussion

The regulations pertaining to personal property exemptions should also be reviewed in light of, not only Proposition 13, but also because of the inflationary factors that have occurred since the enactment of the regulations. Careful consideration should be given because unrealistic exemption standards could result in additional administrative costs for setting value or appraising the recipient's property.

### Recommended Action

It is suggested that all household furniture and furnishing acquired and/or purchased within one year of the date of the application in excess of a value of \$200 each be declared on the application. This would be helpful for the county to determine where further review of personal property should be made on a case-by-case basis to evaluate whether or not personal property limits have been exceeded. We recommend that any undue accumulation of assets by the recipient or members of the family and used by the family should be treated within the personal property limitations regardless of the source of such acquisition.

It is further recommended that property of the stepfather which is used by the recipient and members of the Family Budget Unit be valued to the extent that the recipient's wife has a community property interest in any such property.

## H. Verification of Residence

### Discussion

Under present federal and state law, residency is still a requirement to receive aid although an applicant need not be a resident of the State of California for any particular durational period. In order to verify the fact of residence, utility bills or other bills - or rent receipts currently establish the bona fides of the claim of residence.

In our opinion, temporary lodging in automobiles, recreational vehicles, mobile homes, the homes of friends or relatives does not necessarily establish residence and the applicant should bear the burden to establish their residence as a matter of fact. In those cases in which an applicant is residing with others, affidavits by those persons under oath could establish the fact and the duration of the applicant's residence. In reviewing the welfare system, we must be mindful that it represents only one resource to which a person in need may turn. There are other alternatives, and it is our opinion that the welfare alternative should not be so readily available that it discourages the utilization of other resources which the person may well have been

able to obtain. Becoming a welfare recipient should not be an easy thing to accomplish. The public should have the confidence that a person once establishing a clear eligibility has in fact met and satisfied the statutory and regulatory policies as established by our laws. It is our observation that when one becomes a welfare recipient there is no automatic process or program by which one leaves the system. Therefore, the key to limiting the welfare roles is to assure ourselves that those persons coming on the program are properly entitled to be there.

#### Recommended Action

It is recommended that the eligibility regulations be modified so as to provide that the eligibility process may have sufficient interviews prior to determination so that verification of residence will be established by the recipient through sufficient documentary evidence and it will include such evidence as rent receipts, utility bills, verification of enrollment of children in school, and if necessary verification of residence by third parties. The burden to establish residence within the eligibility process must be placed upon the applicant.

### III. Grant Process - Aid to Families with Dependent Children (AFDC), Family Group (FG) and Unemployed (U)

#### A. Earnings Disregard

##### Discussion

Under present California and federal law, an AFDC single parent upon obtaining employment is entitled to an income disregard which is equal to \$30 plus one-third of his/her gross earnings.

At this time there is no durational limit as to how long an income disregard will be in effect. This has resulted in a number of inequities in which two persons working side by side who earn the same wages and perform similar work do not in fact receive equal treatment. The recipient continues to receive these benefits notwithstanding the length of his/her employment. The practical effect of these benefits is that it may encourage him/her to seek employment, but it has not effectively removed the person from the welfare rolls. Numerous cases were brought to our attention disclosing the fact that a recipient who earned well in excess of \$10,000 per year will continue to be a welfare recipient because of the application of these income disregards. It should be mentioned that by remaining on the welfare rolls the recipient is also entitled to Medi-Cal, food stamps and numerous other social service benefits.

Because of the complexity of the monthly computations which are required when there is earned income, the Eligibility Worker is required to make approximately 22 different computations. Needless to say, this represents a substantial administrative cost. The Eligibility Worker's caseload in these instances is 40 percent less than the caseload of a worker with cases that do not have income disregards.

##### Recommended Action

It is our suggestion that a durational limit, not to exceed one year, should be established for these income disregards. Our concern is that after a period of time of employment, public assistance cash benefits are not really necessary for the recipient to have an adequate standard of living. This durational limit should only be applicable in situations where the net income of the recipient is equal to or exceeds the otherwise applicable grant level and should be applied on a declining scale of:

- 1) full benefits of the income disregard for the first six months, 2) thereafter there would be a reduction of the income disregard so that after six months there would be a reduction of 50 percent, and 3) after another three months there would be a further reduction of 25 percent so that at the end of one year the entire income disregard would be eliminated, provided that the net earnings as defined above, were equal to or in excess of the grant level received by the recipient. Net income is to be

determined by subtracting the mandatory deductions for state and federal income tax, disability payments, Social Security, and other mandatory deductions from the gross income of the recipient.

In our opinion, the establishment of this policy would eliminate inequities between the recipient and the nonwelfare employed person who are in the same wage bracket. The fact that a person has established independence and has become self-supporting in reality is, in our opinion, sufficient cause to terminate all public assistance. Implementing this recommendation would also represent a sizeable reduction in county administrative costs.

Under existing law numerous recipients who earn in excess of \$10,000 continue to be cash recipients and although the monthly grant may be less than \$100 there is still substantial administrative expense, supervision and paperwork. In addition, this person continues to be eligible for Medi-Cal, food stamps and numerous other social service benefits. To illustrate the concern of the Task Force we have set forth in our appendix in Exhibit C examples of the current application of the earnings income disregard. Also attached is an exhibit illustrating the application of the suggestion of the declining scale for earnings income disregard, Exhibit D.

State characteristic studies of the AFDC - Family Group and unemployed caseloads as of January 1977 reflect that approximately 18 percent of the AFDC-FG group and 12.5 percent of the AFDC-U group were recipients of the income disregard benefits. The totality of these benefits for these recipients for this period of time computed on an annual basis approximated \$230,000,000. By applying the recommendation that these income disregards be of a duration of only one year, it can be seen that a substantial number of recipients would be removed from the caseload after being employed one year. It is estimated that probably one-half, or approximately 35,000 would be eliminated from the rolls at a savings of approximately \$115,000,000.

By adopting the recommendations of the stair-step reductions of the income disregards substantial additional savings will also be made and estimated at a minimum of thirty million dollars. Therefore, by applying these recommendations there can be a minimum savings of \$145,000,000 per annum. In addition, substantial administrative expenses should be reduced because of the reduced caseload. Although it is estimated that administrative cost is usually 15 percent of the grant money expended, in these types of cases where there must be a monthly computation of grant and a review of the CA 7 report, the probabilities are that the administrative expense is closer to 20 percent of the grant. Based upon the statistics set forth above, it would appear that there would be an additional twenty million savings in administrative expenses. However, the primary benefit would be the fact that there would be established an equity between those persons who

were employed in similar tasks earning similar money, but who had not been welfare recipients and, therefore, not entitled to the income disregard benefits.

## B. Work-Related Expenses

### Discussion

Under present law an employed recipient has the right to have certain work-related expenses disregarded. These work-related expenses to which the welfare recipient is entitled are in excess of those work-related expenses to which a nonwelfare person is entitled under our income tax laws. We believe that the inequities established by the work-related expense disregard should be modified so as to better equalize the benefits with the nonwelfare employee.

There have been a number of suggestions to reduce the income work-related expenses. One of the principal recommendations is that there be established a flat work-related expense disregard rate which would automatically be applied to each recipient, based upon gross income. Under the food stamp eligibility provisions this flat rate procedure has already been adopted.

Los Angeles County has recently made an in-depth study of substantial portions of their employed AFDC recipient caseload. Based upon this study, they have concluded that a flat nonrebuttal standard work expense allowance of 22 percent of the recipients' gross earnings would be the most effective approach. Furthermore, Los Angeles County has applied to the Federal Government for a waiver of present disregard requirements in order to conduct a pilot program to test this recommendation. Their report discloses that a 22 percent nonrebuttal work expense allowance would result in administrative savings of approximately \$725,000 per year. The report also discloses that a 20 percent flat rate would not only provide administrative savings of \$725,000, but program savings, (reduction in grants) in excess of three million dollars.

### Recommended Action

In our opinion a flat rate procedure should be established. The study in Los Angeles amply demonstrates that substantial administrative costs will be saved by this change. The above referenced savings when expanded to the statewide program should produce an administrative savings in excess of one million, five hundred thousand dollars. It is also our opinion that the flat rate should be near the benefits to which the nonwelfare employed person receives under current income tax laws. Therefore, we recommend that the 20 percent standard rate be given serious consideration.

In connection with the child care allowance and the fact that it differs greatly from one employed recipient to another, we strongly recommend that the allowance be equal to the actual

child care expenses incurred. It is further recommended that the employed recipient be encouraged to utilize the liberalized income tax credits for child care which are provided in current law. Current law provides for a tax credit up to \$2,000 per annum for a family with one child and a total credit of up to \$4,000 for a family with more than one child. The utilization of the income tax credit would further reduce administrative work and cost for the counties. A procedure must be established whereby welfare administrators satisfy themselves that employed welfare recipients do not exercise the benefits of both the income tax credits and the work-related expenses deduction for child care. One suggested approach would be to have the employed recipient to set forth on the monthly CA 7 report the extent to which work-related expenses are incurred.

The regulations should also require that at the appropriate time the employed recipient states whether he/she is taking the child care tax credit and the incidental work expenses as deductions on their respective income tax returns. This declaration should be retained on file and be subject to audit.

The Task Force is fully aware that there are often exceptions to the rule and to avoid against denying assistance for a truly hardship case, we recommend that a procedure be established by which a recipient who has an unusual problem such as an unusual distance to travel to work or any other unusual problem, could request additional work expense disregards in excess of the 20 percent flat rate depending on his/her hardship.

#### C. Maximum Family Income

##### Discussion

Under present California law there is no established maximum gross amount of income which precludes the employed recipient from obtaining welfare. In the eligibility process considerable administrative effort and costs are expended to determine if in fact the earnings of the applicant/recipient after applying the earnings and income disregards, are such that the applicant/recipient is entitled to welfare benefits notwithstanding his/her employment. As we have seen from our discussion on the topic, Earned Income Disregards, there are many employed recipients who earn in excess of \$10,000 per year, but continue to remain on the welfare rolls. In our opinion, a person earning this amount of money is no longer a needy person who requires cash public assistance, but is, in fact, self-sufficient. In our opinion, there should be a maximum income level established which precludes the employed recipient from being eligible. The amount is set forth below in our recommendations. A good example of a family having substantial income and resources is where we have a stepfather or unrelated adult male residing in the family home on a regular and continuous basis. Again, the family has the benefit of his resources, and it appears to be unrealistic not to take them into consideration in determining eligibility.

In addition to the above examples, we are aware that there are a number of households in which because of other members of the family, such as brothers, sisters, working adult children, et cetera, there are substantial resources within the family unit. Again we believe it is unrealistic not to give consideration to the availability of this income and resources to the person(s) requesting aid.

#### Recommended Action

It is our recommendation that the totality of the income available to the members of the Family Budget Unit be considered during the eligibility process and during the term in which public assistance benefits are given. Furthermore, it is our suggestion that, in order to reduce excessive grant and administrative costs, persons who have substantial income available to them either through the earnings of their own (employed recipient), from a stepfather or an unrelated adult male, from a family member, or from any other members of the family, should be dropped from the welfare roles as persons who are not truly needy. If, in the event these conditions exist and the totality of the income to the family unit is in excess of 200 percent of the basic standard of need as established by the California State Legislature, then such applicant/recipient would be ineligible to receive public assistance. As an example, under the present law, (AB 8) the basic standard of need for a family of four is \$511 per month. Under our suggestion, if the gross income in the family unit is in excess of \$1,022 per month, this family would be ineligible to receive benefits. Refer to Exhibit E for further illustrations. To institute such a procedure, existing state law would have to be changed.

#### D. Stepfather and Unrelated Adult Male (UAM) Income and Resources

##### Discussion

Of considerable concern to many Californians is the exemption of the stepfather or unrelated adult male in the family home, who from outside appearances is making some contribution to the support of the family but, notwithstanding such appearances, such income or resources is not included at the time of establishing initial eligibility or thereafter in recomputing the welfare grant. This policy appears to be unrealistic in contemplation of current social customs in usage. Under present law, the burden has been placed upon the county welfare administrator to establish that the stepfather or the unrelated adult male is in fact making a contribution. Obviously, this places an undue burden upon

the county because they do not in fact have access to the individualized living conditions of the applicant. If the county administrator attempts to gain such facts, then there is the accusation that there is an invasion of privacy or that confidentiality requirements have been violated. The Supreme Court of the State of California, in the recent case of Marvin vs. Marvin, amply demonstrated current legal thinking pertaining to the support of persons living together without benefit of marriage. Further, it is common experience in our respective divorce courts throughout the state to consider the income and resources of persons residing within the family unit whether such persons are married or not. Therefore, it is unrealistic for the administration of our welfare programs not to make the same considerations.

Under present community property laws, the wife has a one-half interest in the community earnings of the husband. Also as a partner with an unrelated adult male, a woman would appear to have a 50 percent interest in the earnings or accumulations. Therefore, this is, in fact, a resource that is available for support of the children. Within the last five years, community property law has been changed to provide that the wife has an equal right to manage community property of the parties. In keeping with the spirit of this law to the effect that the wife should have more rights and privileges pertaining to community property, it appears strange that the welfare laws and regulations have not been updated in this regard.

In granting public monies, it appears to be unreasonable to make the distinction of legally married or not as to whether one family would be denied or granted benefits. Our concern is to make public resources available to ~~those families~~ on AFDC who are truly in need and who have no other resources upon which to depend. It is obvious that there are a substantial percentage of present recipients who do have resources independent of the welfare grant, and to that extent, they are no longer deserving of the support.

It is our understanding that under present law, if a stepfather becomes unemployed and he is in the Family Budget Unit, that he will receive benefits; therefore, it appears inequitable not to consider his income when he is employed. It is also our understanding that social security law provides that, upon the death of the stepfather the stepchildren are beneficiaries under the Social Security Act if the stepfather has in fact regularly and continuously provided for the support of the stepchildren. The same rationale should prevail in the welfare system.

The County of Los Angeles made a review of the different types of households in which a male companion is residing and concluded that there are approximately 11 different conditions which the welfare administrator must define and apply various and different regulations, Exhibit F. Needless to say, the complexity of the application of these regulations requires considerable administrative costs and further results in numerous errors which quality control audits disclose. A review of the different households reflects that the persons who are most prejudiced by the application of these rules are those persons who are legally husband and wife. Those next prejudiced are those persons who have established a relationship of stepfather and natural mother. Those who benefit the most are those persons who have not engaged in marriage and the status is that of an unrelated adult male.

#### Recommended Action

It is recommended that during the eligibility process, the applicant must set forth the name and identity of all persons within the household and provide documentation as to earnings or other income of all of such persons regardless of relationship by blood, marriage or otherwise. The burden should be placed upon the stepfather or unrelated adult male to establish the fact that his earnings constitute separate property or should not for some reason be included within the family budget. To the extent that the stepfather or the unrelated adult male is supporting former spouse or spouses and/or paying child support for children not within the family unit, he should be entitled to an income disregard. We are aware that the State of Oregon has established effective legal procedures to reach the resources of stepfathers.

During the eligibility process, the resources, if any, of the stepfather should also be taken into consideration and the presumption should be that such resources are being made available to the family unit. If in the event such resources are in fact not being made available to members of the family, then the burden should be placed upon the applicant or the stepfather to establish such facts. This would eliminate the inequitable circumstances where the stepfather is the owner of expensive automobiles or other assets, to which all the members of the family may use whereas the nonwelfare employed person is ineligible for welfare assistance because of the ownership of such assets or property.

## E. Sixteen- Eighteen-Year Olds, Work Registration

### Discussion

Currently, the AFDC Program requires that children 16 and 17 years of age who are included within the Family Budget Unit must register for employment with EDD if they are not in school. The failure to satisfy this requirement results in their ineligibility and they are subject to being dropped from the Family Budget Unit. Unfortunately, there is ample evidence that this registration requirement has not really worked, but what has really occurred is that the young recipient registers at the Employment Development Department and with the welfare agency, but in actuality there is little opportunity for work or training. This requirement has resulted in a considerable amount of administration and paperwork, but has not effectively placed these youngsters in the jobs.

### Recommended Action

It is suggested that the elimination of this work registration requirement would save considerable administration costs and time. The Task Force believes that it is essential that some aspect of government take on an increasing role to alleviate and remedy the problems that we see with this particular age group. We believe that such programs would prevent a number of youngsters from becoming welfare recipients themselves, and continuing to live in a dependent status.

The Task Force strongly indicates their concern about the welfare of these youngsters 16 and 17 years of age. It is our strong expression that perhaps certain programs should be developed in order to prevent the youngsters from themselves becoming adult welfare recipients. In other words, to take some affirmative action to prevent the welfare cycle. A number of suggestions follow, but there is a concern that the welfare system itself is not best qualified to deal with this particular problem. It is appreciated that the work registration program was initially established to encourage the work concept with recipients in the welfare family. However, experience has shown that this particular program has not worked. Therefore, we suggest that policy makers review the following suggestions/recommendations of the Task Force:

1. The initial response of the members in the Task Force was that these children really remain the primary responsibility of the education system. However, many of these youngsters no longer find and have a satisfying experience in the usual schoolroom environment. At least a partial answer would be to provide meaningful vocational and training programs to these youngsters who have shown their disinterest and inability to gain valuable experiences out of the usual classroom structure. This, of course, would not be limited

to youngsters in a welfare family unit. We believe it is important to establish work motivation in youngsters at this critical age. However, the current work registration program represents only a sham effort in this regard and does not effectively establish the motives and work habits for which the program was originally designed. In the opinion of some members of the Task Force, the respective labor unions could provide apprenticeship programs which would be most helpful to these youngsters. Thus far, no such programs have been initiated.

2. The Task Force is aware that there is a high percentage of the 16- to 18-year-old children who are unemployable under current economic conditions. We believe the fact that there exists a minimum wage requirement for the employment of this group substantially decreases their ability to become employed. It has been recommended that there be a waiver obtained or exemption from the minimum wage requirement for youngsters 16 through 17 years of age. Another suggestion has been that an employer who hires such a person would be entitled to certain tax incentives or tax credits.
3. Another suggestion was that there be established a system of providing a social worker for youngsters in this age group, the idea being they would assist such youngsters in completing school, or obtaining job opportunities or training opportunities. We are mindful that this would represent additional administrative costs for such social services. Further, we are not aware at this time of any experience by a county welfare department which would demonstrate the success of any such program. However, the long-term cost of long-term dependency is high, and the fact that a youngster growing up in a dependent status is perhaps more apt to continue such status unless affirmative action is taken to prevent continuation of this status cannot be ignored. Therefore, it is suggested that appropriate policy makers review in more detail specific remedies in this connection.
4. Another suggestion was that youngsters in this age group would be eligible to participate in county work programs which would include work training and in-service training programs. The county work program is described and explained in further detail in another section of this report. It is not suggested that such be a mandatory requirement, but that the county could make this work program available to those youngsters willing to participate. In support of our recommendation that the work registration program be terminated, it should be noted that the Social Security Administration does not require such work registration for youngsters 16 to 17 years of age who are recipients under that program. As long as the children remain in the family unit, whether or not they are in the school is immaterial.

It is our belief that it should not be the responsibility of the welfare system to assure school attendance of the persons in this age group.

5. It is our recommendation that a youth employment program be utilized under the CETA Program. In such a program, the 16- 18-year olds who are members of a Family Budget Unit should be given priority for such training opportunities. It must be appreciated that it is these youngsters who constitute the "at risk" portion of our population and that they perhaps will most benefit from such a program.

#### F. Minors' Earnings Exemption

##### Discussion

Under current law, the earnings of a minor child within a welfare family budget are totally exempt. There have been complaints pertaining to this exemption in that in some families - particularly in agricultural areas - children of the family often work several months during the year and earn \$400 to \$600 per month. At this time, such earnings are disregarded notwithstanding that the family remains on welfare. This condition has created a number of inequities and has aroused public indignation.

##### Recommended Action

In establishing a statewide policy on minors' earnings, the Task Force has expressed the following concerns: (1) avoid excessive and costly administrative time and effort in ascertaining all monies earned by a minor child, and (2) avoid policies which would have the effect of discouraging the child in a welfare family from earning additional money, or discouraging the establishment of his/her future work habits. Therefore, in an effort to reach appropriate and reasonable results, it is our recommendation that the earnings of a child in a welfare family, under \$200 per month, be exempt and to the extent that earnings exceed \$200 per month, this excess amount would be included in computing the total earnings available to the family for the month or months in which the earnings are actually earned. It is further recommended that the CA 7 report be modified so as to provide for and require information on earnings of this nature of all minor children who are within the Family Budget Unit.

#### G. Termination of Aid to Persons 18 Years and Older

##### Discussion

Under present California law a person reaching 18 years of age is an adult for all purposes. This person is entitled to develop and enter into contracts and otherwise be considered as an adult. In and under Civil Law the courts cannot order support for a child 18

years or over. The court lacks jurisdiction to do so because in essence the 18-year-old is deemed to be an adult and self-supporting. Under present welfare law there are approximately 22,000 persons 18 years of age or over receiving aid. This presents these persons with advantages which the nonwelfare family does not have.

#### Recommended Action

It is recommended that aid be denied to any child once that child has reached his or her 18th birthday.

### H. Maximum Number of Family Budget Unit (FBU) Members

#### Discussion

Under existing law, the grant payment levels provide for graduated payment amounts up through a maximum FBU of ten members. Approximately three percent of California's AFDC caseload has eight or more members in the FBU.

#### Recommended Action

As we have mentioned before persons receiving public assistance should assist in providing for themselves. We recommend that the public responsibility to support a family should not exceed an FBU of seven members. This would amount to a savings of approximately 21 million dollars in grant costs per year. Approximately 15,000 persons would be dropped from the program.

### I. Reporting Changes in Income and Family Size on CA 7 Form

#### Discussion

State statistics show that the primary reasons for grant adjustments and/or discontinuances are changes in income or family composition. For the welfare system to operate effectively, there must be a timely mechanism by which all such changes are promptly reported and timely acted upon by welfare administrators. We have already identified the monthly CA 7 report as the administrative tool which is used to make grant adjustments. The system must require the recipient to report all available income in a timely manner or otherwise the recipient will receive unintended benefits to which he is not legally entitled. State statistics show that nearly 80,000 cases have adjustments made in their respective grants each month. Millions dollars are at stake annually in making these adjustments. Also of utmost importance is the effectiveness of the CA 7 report to establish a basis for discontinuance. Unfortunately, under existing regulations, if the recipient does not timely file the report, a timely adjustment cannot be made. The burden has been placed upon County Government to give a notice of

a change or adjustment in the grant prior to actually making the adjustment. However, if the recipient does not timely file the report then the county is prevented from giving such notice as required by regulation. Also the same effect occurs if the recipient does not properly complete the report even though it is timely filed. The practical effect of these regulations is to give an unintended benefit to the noncomplying recipient. The recipient actually gains benefits from the noncompliance. This procedure must be changed or otherwise the entire reporting system will ultimately become jeopardized and undermined.

When one considers that nearly one-third of the welfare caseload has outside income and nearly 75 percent of these persons are subject to grant adjustments each month, it is obvious that the effectiveness of the CA 7 report is a key factor in the grant process.

#### Recommended Action

It is recommended that the regulations be immediately changed to provide that if in the event the CA 7 report is not timely filed or not properly completed by the recipient, that the county need not give a prior notice of change of the grant, but would be required to give such notice or explanation with the payment of the reduced grant. The regulations should provide that if in the event the CA 7 report is not filed at all by the recipient then the county would be permitted to withhold payment until such time as the report is filed. The regulation should be changed to provide that there should be a presumption against the recipient to the effect that once a recipient has completed a CA 7 report the recipient is deemed to know and understand the terms and legal consequences of completing the report and the timely filing thereof; and if in the event mistakes or omissions are made that it will be the burden of the recipient to show that there was reasonable cause for misunderstanding, rather than placing the burden upon the county to prove that in fact the recipient did understand the nature of the reporting system.

#### IV. Administration - Aid to Families with Dependent Children (AFDC), Family Group (FG) and Unemployed (U)

The review of the welfare system in California has brought to the Board's attention certain areas in which relatively minor changes in administrative procedures can result in significant savings in time and funds. The streamlining and simplification of the administration of the program would also present fewer opportunities for administrative error, case mismanagement and the appearances if not the fact of inequitable treatment which leads to public misconception of the system as a whole. The Task Force has identified the following problems and recommends changes as follows:

##### A. Intercounty Transfers

###### Discussion

Intercounty transfers currently place the responsibility upon county welfare departments to continue aid for 60 days after a recipient leaves the county. Under present procedures, the Department must also forward all records to the county to which the recipient has moved which results in considerable administrative expense. During this period, there is limited supervision of the case and there is no redetermination of eligibility with respect to changes in income or family composition brought about by the move. Current federal regulations do not provide for interstate transfers and the same procedure should apply at the state level.

###### Recommended Action

Automatic intercounty transfers should be eliminated. The recipient should be responsible for obtaining a photocopy of approved eligibility forms. The new county of residence could then redetermine eligibility and grant level based upon the new circumstances.

##### B. Warrants Not Forwarded

###### Discussion

Under present law, welfare warrants may be forwarded by the postal service. There is currently a state requirement that the recipient notify the County Welfare Department immediately upon a change of residence. Experience has shown that warrants are often sent out of the county or state without proper notification by the recipient and appropriate verification by the paying county.

###### Recommended Action

The forwarding of warrants should be discontinued and warrant envelopes should contain instructions to the postal services that no warrants are to be forwarded. The burden must be placed upon the recipient to maintain a current address with the welfare department. Warrants should not be sent out of the county's jurisdiction unless special provision is made therefore.

## C. Out-of-County, State or Country Payments

### Discussion

Under present law, warrants may be sent to a recipient who is residing out of the county, out of the state, and, in some instances, residing out of the country. Special circumstances may exist which require such and it is not suggested that all such payments should be terminated.

Undoubtedly, the most noted incident of abuse in this regard, or questionable use of this procedure, was the recent Jonestown incident in which it was discovered that many foster children from the State of California were apparently residing in Jonestown and the recipient of aid. The basis for such out-of-country payments is, as yet, undetermined. However, this unfortunate situation dramatizes the improper abuse to which out-of-state or out-of-country warrants may be subjected.

### Recommended Action

It is recommended that the state establish a uniform procedure which would require strict controls upon the issuance of out-of-jurisdiction warrants by the issuing county. The state should establish a strict monitoring system in order to assure that the recipients of such warrants are eligible and are in compliance with state law. This would require such out-of-state recipients to complete all necessary reports such as the CA 7 report and otherwise continue to meet all tests of eligibility.

## D. Earnings Clearance System

### Discussion

The Earnings Clearance System was established in 1971 and has resulted in considerable savings particularly in the areas of overpayment, fraud and abuse. Undoubtedly, the existence of this system has substantially reduced the incidence of such abuse. A review of this system indicates that efforts should be made to expand the system so as to include as many workers as possible and also to establish a system whereby the information is more timely retrievable. Under present practice, the earnings verification information is often nine months in arrears from the time in which the employment actually took place to the date the records are checked.

The Department should be congratulated upon its use of Earnings Clearance System procedures in a pilot program in the State of Nevada where welfare recipients in El Dorado County are checked against the employment records in Nevada. This special project has disclosed that a number of El Dorado County recipients actually earned monies in Nevada.

## Recommended Action

The Earnings Clearance System should be continued and expanded to include as many workers as possible. Means should be explored to expedite the retrieval of information to make the system more effective. In addition, programs should be established whereby the employment records of neighboring states such as Oregon, Arizona and Nevada could from time to time be utilized to determine whether welfare recipients of neighboring counties in California are in fact working in the adjacent states.

## E. Issuance of Checks

### Discussion

Under current practice, welfare grant checks are issued twice a month on the first and 15th days of each month. This practice has resulted in placing upon welfare administrators uneven and heavy workloads during the pay period and has added to the cost of handling and mailing. Because of the community's awareness of the dates for the issuance of such checks, this practice gives rise to stolen and lost checks of a considerable amount. It has been suggested that a recipient receive one grant check per month and that the issuance date be staggered evenly throughout the month to equalize the workload. An initial review of the proposal to stagger the payment dates has been made in the County of Los Angeles and was found that it would result in considerable start-up costs.

### Recommended Action

The state should establish pilot programs in volunteer counties to determine the financial feasibility of having welfare grant checks issued on a monthly basis and staggered throughout the month for the purpose of reducing costs of handling, mailing expenses, and peak administrative workloads. Whenever possible, this procedure should be coordinated with the issuance of food stamps to further reduce the administrative cost and expense.

The Task Force is aware that there may be exceptional cases where the once-a-month payment process is unsatisfactory, such as for money management cases. In these situations, the check could continue to be issued twice a month.

With a statewide caseload in excess of 450,000 cases, the mailing and handling expenses alone would perhaps result in savings approaching ten million dollars each year.

F. Eligibility Worker (EW), Social Worker (SW), Training and Separation of Duties

Discussion

Although the Board is aware of a study currently being undertaken by the Department regarding consolidation of the duties of the eligibility and social workers, it is our opinion that the separation of duties of the EWs and SWs should continue. The clerical background and training of the EWs leads to lower error rates and a more satisfactory record of Quality Control. Administrative costs are undoubtedly lower under the current method of separation of duties since salary ranges would tend to rise should the functions be combined. However, it appears that in many county welfare offices there has been established a strict and inflexible division between the eligibility worker and the social workers. We believe this is not a good situation. The recipient is apt to be confused by the fact that one worker appears to be unable to assist in the grant process whereas the eligibility worker is not helpful in connection with social services which may be requested or needed by the recipient.

Recommended Action

There must be developed better teamwork and a flexibility in the staffing by counties. To improve the work process of a department, we believe that a scientific approach should be taken to setting workloads for welfare staff personnel. Time or space does not permit in this report to establish criteria or standards which would be considered in setting out such workloads. However, it is important that the workers' efforts be productive and that the workload be maximized to reasonable limits.

It is a generally accepted fact that workloads vary from county to county. We recommend that the State Department of Social Services reevaluate the current county cost control process, incorporate the social worker cost thereof, and explore the feasibility of establishing appropriate workload standards which are uniform throughout the state. Also, there should be established procedures for review and termination of cases. In other words, unnecessary work should not be encouraged in a continual review of the welfare file that does not lead to any particular results. Of further concern is the continual transfer of files from one worker to another which obviously entails the new worker to review the file which in effect does not give any additional service or benefit to the recipient. Continuous employee turnover results in considerable duplication of effort as the new employee takes the necessary time to review the file. Each time the file is reassigned, additional time is required to again review its contents. In our opinion, this is unnecessary duplication of effort without providing any off-setting benefits. Staff administrators must work to maximize the productive time of personnel. Again, standards should be established so that in some manner the productiveness of the employee's time may be measured.

The Board further suggests that a study be made of the feasibility of using EWs in continuing cases of In-Home Supportive Services after the level of need for service has been established.

G. Emergency Loans to Supplemental Security Income/State Supplementary Payments (SSI/SSP) Recipients

Discussion

Emergency loans to SSI and SSP recipients due to lost and stolen checks continue to be a problem for the administrator and the recipient. Currently, the state law requires issuance of emergency loans to SSI/SSP recipients who claim they did not receive either their SSI/SSP or OASDI check. The replacement check, however, is mailed by the Social Security Administration directly to the recipient who may or may not reimburse the state. Under current procedure, it is possible for a recipient to receive double payments for a number of months before they are refused for failing to repay prior loans. At the present time, the State of California has claims outstanding against the SSI/SSP recipients of approximately 12 million dollars for emergency loans which have not been paid. This also places a burden on county administrators, the cost of which is not fully reimbursed. The county taxpayer should not have to pay for federal malfeasance.

Recommended Action

The Federal Government, through the Social Security Administration, should assume all responsibility for lost or stolen SSI/SSP and OASDI checks. Neither the State of California nor the county should bear any responsibility or cost for this program. Failing this, the SSA should issue the replacement check to the county administration and not the recipient.

H. Aid Paid Pending and the Fair Hearing Process

Discussion

Aid Paid Pending and the fair hearing process as currently administered contain the potentials for severe abuse. It also encourages frivolous and unmeritorious appeals. With a backlog of cases receiving aid pending fair hearing decision at any one time, the cost to federal, state, and county governments is virtually immeasurable. Regulations allow one year for the filing of an appeal; require that aid be paid pending the results of the hearing; place no priority on the hearing of those cases where aid is being paid; allow frequent postponement and provide no mechanism for the state to recover aid when the appeal is denied. Such an approach is contrary to any other legal procedure in civil law. In all other cases which may come to mind, the person or entity being sued is not required to make payment until the case is adjudicated; frivolous postponements are discouraged; precedence of cases is defined; the statute of limitations is clear and repayment is set by court order.

## Recommended Action

Legislation should be enacted immediately which would:

1. Set up a 90-day limit for filing an appeal. This would bring state law into concurrence with federal regulation;
2. Give priority to appeal in which aid is being paid pending the decision;
3. Set a limitation of 60 days for hearing and decision, thereby limiting the receipt of aid paid pending to nondeserving recipients.
4. Limit or abolish reasons for postponement;
5. Establish a mechanism for timely recovery if the appeal is denied such as that allowed by Social Security regulations in Social Security cases;
6. Review regulations in order to limit the number of situations under which aid is paid pending the appeal.
7. Serious consideration should be given to transferring the fair hearing process from the Department of Social Services to the Department of General Services, Office of Administrative Hearings. This would involve determining whether the federal statutes would permit such a transfer under the concept of welfare being administered by one state agency.
8. An orderly compilation of all fair hearing decisions should be made so that precedence will be established and available in order for county welfare administrators and fair hearing officers to make consistent rulings on similar factual situations.

### I. Identification Cards - Lost and Stolen AFDC Checks

#### Discussion

There is a growing concern about the increasing number of AFDC checks which are either stolen or lost and which must be replaced at the county's expense. The total amount of replacement checks issued is estimated at \$15,000,000 per year. It is impossible to ascertain the amount fraudulently cashed, but it is considerable and the administrative cost for issuing the replacement checks must also be considered. It should be noted, too, that since the county stops payment on the check as soon as it is notified of the loss or theft, it is often the local vendor who suffers the greatest loss.

Recommended Action

A suggested remedy has been for the welfare recipient to be issued an identification card which would contain a picture of the recipient and the required signature of the recipient. This identification card would be used by the recipient in cashing the welfare grant check. Therefore, if the check was in fact stolen or lost, the person stealing or finding the welfare check would not be able to obtain any benefit therefrom. An analysis made in Los Angeles County several years ago showed that such a program would result in a substantial drop in stolen and lost checks and would certainly benefit the local community businesses and the welfare recipients.

Since such a system would add additional costs, we believe that a pilot program financed by the state or Federal Government should be implemented through which several counties would establish such identification system so that experience could be gained to determine the cost involved and the savings that would result. The same card could be used for Medi-Cal and food stamp identification which would result in some cost savings to those programs. It should be possible to determine whether it would be a cost effective measure and whether it would be helpful to the individual recipient and local vendors.

J. CA 7 Process

Discussion

The state has established a system by which the recipient must, on a monthly basis, complete a report which sets forth changes of circumstances in connection with the family or changes in income that have occurred during the month. This report, referred to as "CA 7", has proven to be a useful tool in monitoring the welfare caseload so that timely changes are made to reflect the changed circumstances in the family unit. However, our discussions disclosed that in some cases the CA 7 report is not timely reviewed so immediate changes are not made in the grant.

Recommended Action

It is our suggestion that welfare administrators assure themselves that there exists sufficient staffing to make a complete and timely review of the monthly CA 7 report.

A further concern is that county government is required to send two notices to the recipient who fails to return the CA 7 report within the fifth working day after receipt. It is our suggestion that these procedures be reviewed in order to reduce staff time and mailing and handling cost of such notices. It is suggested that welfare recipients assume greater responsibilities for their failure to abide by the requirement that such monthly report should be filed. It is also suggested that during the year, at least one face-to-face interview be held with the eligibility

*Some people with duplicate  
names, may not go to the  
head with the duplicate #,  
or require that to be shown  
could have long grant,  
little cost.*

*Review*

*Re. return?*

worker to review the contents of the CA 7 report. This would give the recipient additional knowledge and awareness of the importance of the report. It would also give the eligibility worker a better opportunity to review any possible inconsistency that may be developing in the respective reports and allow an annual update. It is further suggested that at the annual face-to-face interview the CA 7 reports filed within the last year be reviewed by the eligibility worker for the purpose of determining any inconsistencies in family composition or income earnings, which would perhaps lead to the more efficient use of the eligibility worker's time.

K. Alternative Payment Systems

Discussion

A study of such an alternative should be conducted in California with waivers granted to counties willing to try various payment methods which show promise of reducing costs or caseloads or both. The Task Force is mindful of the limitations of such a system where the recipient lacks transportation or resides in a rural area and district factors would be difficult to overcome. However, notwithstanding these problems, we strongly suggest that the direct delivery system as administered in the State of Pennsylvania be reviewed and studied. An extensive report of this system was issued in August 1978 and reflected that all parties concerned were of the opinion that the program was most successful and that it provided conveniences for the recipient and resulted in a reduction in lost or stolen welfare grant checks.

Recommended Action

Alternative payment systems should be tested in California as they have been tested in various states and cities. The situation where a recipient appears in person each month to receive the grant is being tested in Pennsylvania.

*Ames*

## V. Resources

### A. Introduction

In California, nearly one-third of the recipients have income from resources other than the welfare grant. The primary source of such income is from earnings of the recipient which approximates seventeen to twenty percent of the caseload and constitutes an amount in excess of 400 million dollars. Other resources of income are social insurance benefits, collections from absent fathers, income from other members of the family unit, such as a stepfather, and other miscellaneous sources.

The totality of these income resources during 1977 was in excess of 500 million dollars. Undoubtedly, these resources are substantially greater at this time. It is absolutely necessary that the system have a means by which these resources are identified and ascertained. Once the income resources have been identified, they must be then applied to the recipient's account so that the welfare grant may be reduced, or discontinued in accordance with the extent of such resources.

Beginning with the eligibility process, the eligibility worker must be aware of the availability of such resources and these resources must be identified and, if then not in existence, the potential for such resources should be indicated. During the grant process, the system should provide an appropriate means so that when such resources become available they are identified and credited to the account of the recipient.

### B. Support of Parents by Adult Children

#### Discussion

The support of parents by adult children has not always met with success. This law known as the Family Responsibility Law has been on the statute books for a number of years, but has not always been enforced vigorously. As part of the Welfare Reform Package of 1971 there was an effort to step up the enforcement of support of elderly recipients by their adult children. The administration of this program met with a number of difficulties and the question was raised as to whether the program was cost-effective. There was a concern that inequities developed between members of a family in providing different amounts or measures of support. A further problem developed when the family included children living outside the State of California against whom a support obligation could not be enforced. There was also the point raised by some adult children that their parents had not provided support or very little support during their minority years.

There is a growing number of aged parents and the question is "should the entire burden of providing support for these parents be placed upon the State rather than to have the adult children

make a contribution to such support?" This appears to be a subject of some controversy and one that ultimately must be resolved by the policy makers.

The Board strongly believes in the concept of family responsibility. However, taking everything into consideration, the realities and the attitudes of the public and the Legislature, we believe the resources of our public agencies would be better directed to obtain support from parents for their minor children rather than from adult children for their parents. More than 175 million dollars is now being raised each year by the child support enforcement program. This program enjoys the strong support of the Legislature and the public. We believe that this program should continue to receive this support. Of concern to all, however, should be the growing number of aged persons in our society who may well require Public Assistance in addition to Social Security benefits. This public responsibility will grow as the percentage of aged increase in our society. If the family is not ready to accept some of this responsibility, then they must be prepared for a substantial increase in public cost. We believe it unwise for the State to have established as a State policy that an adult child does not have any responsibility for his aged parents. This State policy or absence of State policy certainly can directly affect certain groups in our society who have in their culture or custom the moral obligation that the adult children will provide for the support of their aged parents.

#### Recommended Action

We believe the State should establish a policy that the adult child should contribute to the support of the aged parent when the aged parent must utilize Public Assistance. However, as to the extent of implementing such policy, it must ultimately be the decision of the policy makers in the Legislature. One alternative could be to give a tax credit or benefit to the adult child who contributes to his parents support. This would encourage a measure of support without creating a large administrative unit to handle a separate program. If the adult child is supporting the parent(s) and such support money reduces the public responsibility, it is not unreasonable to provide a tax credit to the contributing child.

#### C. Support of Children by Absent Father

The state has established an effective program for the collection of support payments from the absent father. Under present law, total statewide collections approximate 175 million dollars. These payments by the absent father most often are paid directly to the county collecting such payments, rather than being paid directly to the welfare recipient. In those instances where the payment is made directly to the mother, it is most important that an appropriate reduction be made in the welfare grant. Although

regulations have been established to assure the payment of the support money through the county, undoubtedly there are numerous cases in which the recipient attempts to avoid these rules. It is important that in court domestic proceedings when it is apparent to the court that welfare benefits are being paid to the mother, that the child support obligation be paid to the county, rather than directly to the recipient. The eligibility worker should be sufficiently familiar with the applicant's file so that if in the event support payments are eventually recovered, that a suitable reduction is made in the recipient's grant.

It is our recommendation that county staff and those persons in the State Department of Social Services who administer this program be permitted sufficient monies and staff in order to continue this effective program. Reductions in staff or resources in the administration of this program would not be cost effective.

It is further recommended that state law be amended to provide that the court upon contempt hearings against the absent father for failure to make child support payments have authority to impose court costs upon the absent father when the failure to make said payments is willful.

The purpose of this recommendation is to reduce the burdensome administrative work necessary to bring an absent father to court. Often, the absent father being aware of this difficulty and the time required to do so will purposely not make payments until compelled to do so by the court. This conduct adds considerable administrative cost, and when the absent father takes advantage of such administrative delays should be compelled to pay a portion of the cost.

It is further recommended that the assignment of wages procedure be more fully utilized. It is suggested that state law and regulations be reviewed in order to enhance the effectiveness of wage assignments.

It is further recommended that administrative procedures be reviewed with the purpose of reducing paperwork and administrative cost. Collection procedures should also be reviewed for this purpose. The program should emphasize the need for the absent father to carry and assume more responsibility for the payment of the legal support obligation so as to minimize the need for constant and repeated court appearances. The courts should be mindful that repeated court appearances by defaulting fathers adds tremendously to court costs and administrative costs. It is suggested that consideration be given to a mandatory jail term upon the second conviction for failure to provide.

In conclusion, the Task Force compliments the State Department of Social Services and the respective District Attorney offices throughout the state for establishing a record of accomplishment in this program.

#### D. Stepfathers or Unrelated Adult Male (UAM)

##### Discussion

A continuing dilemma for the welfare administrator is the presence of the stepfather in the family of the applicant and the children under the Family Budget Unit. Under California State Law, the stepfather has no legal authority over the custody or care of said children and is not required to support said children unless there is an adoption or the establishment of a guardianship. The dilemma occurs because in actuality the stepfather is making available to the applicant and to the minor children in the family at least a part of his resources. To the outsider it gives the appearance of one being able to have their cake and eat it too. Several legal theories have been raised for the purpose of attempting to obtain a meaningful and measurable contribution from the stepparent to the children. Among these theories is the concept that the earnings of the stepfather constitutes community property of the marriage, and that the spouse, being the welfare mother, is thereby given a right to such earnings or accumulation of property. Under present state regulation, depending upon the income of the stepfather, the mother may not be included within the budget because of the availability of community property earnings. This leaves only the minor children as beneficiaries of cash assistance.

Again, if the stepfather does not exercise any rights or control over the property of the children or their income then he is not required by law to pay or provide for their support. If a father does take the children as exemptions upon his federal and state income tax returns, then such conduct indicates his intent to support the children and therefore his resources should be taken into consideration to determine the eligibility of the minor children as recipients. There is no known state monitoring system which guards against stepfathers claiming the children as tax dependents without contributing to their welfare.

##### Recommended Action

The Task Force suggests that if the stepfather, fully realizing the consequences involved, does take the children as exemptions, upon joint income tax returns filed with the welfare mother, then by so doing constitutes a waiver of his property rights and therefore should be compelled to provide for the support of the minor children or at least to the extent that the support of the children is not required by public assistance.

If in the event the stepfather does not support the children and they continue within the welfare grant, then in effect the government is supporting the minor children and neither parent should be entitled to the income tax exemption. The State law and the regulations should be amended to provide that welfare

administrators may request the welfare applicant and stepfather to produce copies of their annual income tax returns to verify the foregoing. From a procedural point of view it could be said that there exists a presumption that all of the earnings and accumulation of property within the family unit, constitute community property and the burden is on the stepfather to establish his separate property interest. Therefore, he would be required to provide welfare administrators with copies of his income tax returns and employment records to show that in fact, the children were not treated as his dependents.

In connection with the unrelated adult male living within the household, although the legal concept of community property is not applicable, yet under recent court decisions such as Marvin versus Marvin, the wife may well have what has been referred to as a partnership interest in the property accumulations of the unrelated male. In addition because said parties are living within a common household, although they may not properly file joint income tax returns, it would appear that if the relationship is a continuous one, then welfare administrators should have the right to determine if in fact the unrelated adult male is treating the children as his own by declaring the children as dependents upon his income tax returns and as beneficiaries upon his employment benefits through his employer.

#### E. Conciliation

A review of the welfare system which did not include an overview as to the causes of welfare would be incomplete. The AFDC-Family Group Program is that program which most concerns welfare administrators, recipients and the general public. The program provides cash grants and social services for approximately 1,250,000 women and children, constituting approximately 425,000 cases. This is to be compared with the AFDC-U group which is approximately 150,000 recipients and a caseload of 40,000. Dependent children in foster homes and institutions approximate 27,000 and general relief recipients approximate 45,000 persons. AFDC - family group annual expenditures approximate two billion dollars. However, total cost for these recipients is probably near three billion dollars when one includes medical services, food stamps, and social services.

If any real reduction is to be made in the welfare system, a hard look must be made to the operations and causes of this program. Studies show that the primary reason a woman is a recipient is because of separation or divorce, or where children are born out of wedlock, the failure of a family formation at all. These reasons constitute 85 percent of the AFDC-FG caseload. Recipients on welfare due to the death, deportation, or institutionalization of the father comprise less than 15 percent.

Under present law for those persons who come on the program because of separation or divorce or for the failure to establish a family, there is no requirement that the parties engage in marriage counseling or conciliation efforts. The absence of such service is disturbing when one considers that it is the family disorganization which is the principal reason for persons seeking welfare benefits. The welfare system has not thus far established a regular, or continuous Social Service Program to prevent family disorganization. Although there are ten mandated Social Services Programs, family conciliation services are not included. The Comprehensive Annual Social Services Program which is required by state law lists the ten mandated services. It also includes optional services, but makes only slight reference to services to alleviate or prevent family problems. An inventory of human social services prepared by the County of Alameda does not include in its table of contents any reference to marriage counseling or conciliations services. However, it does include services for alcoholism, criminal justice, and environmental services.

At this time the county welfare departments do not engage in an affirmative program by which a person coming on AFDC is encouraged to participate in a conciliation effort, nor does it have such service available for those requesting it. Undoubtedly, some referrals are made to private family service agencies. However, this is undoubtedly a small percentage of the total applicants. The sole authority for conciliation services in California is found in the Code of Civil Procedure Section 1730, which establishes Conciliation Courts in those counties in which Superior Court determines that there is a need for such a service. There are presently 17 counties which have Conciliation Courts.

#### Recommended Action

It is our recommendation that state law should require each county which has more than 20 thousand children on AFDC be deemed to be a county which requires conciliation services. That such county be required to establish an effective Conciliation Court Program. Other counties could also establish the program voluntarily.

It is recommended that funding of this service be substantially shared by the state, particularly in light of Proposition 13 and the reduction in county revenues. It is suggested that state funds equal 75 percent of the program cost.

Conciliation law now provides that a petition for conciliation services may be filed prior to any legal action for separation or dissolution or annulment. Therefore, a person making an application for welfare benefits on the basis of a deprivation because of the absence of the father should be immediately referred to the Conciliation Court. The Conciliation Court then has authority to establish orders for child and/or spousal support on a temporary basis, and

is also empowered to preserve and protect the mother and children from violence and abuse. The court has power to issue citations to a reluctant party. The court by holding informal conferences with the parties may or may not conciliate the parties, but at least the court assists in maintaining the status quo during the early stages of separation, and may assure the continuity of family income if the absent father is employed.

State law should be enacted to require an immediate referral to the Conciliation Court in certain types of AFDC-FG cases. This referral would occur before the completion of the grant application. The Conciliation Court should be given power to issue a support order on three days notice to the absent father. This service should be available to any recipient who requests such service and it should be required that the applicant be advised of the availability of such service.

It is suggested that state law require a referral when it appears that the absent father is within the state, has been continuously employed and that immediately prior to the separation was supporting the family or where the gross earnings of the parties are 125 percent of the average statewide earnings for family of similar size.

It is our recommendation that several pilot programs be established in selected counties. Los Angeles County should be included in this program because it already has an effective Conciliation Court as well as possessing nearly 40 percent of the caseload. Experience gained through such pilot programs would be helpful in establishing coordination between the welfare department and the Conciliation Court. It would also provide experiences to better judge the type of referrals with which the service would be most effective.

In conclusion, we feel that the Conciliation Court Service would bring the following results:

1. Provide a means to establish temporary, but timely, stability for the family in dissolution and provide for the continuation of support money from the father, thereby perhaps making welfare benefits unnecessary.
2. Provide a forum in which the parties could attempt to work out family problems even if not successful in conciliating the family. This procedure could assist in establishing cooperation and communication between the parties for the best interest of the children.
3. Provide an alternative to welfare for those welfare applicants whose husband's income prior to the separation had been providing the full support for the family.
4. Effectuate conciliation of the parties.

5. Make available to the mother and children the medical benefits under the husband's employers program, thereby reducing the need for Medi-Cal benefits at public expense.

It is not suggested that every application be automatically referred to the Conciliation Court. A mandatory program would result in endless paperwork, and probably would not be effective. In that the Conciliation Court is already established and is experienced in these types of problems, it would be foolish to duplicate this type of service in the welfare department. Further, having this service within the court system gives a ready and effective remedy if in the event one of the parties has not cooperated.

## F. Social Insurance Programs

### Discussion

We have in our society a vast array of social insurance programs. The Social Security Program is the most visible. The funding of social insurance programs is based on contributions by a number of persons or entities over an extended period of time. In most cases social insurance programs are not financed from current tax revenues. Welfare grant monies, however, are financed from current tax revenues and constitute a substantial portion of current budget allocations. The benefits of social insurance programs should be first utilized before a person is entitled to welfare grant monies. The benefits of Unemployment Insurance, Disability Insurance, Veterans programs, and Workers' Compensation Insurance, should be exhausted before the general tax revenues are made available.

State statistics reflect that a number of welfare recipients are receiving social insurance benefits. However, we believe these social insurance benefits are not always identified and allocated to the recipients. And, if identified we are uncertain as to whether the full benefits are made available to the recipient. It is important to identify these benefits, in order to avoid the temptation of double dipping by recipients.

### Recommended Action

It is recommended the State Department of Social Services commence an in-depth study to implement the utilization of social insurance benefits. This study should include the establishment of a means by which all social insurance benefits, whether at the state or federal level, would be easily and timely identified, or verified by the use of our modern computer and electronic technology.

Under present practice written request for verification of such benefits causes weeks of delay. The interface of the social insurance program at both the state and federal level, with

Welfare, would be in the best interest of all concerned, would lead to considerable administrative costs savings as well as grant reductions.

This study should also include a program by which eligible workers would be instructed and trained to recognize these programs so that their existence will be identified in the eligibility process. Further, such identification might well lead to a referral to the appropriate social insurance program, thereby serving as an alternative to welfare.

This study should also include the establishment of an inventory of all such benefits, including veteran benefits. Further, the Federal Government has established a number of programs which provide specific benefits for certain types of intended beneficiaries. It is important that the eligibility worker have knowledge of these programs and make this information available to the recipient. It is important that programs that provide medical, educational and job training programs also be included in this inventory.

With the present technological advances in transferring information, a study should be conducted to investigate the feasibility of establishing a network of communication facilities housing information on the above-referenced benefit programs. The county welfare departments could then verify the existence or nonexistence of social insurance benefits being paid to a welfare recipient.

## VI. Employment - Jobs Programs

### A. Employment Development Department (EDD)

#### Discussion

Under present law, the Employment Development Department in the State of California has primary responsibility for job placement of all persons seeking employment including welfare recipients. Under the WIN Program, a federally mandated and supported program, all adult male welfare recipients and certain welfare mothers are required to register for work at the Department of Employment. The department is then authorized to develop programs for such recipients and to attempt to place them in suitable jobs. It has been our observation that the Department of Employment is primarily concerned about and interested in job placements for regular members of the work force who are temporarily unemployed. It has been our observation, and in fact statements from representatives of the Department of Employment support this, that they are geared to work with those persons who have motivation for employment, have established work habits and have some skills that are required on the job. They are not geared to handle those persons who have not as yet developed job motivations or work habits or who in fact are unskilled. The Department of Employment appears to be sensitive as to the attitudes of private employers to whom they refer job applicants. In past experience they have had poor results in making placements of welfare recipients and in that the Department of Employment is interested in obtaining a good performance record, they are inclined to expend their energies in placing people who are more likely to give a good job performance. In addition, the Department of Employment is concerned about the viability and strength of the unemployment insurance fund from which unemployment benefits are paid. The placement of a regular unemployed person reduces the payments from the unemployment insurance fund. However, the placement of a welfare recipient would not necessarily have any effect upon that fund. Therefore, there does not appear to be the essential incentive for the Department of Employment to utilize their energies to solve the problem of putting welfare persons to work.

#### Recommended Action

Utilize the Employment Development Department as only one alternative in placing welfare recipients in work situations dependent on the recipient's past work experience and the overall objectives of the EDD.

### B. County Welfare Department

#### Discussion

Prior to the establishment of WIN, there were at the county level community training manpower programs in which the county welfare

department actively engaged in the placement of welfare recipients in work programs, training and regular employment. These programs were abandoned in order to place the entire emphasis on the WIN Program. The WIN Program is discussed under a separate section. Currently in the State of California, there are more than 150,000 persons on welfare registered for WIN at the Department of Employment. There will never be sufficient facilities in the Department of Employment to place these people. This paperwork system does not produce jobs but may only produce frustration and administrative costs. The Board is aware of outstanding work programs in many counties of the State of California in connection with the General Relief Program. The general relief recipient most often is a hard-to-place person sometimes burdened by disabilities, alcoholism, lack of skills and poor work habits. He/she is placed in employment opportunities or in work projects only after intensive and individual work by county personnel. In our opinion these programs have successfully resulted in a substantial reduction of the general relief program. The counties have the incentive to do so because the General Relief Program is financed 100 percent by county funds. Notwithstanding this incentive, this program does demonstrate that hard-to-place individuals who have no particular skills or training can be placed in employment and ultimately become self-supporting.

#### Recommended Action

It is our recommendation that the county welfare departments again be vested with the authority and responsibility to assume responsibility in placing welfare recipients in regular employment, job training programs and job projects or work projects. County government should have an equal authority to that of the Department of Employment. If in the event the Department of Employment through their own facilities, or the WIN Program, can place such welfare recipient in employment, of course this is acceptable and should be continued. However, if the Department of Employment is unable to do so then the county should assume responsibility for the job placement of the recipient. It is our observation that the welfare department, its administrators and staff are best suited, skilled and experienced in working with welfare recipients to understand their limitations, capabilities and potential. They perhaps have the additional patience to develop programs and to work individually with the recipient so that the welfare recipient ultimately becomes self-supporting. Other departments of government thus far have not demonstrated their ability to effectively work with welfare recipients in this manner. In most of the counties of the State of California, there are active WIN Programs which require that these programs be operated under federal rules and regulations. However, there are 25 counties which do not have WIN Programs. It is our suggestion that several non-WIN counties be selected for the purposes of establishing pilot programs to put into effect the above recommendations. This would require a coordinated approach

by the Department of Employment and the respective county welfare department. We are mindful of the fact that if county government assumes responsibility for job placement that this will be an additional burden and administrative cost to local government. However, we believe that the establishment of several pilot programs in these counties would give us some indication of the cost factor. An additional means of determining this cost might well be to determine the job placement cost now experienced by county government in their General Relief Programs.

### C. County Jobs Program

#### Discussion

The Board has had the opportunity to observe the work programs conducted at the county level with General Relief recipients who are able-bodied. In our opinion these programs conducted entirely under county supervision and administration have been successful in placing hard-to-place individuals in jobs or job training. It demonstrates to us that the county government is best able to handle the problems of the welfare recipient and is more sympathetic with their particular unique and unusual problems.

#### Recommended Action

It is our recommendation that the state law be amended to provide that the county welfare departments have among their services a jobs program which would continue to provide jobs service programs for able-bodied on General Relief and for the following persons: 1) Any AFDC-U recipient who is obtaining benefits under this program regardless of whether or not they continue to receive unemployment insurance benefits. Such enrollment and participation would be compulsory. 2) For AFDC-Family Group recipients who have children under six years of age - a volunteer program for not more than twenty-five thousand recipients statewide. 3) For AFDC-Family Group recipients who have no children under six years of age, who would be required to enroll and participate in this program and be subject to work projects. However, initially the program should not include more than twenty-five thousand persons. 4) For all AFDC-Family Group recipients who come upon the welfare roll, the county welfare department shall make a concentrated effort within the first 90 days to find an alternative to welfare which would include an affirmative effort in job placement.

The Task Force has attached as an exhibit (Exhibit G) a suggested format as to the content of a county welfare job program. This format includes the maintenance of a job bank, job counseling, and provides testing for skills and capacities and ability to perform certain tasks at skill levels. The program is to include coordination and participation with other public agencies and private occupational training facilities in their respective

communities. This program also includes a placement coordinator who would attempt to place AFDC eligibles in other government programs which are intended to provide training and job opportunities for the poor or disadvantaged. The program would also involve itself in job placement and referrals throughout the community including local government, hospitals, the court system, parks and recreation, etc. The program would also involve active job search programs in which participants would be expected to engage in a meaningful job search. This program would also provide for work programs supervised and administered by the county in which the participant must participate if in the event they are not otherwise engaged in employment or job training.

It is recognized that the above recommendations places upon county welfare departments are additional responsibilities and financial burdens. It is recommended that an appropriate study be promptly completed in which county government would estimate the cost of conducting the above program for an anticipated number of recipients who would be involved. Undoubtedly the experience county government has had in placing General Relief recipients in the past would provide some standard of measurement in order to make this estimate. So that county government has an incentive to have an effective program, we believe that county government should contribute approximately 25 percent of the costs to the support of such programs.

#### D. Work Incentive (WIN) Program

##### Discussion

The Task Force in reviewing the WIN Program is limited in making recommendations in that there appears to be uncertainty as to the number of welfare recipients who actually complete a WIN Program that become self-supporting, and are terminated from the welfare program. Obviously, this constitutes a dilemma for a review of such programs in that one would like to be able to amply demonstrate the effectiveness of such programs. There are probably numerous people who have successfully completed the WIN Program. However, taking into consideration the amount of money expended on the program and the administrative cost in the Department of Employment, there is a real uncertainty as to whether, in fact, the program is cost effective. Of further concern is the fact that apparently only a small percentage of more than 150,000 persons registered in WIN are actually engaged in employment, training or job placement activity. The requirement of registration although on its face appearing to be a reasonable requirement does in fact constitute a substantial administrative cost without giving any assurance of employment. A large percentage of WIN registrants are not likely to be called for job training or placement.

### Recommended Action

It is suggested that the counties be obligated to refer to WIN only a reasonable number of people for whom there is some possibility for placement.

#### E. Talmadge Amendment

##### Discussion

In approximately 1972 the WIN Program was amended to provide that in addition to all male welfare recipients, all AFDC mothers who do not have a child under six years of age must also register for work with the Department of Employment. This law has been referred to as the Talmadge Amendment. Under this provision, thousands of AFDC mothers have since 1972 registered for work. It is our understanding that in 1973 approximately 75,000 AFDC mothers in the county of Los Angeles registered for work under these provisions. Unfortunately, there has not been a study or statistical data gathered to determine whether these mothers were placed in job training programs or employment. The opinions of county personnel indicate that the numbers placed in permanent employment would be relatively few. The concern of the Task Force about the Talmadge Amendment is that it implies that an AFDC mother who does not have children under six years of age is not compelled or required to work. In our opinion it is not proper state policy to establish a rule or imply that a mother with children under six years of age is not required to work. It is evident that the longer a person is away from the job market, the more difficult it is to resume full employment or to seek or to obtain employment. Certainly an AFDC mother, if circumstances permit, should be encouraged to work and to develop her job skills and to maximize her earning potential.

##### Recommended Action

It is recommended that the State Legislature establish as a State policy that an AFDC mother who does not have any children under two years of age should be encouraged to engage in employment, training or an educational activity so as to maximize her ability to become self-supporting.

#### F. Aid to Families with Dependent Children-Unemployed (AFDC-U)

##### Discussion

There has been established under existing law the AFDC-U Program which category is designed to provide benefits for the intact family, in which the father remains in the family, but is unemployed. There is a small percentage of this caseload which includes the employed mother rather than the father. This caseload varies from 40,000 to 60,000 cases per year depending upon the rate of unemployment. Usually the unemployment rate has a direct effect upon this caseload.

A review of the AFDC-U Welfare Program raises a number of disturbing questions. Of first importance is the fact that there appear to be more errors in eligibility and in overpayments in this program than in the AFDC-Family Group. In addition, the request and acceptance of immediate need applications are also substantially higher than in the AFDC-FG.

Our comments which have already been made under previous sections are also pertinent here. To wit, that it is surprising that with all the efforts for job placements, through WIN, CETA, and other employment programs, that there remains more than 40,000 persons on this program and a substantial number of whom have been on the program for more than three years. We are also concerned that overpayments almost equal four percent of the caseload, which is substantially higher than our experience under the AFDC-FG which is a much larger program. The primary reason for the overpayment is a willful failure to report earnings and other information required by the CA 7 report and it appears several million dollars have been paid to recipients who are not entitled to such benefits.

It is of further concern that of the total number of recipients under this program only approximately 12 percent have earned income which is an interesting comparison with the AFDC-FG which shows approximately 17 percent with earned income. The AFDC-U recipient is also entitled to earned income disregard benefits and the comments that we have made in connection with those benefits under the AFDC-FG category are to be included and considered herein as well. Of further concern is the fact that the average grant per family is substantially higher than under the AFDC-FG. The average income per family based on statistical analysis of the caseload in January, 1977 was \$380, and more than 17 percent of the caseload was receiving more than \$500 per month. Twenty-nine percent receive nonassistance income and 10 percent of this is from unemployment insurance benefits.

Also of concern to us is the fact that in the State of California approximately 17 percent, or 7,500 persons are not federally eligible which means the state must assume the entire cost of that grant.

The tragedy is that undoubtedly these work programs are sold to Congress and to the State Legislature on the basis that they will in fact remove welfare recipients from the caseload. It is obvious that this has not happened and it is not true. It is time action is taken to establish a program by qualified, interested and knowledgeable policy makers. It is unreasonable to expect the taxpayer to continue to underwrite meaningless paperwork and registration activity which leads to frustration on the part of the recipient.

## Recommended Action

Because of the importance of this problem, it is recommended that the Governor take appropriate steps in establishing suitable and necessary cooperation and understanding between the employment and welfare communities. That effective job programs which actually place people in employment be established. It is to be noted that we have recommended that the county welfare departments reenter the job placement program. We again underscore that recommendation. Further, it is absolutely necessary that work requirements in actuality be work requirements and not constitute paperwork requirements which are presently in the law and have been found to be, time after time, ineffective. The number of persons whose welfare payments have been discontinued because of their failure to cooperate has been relatively small.

It is our strong recommendation that state law be changed to provide that it be consistent with federal law so that the state not be required to assume or pay benefits to a person not eligible under federal law. This would constitute a savings of approximately 30 to 35 million dollars.

A further recommendation is that a person eligible for UIB benefits not be permitted to receive welfare benefits under this program as well. This constitutes double administrative cost under two programs and in essence is double dipping with public resources. It is our strong recommendation that the state and federal law be amended to provide that a person is not eligible for this program until all benefits under unemployment insurance programs have been exhausted. If this law were enacted, it would represent a savings of 15 to 20 million dollars.

Of further concern to us that there appears to be no real incentive for the UIB recipient to obtain employment. In many families, particularly where there are four or more in the family, the welfare grant exceeds the UIB benefit. Therefore, the unemployed recipient actually receives more money on welfare than the benefits under the UIB Program. This does not constitute an incentive to obtain employment.

It is to be noted that there are no durational requirements under this program as there are under the UIB benefits. The Task Force strongly recommends that a durational limit of one year be established for recipients under this program. This would mean that a person who becomes unemployed in the State of California, would be extended, if eligible, six months benefits under the Unemployment Insurance Program, and then would be entitled to the maximum of one year under the AFDC-U Program. If such a recommendation was enacted, a minimum of 50 percent of this caseload would be discontinued, which would constitute a savings in the State of California of an amount approaching 125 million dollars

annually. For these individuals a year and one-half should be sufficient time in which to obtain employment. A review of the case statistics reflect that only a small percent of recipients are unable to work because of illness, family difficulties or other problems. In fact, 75 percent of the caseload is registered in WIN, which presents a presumption that they are able to work.

Of concern to the Task Force was the fact that the grant level for many welfare benefits exceeds the amount of the UIB benefit. To the extent that the UIB benefits are not adequate to provide a basic living standard for a family, welfare benefits when used to supplement the UIB benefits really constitute a subsidy by welfare of the unemployment insurance fund. We believe this to be improper because current tax revenues should not be used to supplement or subsidize a social insurance program. It is submitted that the cost of unemployment for an unemployed person should be satisfied from the social insurance programs established for this purpose.

In conclusion, the Task Force is greatly disturbed over the fact that this AFDC-U program appears to be excessive, and not justified in light of present economic conditions, when employment is generally good. Further, it is difficult to explain how or why a substantial number of such recipients remain on the program for over three years notwithstanding the existence of WIN and CETA. It is apparent that the respective work programs have not been effective, and unfortunately have cost the taxpayers of the State of California considerable sums of money.

G. Aid to Families with Dependent Children-Family Group (AFDC-FG)

Discussion

Another means by which the welfare caseload could be substantially reduced, is for the welfare mother to become employed and self-supporting with or without financial help from the absent father. Fortunately this theory has been substantially assisted by the development of a strong statewide program that requires child support payments from an absent father.

These support monies collected by county government have provided meaningful resources for nonwelfare mothers seeking and obtaining work. The theory is that the welfare mothers employment together with child support payments from the absent father should together provide sufficient monies for the family and should be a meaningful alternative to welfare.

In an effort to encourage the welfare mother to seek work, Federal Government has provided that a certain percentage of the welfare mother's income be exempted or be disregarded. This thereby constitutes an incentive for the welfare mother to seek employment. Elsewhere in this report this topic is discussed in more detail.

It is our observation that the income disregard rules although providing an incentive for the welfare mother to seek work, do not necessarily encourage the mother to terminate her relationship with the welfare system. Many welfare mothers obtain employment but continue on welfare; thereby continuing to receive in addition to reduced grants medical benefits, food stamps and some social services. These cases require considerable administrative cost because of the need to compute and supervise complicated earnings, disregard formulas and work-related expenses.

The Federal Government has established in law a program known as the "Talmadge Amendment" which requests the welfare mother who has no children under six years of age to register for work and engage in job training.

However, notwithstanding the above federal policies there continues to be an ambivalence in attitude as to whether a welfare mother should remain in the home or the alternative - to seek work.

Initially when the federal AFDC Program was adopted in the early 1950s, the primary intent was to have the mother remain in the home. However, as new social and economic attitudes have developed within the last 30 years and particularly within the last ten, experience shows that there is considerable change of attitude as to whether the welfare mother should remain in the home. It is the contention of some that the welfare mother may have a preferred position in our society in that there are millions of nonwelfare mothers who are employed and support their families without the assistance of public funds or resources. The fact is the single-parent family usually headed by the mother is no longer an unusual occurrence.

Policy makers should give consideration to the following social and economic factors which perhaps suggest a review of the status of the welfare mother is in order. Some of these factors are as follows: 1) A higher percentage of nonwelfare mothers are now employed outside the family home. 2) There are substantially greater job opportunities for women and wage rates have been improved. 3) Within the last ten years a greater number of women have received more education, and job training opportunities through trade schools, thereby enhancing their opportunities for work careers. 4) There appears to be a trend, at least within the past five years, for smaller families. 5) The inflation factor has compelled many nonwelfare mothers in intact families to seek full employment or at least part-time employment in order to supplement the husband's income. Often these working mothers who may initially enter the job markets with intent to have part-time employment often remain as full-time members of the work force. 6) A question of equality. If in fact it is required by many families that both spouses work in order to support the family, is it then today realistic that government provide the totality of support of such families - without the natural parents making any contribution

thereto. 7) An additional concern is the fact that the percentage of those persons on welfare and the numbers thereof are substantially greater than initially anticipated when this legislation was enacted in the early 1950s. The question is what percentage of the population should be supported on welfare. It is conceded that approximately 70 percent of the recipients have no means of support other than the welfare system. There should be efforts to reduce the caseload so that the cost thereof does not constitute an unrealistic financial burden upon the public.

The Federal Government has established a policy whereby welfare mothers who do not have a child under six must register for work. In the State of California these women register with the Employment Development Department and it is our understanding that in the County of Los Angeles there are now more than 60,000 women so registered. In actuality, although the program's intended result is job placement and job training, the percentage of women placed or trained has been relatively small. Other than the registration requirement, there is no real program for the implementation of work or training.

A concern to us is the fact that the present policy declares that a welfare mother who has a child under six years of age is not encouraged to work or obtain job training. In essence the policy statement is a disincentive to work for these welfare recipients. Therefore, this means that the young welfare mother or a mother of a child born out of wedlock who may be 16, 17, or 18 years of age is not in any way encouraged, to say nothing of being required, to gain skills, knowledge, or training in order to compete in the job market. There is no requirement that she complete high school. There are no conditions whatsoever. In fact these persons are not encouraged to do so until the younger child is six years of age depending on the number of children in the welfare family. The welfare mother may not enter the job market until their late 20s or early 30s. At that time the welfare mother has received no job training experience whatsoever. She then is at a distinct disadvantage in competing in the job market. In our view this is not fair to the welfare mother. She then finds herself unable to compete or is at least at a severe disadvantage with others. Usually the jobs available are at low-wage scales, episodic in nature and not providing job satisfaction or stature, nor meaningful earnings. In essence the young welfare mother has been trapped by the system.

An argument against encouraging welfare mothers to work has been the concern that there is not sufficient child care or transportation facilities to permit the mother to leave home. Undoubtedly there continues to be insufficient child care facilities in the communities. It is not our intention to diminish or underestimate this problem. We are well aware that in many cases there is severe transportation and hardships, or inability of the welfare mother to obtain her own automobile or other satisfactory transportation.

## Recommended Action

Notwithstanding these problems, our suggestion is the State establish a policy that a recipient of welfare benefits should exercise their best efforts to seek employment for job training. This recommendation does not automatically place thousands of welfare recipients in jobs. However, a statement of this policy by the State Legislature would at least clarify the policy of the state as to what it expects of the welfare recipient and thus constitute the first initial step in any program that may follow. It is our recommendation that such policy should include the statement to the effect that the county welfare department of each county should be charged with developing programs in order to have training and job-placement activities for the welfare mothers. In our opinion the welfare department is best suited to provide this type of program. It has the knowledge of the recipient; it is inclined to be more patient and can more readily face the realities and difficulties in placing welfare mothers in employment positions. It is our further intent that the welfare department should utilize the totality of all the community resources available including the adult high schools and community junior college programs. We are aware that in such community colleges there are programs which provide basic training of skills for women. In addition these facilities provide the means by which the welfare mother may complete her high school education where it was interrupted by family formation.

It is our suggestion that this program be developed initially for a small percentage of the welfare mothers or between 25 to 50 thousand recipients in the program statewide. We believe this would give the counties an opportunity to establish and test procedures and methods by which the welfare mother could enter and participate in an affirmative program for their self-improvement and development and ultimately self-sufficiency.

It is our further recommendation that in order to be assured that these programs are successful, county government be given a financial incentive for establishing an effective job program for AFDC recipients. County government would receive a percentage of the welfare dollars saved when a welfare mother becomes permanently employed for a term of one year, and either ceases to be a recipient or has a substantial reduction in her grant. To illustrate this point if a welfare family receives a grant of \$4,000 annually, and if the welfare mother becomes self-supporting by virtue of these programs this would constitute an annual savings to State, County, and Federal Government of \$4,000 plus administrative costs. The county should receive an incentive payment of 10 to 25 percent of these savings which monies would in turn be reinvested in the job program.

Financial incentive programs developed with the child support program prove to be a strong inducement for county government to establish effective child support programs; therefore, in order to be effective

in reducing the welfare caseload, there must be established realistic programs, and goals, which provide incentives for this accomplishment. Otherwise these programs, as in the past, often become ineffectual and do not bring the results planners and policy makers anticipate.

In our discussion among the members of the Task Force the subject of durational benefits for AFDC was discussed. It was concluded that no set duration be established for AFDC mothers. However, the Task Force is cognizant that without durational limits the welfare mother under current law may remain a beneficiary during a substantial portion of her adult life. It is our suggestion a review of caseload statistics of persons with families on welfare more than ten years should be established in order to attempt to find realistic answers to these types of problems. There is a considerable concern about the welfare cycle in children of long-term welfare families.... They are more likely to become recipients themselves than others. A first step would be to again enunciate as a state policy that welfare benefits are intended to provide temporary support and are not intended to become permanent support or constitute a permanent way of life. It is conceded that such statements are not productive in themselves, but again such policy statements would have the effect of clarifying to all concerned what in fact the state policy is.

As of now there is no established state law or regulation that identifies the goal of a person attempting to resolve his/her own problems in order to place themselves in a position in which public funds and resources are not required. Again we suggest that the basic state laws and regulations be reviewed so that the policy and declarations of this danger are expressly made in the use and benefits of the county and state welfare administration.

#### H. Comprehensive Employment and Training Act (CETA) of 1973

##### Discussion

Congress enacted the Comprehensive Employment and Training Act in 1973. The purpose of this Act was to "provide job training and employment opportunity for economically disadvantaged, unemployed, and underemployed persons and to assure that training and other services lead to maximum employment opportunities and enhance self-efficiency by establishing a flexible and decentralized system of Federal, State and local programs."

We believe the initial intent of Congress was to include among the beneficiaries of this program welfare recipients which would include AFDC-Family Group mothers who had no children under six years of age, who were required to register with the Employment Development Department pursuant to the Talmadge Amendment, and would also include AFDC-U - unemployed group.

Our observation of the program discloses that only a small percentage of these welfare recipients were beneficiaries of the CETA Program.

We are mindful that the administration of this program came under severe criticism in an audit report prepared by the office of the Auditor General in late 1976. We are also aware that improvements have been made in the administration of the program since that date. However, we have no information that there has been a remarkable increase in the enrollment of welfare recipients in the program since that time.

The fact that few welfare recipients have participated under the CETA Program adds further support to our contentions that the Employment Development Department is not geared to or sympathetic in dealing with the hard-to-place or train welfare recipient.

#### Recommended Action

This experience reinforces our recommendation that the county welfare department engage in an active job program in which the county welfare department would assure that welfare recipients were properly represented and were included in these types of programs.

It is our suggestion that State Legislation or regulations be promulgated requiring that a minimum of 50 percent of the allotted CETA Program slots be made available to AFDC-Family Group and AFDC-Unemployed recipients. At this time in the State of California we have approximately 40 thousand AFDC-Unemployed recipients. Certainly a substantial number of these recipients would be able to utilize the CETA Program. The fact that these persons have not been engaged in this program adds to the taxpayer's cost for their continued presence on the AFDC-Unemployed and Family Group programs. A change is necessary to assure that welfare recipients have an equitable participation.

The fact that this program has been in effect in the State of California since 1974, and there has been no noticeable decrease in the caseload for the AFDC-U, is an indication that we should reexamine the effectiveness of the CETA Program in the State of California.

The Task Force is also mindful that Title 1 of the Act, which provides certain monies to place participants with private employers, has not been fully utilized. It is suggested that this segment of the program be fully utilized and that welfare recipients have an opportunity to participate.

It is further suggested that the CETA Program be administered in a manner consistent with Federal Law or as governmental agencies should utilize these job slots primarily for job training, rather than full-time employment for the benefit of the local governmental agency which has been the experience in the past. It would appear that a term not in excess of one year should be a sufficient employment term for the participant to gain the job skills necessary before they move on to private employers, thereby making that slot available to another person.

## VII. Duration

### Discussion

It is a sad commentary that once many persons or families establish eligibility for welfare assistance, it tends to become a permanent way of life. The Board believes that administrators, caseworkers, and legislators should direct a concerted effort toward revising the system to enable recipients to move off the welfare rolls. No citizen should be denied the right to participate fully in the upward mobility of the American experience, nor discouraged from such participation by programs which are overly protective or provide no incentive for self-advancement. Statewide statistics on how long recipients remain on the welfare rolls is particularly useful to the local counties in administering the welfare program.

### Recommended Action

Included in other sections of this report are recommendations which, if implemented, should result in the recipients moving out of the system in a shorter period of time better prepared to maintain a decent standard of living in the competitive job market.

Recommendations relative to shortening the duration of welfare dependency throughout the report are:

- A) Ceilings on income disregards (grant process);
- B) Maximum family grant (grant process);
- C) Maximum family income (grant process);
- D) Treatment of 18-year-olds (eligibility);
- E) County jobs programs (job programs);
- F) Limitation on time in the AFDC-U Program (jobs program).
- G) State recipient characteristic studies should include data on the length of time a recipient has been receiving aid.

Additionally, the Board recommends that there be a statewide concentration on affirmative case planning toward the goal of removing any obstacles in placing a recipient in a job within 90 days after first becoming eligible for assistance. Maximum flexibility should be allowed the counties in developing case planning techniques suitable to their area.

## VIII. Welfare Fraud and Abuse

### A. Introduction

The taxpayer is justified in being concerned that fraud does not pervade the welfare system. There remains in the minds of many concerned citizens that welfare fraud continues to be rampant in the system. However, state statistics gained through audit and quality control procedures, reflect a welfare fraud factor of approximately one percent. As a result of fraud prevention activities, quality control, and audit procedures conducted by State, County and Federal agencies, those persons who are basically ineligible, but who become recipients either because of fraud or error, is approximately one percent of the caseload or about 4,500 cases per month. California when compared with other industrial states in this regard has an excellent record.

County personnel have exercised great effort to minimize the risk of fraudulent or other erroneous cash assistance payments. Currently each county has its own Welfare Fraud Investigation Unit to identify and resolve any recipient fraud situations.

Although welfare fraud is generally recognized as low at the one percent rate it currently amounts to millions of misspent dollars every year.

As we mentioned already the key to an effective fraud prevention program is an orderly and effective eligibility process. This process will most often catch the single incident of fraud committed willfully, or unwillfully by the average applicant/recipient. However, the real cause of concern is the "Professional" who engages in outright fraud with the use of false documents. This type of fraud is discussed in the next section. In our opinion, staff and monies allocated to the detection of welfare fraud should not be reduced.

### B. Multicase Fraud

#### Discussion

There is a growing and genuine concern about multi-case welfare fraud in California. Newspapers have highlighted the extent and severity of those cases which involve thousands of dollars. Usually the perpetrator of these fraud cases is not poor or disadvantaged, but a person who is engaged in a scheme or plan, with deliberation and intent, and often in conspiracy with others, for the sole purpose of gaining undeserved benefits. This person understands the welfare system and knows how to beat the system. Unfortunately, there is no assurance that such perpetrator will be discovered, and if discovered, caught and successfully prosecuted. The perpetrator of welfare fraud not only takes from the deserving, but also adds to the cost of administration because of the need to establish safeguards and auditing controls to prevent such fraud. Welfare fraud is the same as other types of white-collar crime such as embezzlement and should be treated as such.

Because of the growing sophistication and mobility of our population, there is nothing to prevent this "professional" from making at the same time welfare applications in more than one county or, as in a county the size of Los Angeles, applications in different branch offices.

The state does not have a central registry which contains the names and identities of recipients on a statewide basis. The absence of this facility may well tempt one to make multiple applications for aid fully realizing that it may take months before such duplication is discovered by audit or by chance field investigation.

Another difficult problem is the recurring use of false identification cards, birth certificates, marriage certificates and other documents. The use of such documents demonstrates an intent to deliberately commit fraud in order to gain public assistance. Such conduct must be severely punished. Its continuation at any scale or level only serves to undermine public credibility of the entire welfare system. Welfare fraud, therefore, is the deliberate act of obtaining public assistance by the use of false statements or by the use of false documents. This conduct leads to the multicase fraud and may be rewarding if severe penalties are not imposed. In these cases, because of large amounts of money involved, reimbursement or restitution is impossible.

#### Recommended Action

It is our recommendation that a person convicted of multiple case fraud should be subject to a mandatory state prison sentence.

If in the event the multicase fraud involves two or more counties, it is recommended that the Attorney General be authorized to intercede in the proceedings and prosecute the case in the appropriate county. The best deterrent against multiple case fraud is an effective and orderly eligibility process which will be discussed herein.

#### C. Internal Fraud

##### Discussion

Internal fraud is an area where little statistics on the magnitude of occurrence are known, but where extreme abuse may be occurring. Through the Department of Health, Education and Welfare's Project Match, California has knowledge of and is presently investigating a number of suspected internal fraud cases.

This conduct by public employees constitutes a severe violation of the public trust and should be severely penalized.

## Recommended Action

We recommend that the State Department of Social Services expand its efforts in identifying methods and procedures to prevent internal fraud and to continue to use DHEW's Project Match as a means of identifying suspected internal fraud cases.

Again, we recommend that mandatory state prison sentences be imposed for such violations. It is also recommended that the Attorney General be given power to prosecute cases of this nature if it appears that the local jurisdiction, because of internal problems or conflict of interest, is unable to do so. Notwithstanding, it is our belief that severe penalties constitute a strong deterrent against such conduct. For all internal fraud cases every attempt should be made to obtain restitution and civil remedies should be used only if necessary.

### D. Welfare Abuse

#### 1. Definition

Welfare abuse should be distinguished from welfare fraud. In welfare abuse, the recipient is attempting to gain additional grant monies after eligibility has usually been properly and legally established. It is not our intent to diminish the importance of welfare abuse. The extent of unreported income is substantial; however, the amounts involved often are not large and the possibility exists of obtaining restitution or reimbursement from the recipient. The primary types of welfare abuse are the failure to report changes in earned income and for changes in the family unit.

#### 2. Earnings Verification

##### Discussion

There are two procedures which have proved to be fairly effective in reducing the incidence of welfare abuse pertaining to unreported income. The first is the Earnings Clearance System which was first established in California in late 1971, and after surviving several judicial attacks, went into operation in 1972. Basically, the system provides welfare administrators the means to check and compare income as reported by the recipient against the earnings records of the State Department of Employment Development.

A further aid is the CA 7 form which is the monthly earnings report which all recipients are required to submit to the county welfare department. All earnings during the month must be shown on this monthly report. Again, it is our understanding that the joint use of the Earnings Clearance System together with the CA 7 report are effective means in reducing welfare abuse.

### Recommended Action

We recommend that the income verification process include a check with the Workers' Compensation Appeals Board, the State Disability Fund and the Unemployment Insurance Fund to determine if claims have been filed and, if so, the extent of any benefits paid.

The CA 7 report is only effective if welfare administrators promptly act on the information obtained. It is strongly recommended that staff engaged in this activity not be reduced and in fact it may be necessary to increase staff where circumstances require it. The only negative feature we are aware of is that county administrators sometimes do not timely react on the information, thereby failing to terminate or reduce the welfare grant in a timely manner.

It is our recommendation that the eligibility worker make an annual review of the CA 7 forms in order to determine whether such are consistent with one another and with other information available. The recipient should be required to be available for an annual interview with the eligibility worker for the purpose of discussing the contents of these reports.

It is our recommendation that state staff personnel conduct an up-to-date study on the operation of these techniques for the purpose of identifying additional means to make these procedures even more effective.

### 3. Unreported Income

#### Discussion

We are aware that there is considerable casual employment by welfare recipients which gives to the recipient unreported income which is not detectable by the Earnings Clearance System. Current law provides the AFDC mother with the benefit of earned income disregards and exemptions for work-related expenses. These benefits are not available to the nonwelfare working mothers. Therefore, there is no moral or legal reason for the welfare mother not to make a full report of her earnings.

#### Recommended Action

Every effort should be made to discover unreported earnings. We recommend that it be a misdemeanor offense for any employer to pay cash compensation to an employee having reasonable knowledge that such was done to avoid detection by the welfare department. Furthermore, state regulatory agencies should be made aware of the existence of persons who are not paid on a regular payroll basis when exercising their review of payroll records and employer documents.

#### 4. Eligibility Process

##### Discussion

As stated earlier, we feel that the best deterrent of welfare fraud is a sound eligibility process.

##### Recommended Action

We recommend that state laws be changed to permit county administration to commence the welfare application on the second interview of the applicant rather than on the initial interview. The first interview should be limited to giving general instructions, providing information as to the content and nature of the programs and other general information to assist the recipient in meeting emergencies. The recipient should be advised of the documents which will be required to verify employment, residence and other eligibility requirements.

It is unwise for the welfare system to be administered in a manner so that it appears to be a contest as to which welfare department can issue warrants faster. It is also recommended that welfare administrators be authorized to set aside the completion of an application and the eligibility process for a period of up to three days if, during the eligibility process, facts are discovered which would lead the eligibility worker to believe that there are inconsistent answers or insignificant information in connection with the verification and identity of the eligibility requirements.

It has been the experience of the members of the Task Force that home visits provide additional information about the applicant and the prospective members of the Family Budget Unit.

#### 5. Warrants

##### Discussion

One of the means by which fraud is perpetrated is through the use of warrants which have been misdirected, forwarded or lost.

##### Recommended Action

As we have mentioned already, we strongly recommend that warrants should not be sent or forwarded to any address other than the address on the warrant envelope.

## 6. Prosecution Policy

### Discussion

As to whether fraud or abuse should be prosecuted is the decision of the District Attorney's office. After the Fraud Investigation Unit has completed its investigation the District Attorney must make the determination as to whether a case exists. There is concern in some counties that District Attorneys give a low priority to these types of prosecutions, and that they insist on an "iron-clad" case before proceeding. It is not our desire to invade this discretionary area of the District Attorney. However, such prosecutions are a deterrent to welfare fraud and abuse and it is sound public policy to fully prosecute all cases in which it appears that monies were willfully and improperly obtained.

Under the present law the prosecution of such a case by the District Attorney's Office is limited to the use of county funds and resources. However, if money is collected the State and Federal Government benefit therefrom. Obviously, the State and Federal Government benefit from a policy of deterrence. A financial incentive for County Government perhaps would encourage District Attorneys' offices to utilize more county resources for this purpose.

If a welfare fraud case is not prosecuted as a criminal matter, there should then be an effort to collect the improperly received monies by civil process or procedures. To the extent that the District Attorney is not authorized to engage in civil remedies, the matter should be referred to the appropriate county office for collection.

### Recommended Action

- a. The District Attorney's office should work more closely with the welfare department to develop procedures to more effectively and successfully prosecute welfare fraud cases.
- b. Legislation should establish a financial incentive program whereby county costs in detecting and prosecuting welfare fraud and abuse cases could be in part paid from state funds. This incentive program would be similar to the incentive program provided for the Child Support Program.

The District Attorney's office should be more aggressive in pursuing reasonable and necessary civil proceedings in order to obtain Confessions of Judgment and/or other legal agreements for the collection of monies, in lieu of prosecution.

It appears to be a sound public policy that once the suspected welfare fraud or abuse case is referred to the District Attorney's office, that it be resolved in that office either by criminal or civil process.

## 7. Overpayments

### Discussion

An effective way to avoid welfare abuse is to have an effective collection system by which overpayments received, whether due to willful abuse or nonwillful means, are collected by County Government. Welfare abuse, or the receipt of overpayments, is found in approximately two to three percent of the AFDC caseload but represents about seven to nine percent of the caseload which receives outside resources. In most of these cases the recipient has outside income which has not been properly reported. Obviously, if the collection of overpayments is made difficult then there will be a built in temptation for the recipient not to timely report income change.

It is absolutely necessary that the county welfare department have an effective legal tool to compel the collection of overpayments, thereby assuring the proper filing of the CA 7 report. Unfortunately present regulations adopted in February, 1979, place a severe limitation on County Government to collect overpayments from willful welfare abusers. The primary reason for the overpayments was the failure of the recipient to file a CA 7 report at all. Again to underscore our previous concern, the noncomplying recipient actually gains a substantial benefit by the combination of the regulations pertaining to the CA 7 report and the current regulations pertaining to the collection of overpayments.

The new regulations require considerable administrative procedures at the county level in order to collect such overpayments. Obviously, since the passage of AB 8, County Government may be reluctant to expend resources to collect monies which are primarily state and federal funds. If the collection of overpayments is burdensome and unrewarding to County Government, it becomes questionable whether County Government will actually exercise its legal rights such as they are.

It is our concern that the present regulations, perhaps not intending to do so, actually encourage welfare abuse. It will not be long before knowledgeable welfare recipients will learn that the failure to report income or change in family composition, even when discovered, will not cause them any adverse effect. That, in essence, they will be able to retain the monies that they improperly receive.

#### Recommended Action

The following recommendations are made in order to establish a more effective system. County Government should have two years in which to collect overpayments from such recipients. The time should not commence until the date of discovery. Furthermore, Confessions of Judgments or other legal agreements entered into by the recipient may extend the period for the collection.

County Government should be reimbursed by State Government in an amount equal to 20 percent of all recoveries made under this program. This would provide an incentive for County Government to engage in the collection of overpayments.

Regulations and applicable law be changed to provide that if in the event of an overpayment the burden is upon the recipient to explain the receipt of such overpayment when it has been shown and established that the recipient has signed, on a prior occasion, at least one CA 7 report.

In the event the overpayment is the result of the inadvertence of the Department, or for reasons not attributable to the conduct of the recipient, then it is our recommendation that the reimbursement rate be set at a level which will not unnecessarily interfere with the ability of the recipient to provide for the family. However, if the overpayment is a result of statements or misstatement or incomplete answers to questions, then the recipient should be compelled to repay such overpayment within a shorter period of time and in monthly amounts which may cause inconvenience in meeting basic living expenses.

#### 8. Civil Remedies

##### Discussion

Civil remedies in the collection of child support by the District Attorney's Office have proven to be very effectual.

##### Recommended Action

It has been suggested that the utilization of civil remedies by the District Attorney might be an appropriate procedure in those cases in which intentional fraud would be difficult to establish. State law would have to be changed to permit the District Attorney to exercise such civil remedies such as a simple action for money or an action for unjust enrichment.

## 9. Central Registry

### Discussion

California does not currently have a central registry of all welfare recipients. A number of people have advocated the establishment of a central registry in which the names and identities of all persons receiving public assistance would be maintained in a central location. This would provide a means to verify the fact that a prospective applicant did not have another case in process concurrently. Such a system should also include records pertaining to the payment of Unemployment Insurance, Disability Benefits and Workers' Compensation Benefits. The Task Force does not have sufficient information to estimate the cost of such a registry; therefore, it makes no specific recommendations except to emphasize that the existence of a central registry would be the most effective tool for preventing multiple case fraud.

The Task Force is concerned about the limited invasion of privacy of welfare recipients under a central registry concept and therefore suggest that such registry be limited to name, birthdate, address, place of birth of the recipient, social security number, and other pertinent information on the members of the Family Budget Unit.

The Task Force is mindful of the current system which has most, if not all, of this identifying information going from counties to the state. The system is the Central Issuance Delivery (CID) system which is used by the State Department of Health Services for the monthly issuance of Medi-Cal I.D. cards.

### Recommended Action

In the alternative, we recommend that the Legislature provide sufficient monies to permit the ten largest urban counties to establish a mutual and integrated information exchange program by which information between such counties would be available and also available to other counties throughout the state upon request. In that the ten largest counties have more than 70 percent of the welfare caseload, such a program would provide a reasonable and effective return in quality control.

## E. Quality Control

### Discussion

The observation of the Task Force is that the quality control program in the State of California has been effective in maintaining standards in requiring counties to reduce their error rates to a minimum. California is now among the leading states in satisfying federal quality control standards.

There has been experience, however, where one or more counties may have serious error rates which results in penalizing all counties throughout the state. It is also of concern that although the Director does have discretionary power to commence sanction proceedings against poor performing counties, he seldom exercises such procedures.

The state quality control program now in operation under SB 154 does not include the smaller 23 counties within the state.

Although the caseload within these 23 counties is not large compared to the totality of the state, welfare fraud and abuse amounting to substantial dollars could occur in these counties as well. In addition, we believe it to be sound, public state policy never to be satisfied with quality control standards.

#### Recommended Action

It is recommended that a suitable State Quality Control Program be established to meet the 23 smaller counties' unusual or particular situation.

The Federal Government has provided certain incentives for obtaining federal quality control standards and we believe and recommend that county government participate in receiving these benefits in that it is the counties who are performing and satisfying these federal standards and not the state. Appropriate regulations should be adopted to meet this recommendation. On the other hand, we believe it would be sound policy to establish a procedure for mandatory sanctions by the State Director against the county when error rates exceed a specified percent. This would remove the procedure from the political climate and give the State Director the liberty of proceeding because it would be required by law.

A further concern is the fact that there have been from time to time inconsistencies between standards established by quality control auditors and interpretations of regulations by fair hearing officers. Obviously, it is unfair to have different standards of performance by these two agencies within the same department. If the quality control unit has established certain standards which have in fact been approved by the Director of the Department, then these standards in the interpretation of regulations should be recognized by fair hearing officers and applied in a consistent manner so that the uncertainty and confusion of welfare administration will be reduced to a minimum.

## IX. Miscellaneous

### A. General Relief (GR)

#### Discussion

The Task Force did not make an in-depth study of the County General Relief Program. It was the opinion of the Task Force that this program was functioning well at the county level and reasonable caseload standards were being maintained. County experience with recipient work projects and related programs have also been successful, and have materially assisted in reducing the General Relief caseload. The General Relief caseload has experienced more than a 15 percent reduction in the past year.

The grant level for the major urban counties was deemed to be generally adequate, although some counties did not increase the grant load in 1978. The level of support given in small counties is not the same as that provided by the urban counties. Rural counties do not have the resources and recipients have differing needs.

In our opinion, a statewide program for general relief recipients would add considerably to the total cost of welfare in our state, because all counties would then be compelled to make payments at the highest level. Also, a statewide program probably would impose against county government severe limitations on the nature and manner of the job programs now solely administered by the counties. The fact that county government may establish such programs without the necessity of satisfying complicated state and federal regulations, makes these programs effective.

#### Recommended Action

It is our recommendation that the county General Relief Program remain intact and retain the flexibility which it has traditionally enjoyed at the county level. Any reason to change such a program at this time should be most compelling. Thus far no party has advanced a compelling cause.

### B. State Administration

#### Discussion

Many legislative bills have been introduced which would create State Administration of the welfare programs. This would remove the primary responsibility for the administration of such programs from county government. Numerous groups and organizations have reviewed these proposals; therefore, the Task Force did not involve itself in making an in-depth review of this issue.

The Board is very familiar with this issue as it has been raised and discussed from time to time through the years. In October 1978 the State Social Services Advisory Board did, by resolution,

take a formal position against state administration. In the opinion of the Board welfare programs are best administered by those persons who may be held accountable at the local level. The County Board of Supervisors, serving as a local administrative agency does provide a local forum before which welfare issues may be raised and discussed by local recipients and citizens. Also, because the county welfare director is appointed by the Board, there exists accountability by the Director not only to the Board of Supervisors, but also to the local recipients and taxpayers.

It is our concern that a welfare administrator appointed by a state director, would create a state bureaucracy which may well be insensitive to the needs and desires of recipients, welfare administrators and taxpayers at the local level. Under a county-administered program the Board of Supervisors and the county welfare director provide an available forum to which recipients may bring their complaints. Under state administration there would be no local forum. Their appeal to the local welfare administrator appointed by a state director would not be made to a person who was concerned about local accountability. Their complaints would then be made to the state director, or State Legislature. This would not constitute a readily available forum. Further, the State Legislature does not have the time to hear and respond to the numerous complaints, grievances and concerns now directed to the 58 Boards of Supervisors in our state.

California is a state of great diversity. County government is more responsive to this diversity. State administration would not be able to provide the flexibility which this diversity demands.

It is to be emphasized that county welfare personnel are the ones who are primarily responsible for the fact that California has enjoyed a low error rate when compared to other industrial states.

#### Recommended Action

It is suggested that policy makers move most slowly and cautiously before enacting a state administration program.

If state administration is established, it is most important that the Legislature also establish certain checks and balances at the state level. The state department should not become encapsulated and immune from criticism and review. Under the present system county government does in essence provide a check against state administration. State administration, of course, supervises county administration and, thereby, provides a check against county government. It is our observation that this system has worked well and for the best interest of all concerned.

It is also our opinion that state administration would lead to increased welfare cost. Welfare administrators not accountable to local government may not have the incentive to perform those tasks necessary to maintain the programs in a cost-effective manner.

## C. Implementation of New Laws and Regulations - County Error Factor

### Discussion

Often when new laws or regulations are established at either the state or federal level, county government is required to, almost instantaneously, implement them. This results in a crash implementation program at the county and usually does not allow for sufficient analysis and the careful interpretation which is needed prior to determining the means or method of delivery at the local level. Furthermore, training and instructing county staff is also minimal and often insufficient during these crash situations. All too often, there remains ambiguity or uncertainty as to what the new law or regulation requires, even up to the point of implementation. In fact, clarification may not occur until after implementation.

Policy makers, in establishing new laws or regulations, must be mindful that the administrative agencies require sufficient lead time to properly establish procedures for implementing the new law or regulations. The Legislature and the county must realize that when unrealistic effective dates are ordered, confusion and haste will probably result leading to increased administrative costs which are borne by all California taxpayers.

Also of concern is the fact that the local governments are not given enough time to gain experience in the implementation of a new program provision prior to being subject to quality control review. If counties are subject to such Quality Control reviews before it has had an opportunity to gain enough experience with the program, the review will not accurately reflect the counties efforts.

Also of further concern is the situation where new laws are passed but state policies remain unchanged or are not clarified to the counties. In these instances the counties must proceed to implement a provision knowing full well that when the policy is made or clarified at the state level they may well be out of conformity.

### Recommended Action

The Board recommends that the state policy makers establish realistic effective dates for new laws and regulations which take into consideration the complexity of the new provision and other factors affecting its implementation. We also recommend that the Governor or the Director of the Department of Social Services appoint a committee made up of state and county personnel to establish an implementation policy for all new laws and regulations which would include a determination as to the complexity of the provision and the lead time required for full implementation including appropriate change to Quality Control procedures.

## D. State Accountability

### Discussion

Under present law, the State Department of Social Services supervises county government. If county government is not in compliance with state law, sanctions may be taken or other actions taken at the state level to assure county compliance.

However, the question arises as to what extent the State Department of Social Services is itself subject to supervision by any other agency. In that the administration of welfare by the Department spends more than two billion dollars and affects more than one million recipients, it is critical that the Department itself follow all applicable laws and perform according to reasonable standards. Of course, the Director of the Department is answerable to the Governor and to the Legislature. However, this supervision is only in general terms and does not provide an in-depth review of the administration of any particular program.

### Recommended Action

It is our suggestion that another branch of state government be specifically authorized and directed to conduct periodic reviews of the department's administrative activities. In order to have an effective review program, any such agency should regularly employ attorneys, accountants and program system analysts who are acquainted with the complexities of the welfare programs. It would appear that the Auditor General's Office would be an appropriate office to be charged with this duty.

## X. Social Services

### A. Mandated Services

#### Discussion

The Task Force was vehement in its outcry that the Title XX money delegated to the county for social services is necessarily spread too thin to cover the ten state-mandated services. A recommendation was made that the five goals specified in the federal mandates under Title XX become the state-mandated services in California. California now sets forth ten mandated services. A review of state statistics disclosed that the services falling within the definition of the ten mandated services and those services meeting the five goals of Title XX represent 95 percent of the total social services expenditures. The total annual social service expenditures of Title XX-related services approximate 500 million dollars. Those services that have been defined as optional services approximate 25 million dollars in expenditures. This demonstrates that social service administrators have already established priorities by which the substantial portion of social service dollars are already expended on essential services.

There are approximately 14 optional services provided by county government throughout the State of California. Various sums of money are expended for these services. Our review of these optional services indicate that a number of them are provided by other departments of State government or by private agencies. It is our recommendation that county government be encouraged to discontinue these services and assist in directing the recipients thereof to other state or private agencies which provide these or related services. Undoubtedly the administrative cost in providing these optional services is substantial. State financial data is not available to set forth these specific amounts; however, in our opinion the elimination of the optional services by county government would effectuate substantial savings in this area. To the extent that an optional service is now provided and it is deemed essential that such service be continued, then such a program should receive its funding by separate state legislative action similar to the way the family reunification program is now financed.

It is noted that among the optional services are services to alleviate or prevent family problems. It is our suggestion that such services might well fall under the family conciliation program that we have discussed elsewhere in this report which would basically be under the court system in terms of financial support.

An evaluation of the five mandated services goals should be made by each county from a fiscal point of view to determine if it is realistic to meet these goals in relation to the amount of money available. The mandated services should be prioritized

on the basis of need. Until these needs are met, funding should not be allocated to optional services. Public attitudes toward welfare as denoted by the latest Gallup poll, whereby 54 percent of those interviewed said that a cut in welfare spending should be the priority, can only be changed if positive results of a well-defined and needed social service program can be made visible to the public. In short, when the social service program is announced or implemented, false expectations may be raised as to what it can produce. In the event that it does not, public dissatisfaction results.

Policy makers and welfare administrators should not commence a social service program until they are assured that there are sufficient resources including funds available to properly and effectively carry out the program. The public should have the assurance that the money was properly expended and that the initial purpose for which the program was enacted was in fact accomplished. Those persons familiar with social services undoubtedly are aware of the duplication in rendering social services by public and private agencies. The Task Force agreed that there is a great waste of staff time and money in this duplication. It is the Board's recommendation that an appropriate study be made of this problem on a service-by-service basis in order to properly coordinate the respective services. An analysis of service programs by United Way and other private agencies would be a substantial benefit in making this study. The results would be assurance that there is statewide equality of social service money for those in need and that the services are in fact necessary and not abused or overused. It was also suggested that there should be more coordination with the private sector to deliver services either through contract or full utilization. Such a study as recommended above could provide the vehicle for this coordination. The Board recommends that the Legislature should study a new distribution formula of Title XX social service funds to counties. The allocation is presently based on the amount each county received in 1975, 1976. There have been demographic and population changes in some counties and the social needs in these counties should be reexamined.

To maximize the use of Title XX dollars the Department of Social Services should conduct studies not only for the purpose of reducing duplication of effort, but to develop a means by which administrative cost can be reduced. This study should include a review of the case management techniques so that the time expended by social workers in connection with service programs is efficiently used. The continuity of a social services recipient and one social worker should continue as long as possible. As an example, a case may be transferred from one social worker to another social worker which requires a continual review or reviews by each worker assigned to the case. This does not enhance the delivery of service but requires repeated efforts by each worker to familiarize him or herself with the file. Certainly case management techniques should be utilized to reduce this duplicatory effort.

In our discussion of social services and their delivery within the State of California there was general concern that the regional service centers established by the State of California offer or provide services which are duplicatory with county government. It was strongly suggested that the service structure of the regional centers be reviewed with the thought of eliminating those areas of duplication.

Among the mandated social services under Title XX is child day care. This program expends approximately 120 million dollars of Title XX monies annually. The primary service provider for such service is the Department of Education. Our review of the several child care service providers disclosed that the services purchased from the public sector under the direction of the Department of Education was substantially more expensive on a per-person basis than either of the other two provider categories. In our opinion, if substantial cost reductions are to be made in social services a review must be made so that the alternative forms of child care are made more accessible and available so that the cost per person per child care can be reduced.

Formerly the county welfare department had the primary responsibility to supervise and administer child care programs within their respective counties. Experience prior to 1970 disclosed that the cost per child was substantially less than current experience. It is our recommendation that a serious study be made for the purpose of determining the means by which the county welfare department may once again be given administrative responsibility to establish a viable child care program which is accessible and available to working welfare recipients in order to reduce the cost thereof, not only to the recipient, but to the taxpayer.

#### Recommended Action

In view of the preceding discussion and with the advice from the Task Force the Board recommends the following:

1. The five goals specified in the Federal mandates of Title XX become the mandated services in California.
2. No social service should be commenced until there is assurance of sufficient resources, including funding, available to carry out the program.
3. There should be no funding for optional services until five mandated service goals are met.
4. A study should be made of duplication between public and private programs on a service-by-service basis. This study should provide a vehicle for coordination with the private sector in the delivery of service.

5. The Service structure of the Regional Centers should be reviewed to eliminate areas of duplication.
6. There should be a review of current distribution formula for the allocation of social services, Title XX funds to the counties.

## B. Protective Services

### Discussion

1. Child abuse. There are four categories of child abuse. a) physical abuse; b) sexual abuse; c) emotional abuse; and d) extreme neglect. To quote from a pamphlet from Pepperdine Law Review written by Loraine Adler - "Abused children inevitably grow up to be a threat to themselves or others in their environment. Children who are the victims of prolonged maltreatment are prone to violence in later life."

Child abuse affects welfare and nonwelfare families alike. Because of the growing incidents of child abuse and the undesirable long-term consequences which result, it is strongly suggested that welfare staff not be reduced in this category. Such a reduction could impair needed programs which could provide direct positive influence on future generations.

There is a strong growing awareness of child abuse as a result of new legislation and county programs. This has brought forth substantially more reports of child abuse. If a response is not made to these reports the public will become less interested in reporting such incidences of abuse. It is also the Board's concern that if there are not enough social workers to handle these reports then they will require the time and attention of our law enforcement agencies. This would place an additional burden upon these agencies, including more costs and involvement in activities which are in fact not traditional law-enforcement functions. It has been our observation that child abuse prevention councils have been effective in the counties in which they have been adopted, and we strongly suggest that county governments establish such councils if they are not already adopted. It is also recommended that the Municipal and Superior Courts be empowered to direct parents who have been found guilty of charges in child abuse to engage in family counseling or parenting programs as a condition of probation.

The Task Force and the Board contend that the Department of Education should take a greater part in assuming the responsibility of funding programs to teach parenting to junior and senior high school students. Continuing education should be funded through community colleges or other sources

and made available to the public. Parents that are referred to the welfare department as having exhibited parenting problems, should be required to attend a family counseling or parenting program.

2. Family problems. It is the consensus of the Task Force that the need for a family counseling program should be made highly visible to agency referrals from the school attendance review board, law enforcement agencies and the welfare department, to appropriate funds for family counseling services. Studies show that the primary reason that women are on the AFDC-Family Group welfare program is because of separation, divorce, or the breakdown of the family unit. At this time the recipients of welfare are not required to make themselves available for family counseling or family reconciliation programs. The welfare departments do not directly involve themselves in any such programs. However, in most counties Superior Courts, through their Family Law Department do have an active reconciliation program and have had many years of experience with them. Undoubtedly some welfare families are directly or indirectly benefited by these services, which are established by our courts. To the extent that welfare families are reunited is a statistic which remains unknown. However, state statistics on termination of welfare recipients show that one of the substantial causes of persons leaving the welfare program is because of the reconciliation of the welfare mother with her husband. As we recommended earlier, Section VI, item 5, Conciliation, State law should require that any county with more than 20,000 children on AFDC be deemed to be a county which requires conciliation services. We suggest that the existing county conciliation programs be reviewed in hopes that procedures could be established whereby such recipients would receive counseling when desired and that this responsibility would be placed with the court system itself rather than the welfare department. The welfare department would make a direct referral to the conciliation court within the Superior Court system.

It is recommended that conduct of family counseling programs should not be the responsibility of the welfare department, but because these programs are important to the stability of family life, the effectiveness of these programs should be strictly monitored.

It is also strongly recommended that Title XIX funding should cover the fee for family counseling services by private or public agencies or private individuals licensed as family counselors.

## Recommended Action

In view of the preceding discussion and with advice from the Task Force the Board recommends the following:

### 1. Child Abuse

- a. Welfare staff levels should be maintained or increased in Child Abuse Prevention programs.
- b. Child Abuse Prevention councils should be established in each county.
- c. Municipal and Superior Courts should be empowered to direct parents who are guilty of child abuse to family counseling or parenting programs as a condition of probation.
- d. Funding for programs to teach parenting in the secondary school level should be provided by the Department of Education.
- e. Continuing Education should be mandated to parents exhibiting parenting problems.

### 2. Family Problems

- a. A special task force should be formed to study the feasibility of an expanded use of Conciliation Courts in family reunification.
- b. Family Counseling should not be the responsibility of the Welfare Department but should be strictly monitored.
- c. Title XX funds should cover the fee for Family Counseling Services.

## C. Adoptions

### Discussion

Notwithstanding that our concern is to reduce welfare costs in light of Proposition 13, it would be unwise for policy makers to reduce allocations directed towards adoption programs. California has long had a very successful adoption program and the timely placement of children in adoptive homes results in substantial savings of public monies which would otherwise be expended to maintain these youngsters at public expense.

The Task Force and Board recommend that serious consideration be given to charging fees for the adoption of newborn babies. A fee schedule should be established in accordance with the ability to

pay. The fee should not necessarily equal the cost that the adoptive mother would pay giving birth to her own baby, but should be a reasonable compensation to cover costs of the adoption process.

In the case of the hard-to-place and the older children, everything possible should be done to assist the adoptive parents in complying with legal documents, filings, et cetera. In these cases county experience now indicates considerably more staff time and effort is required to complete these adoptions. However, the State formula for reimbursement of county cost for such adoptions has not been revised. It is our recommendation that all costs involved in the hard-to-place children adoption program be reimbursed by the State.

From our observation there appears to be a duplication of adoption services, within certain counties, between the services rendered by the county adoption department and that rendered by the Children's Home Society or other private adoption agencies. A study should be made to remedy this duplication.

The Task Force as well as the Board believes very strongly in the effectiveness of the family reunification program. Basically this program involves a concentrated effort of placing long-term foster care children in an adoptive home. In addition, the Family Reunification Act attempts to work with the natural parent in order to return the children to the home of the natural parent in a timely manner. This program has commenced in four California counties on only a pilot basis.

It is our strong recommendation that the above-mentioned pilot programs be allocated sufficient time in order to complete the purposes for which they were established. Although the pilot programs are not as yet completed, representatives of the counties in which they are now being conducted are optimistic of the results and are confident that the family reunification program is cost-effective. This being the case, California children, rather than languishing in foster care homes at public expense, would be adopted in a timely manner or, as an alternative, returned to the natural parent. Family counseling programs would be monitored by county government.

#### Recommended Action

In view of the preceding discussion and with advice from the Task Force the Board recommends the following:

1. Adoption of newborn babies: Fees established according to ability to pay.
2. Hard-to-place children: State should reimburse county for full cost of this service.

3. Pilot programs for family reunification should be continued. Time for pilot programs should be extended.
4. Study should be made to remedy duplication of adoption services between private and public agencies.
5. There should be no reduction in allocations directed toward the adoption program.

D. Foster Care

Discussion

The Board was given the good news that the foster care caseload has gone down. However, we were also told that there are more caseworkers. Obviously, there is a need to have better statewide data in order to assess the need for more or less staff in specific programs and to be able to equate staff to need.

Experience has shown that only a few dollars are collected from the natural parents of children who are placed in foster care. The issue was discussed with the members of the Task Force and it was concluded that an effort should be made to collect support money from the natural parents so that they can continue to carry at least part of the financial burden for the children's support as well as continue their interest in the well-being of their children while in the foster care program. Obviously, if the parents have no financial involvement their interest to continue a relationship with their child is not being encouraged or enhanced. Furthermore, the State is then actually assuming 100 percent of the financial burden of these children.

In some cases where there has been abuse or problems in the family and it appears to be in the best interest of the child that the parental interest not be continued, there should not be an effort to collect these monies. It was suggested that this determination be made on a case-by-case basis and on the judgment of the caseworker. To collect said support money, a system should be established which includes a scale of support that takes into consideration the ability of the natural parent to pay. Some counties currently have a juvenile court support payment schedule. It is suggested that, in these counties, the same support payment schedule could be used in a foster care placement. In our opinion, considerable sums of money could be collected from the parents of foster children if a proper effort was made to do so. As our report reflects, to maintain a child in a foster home will cost a minimum of \$200 per month. If the child is placed in an institution or other facility, the cost may well be in the range of \$1,000 per month.

In certain counties there is a policy to encourage a substantial number of voluntary placements of children in foster care. This means that the placement is not made through the juvenile court or

family court, but is made in agreement with the natural parent or parents. It has been the experience that these agreements have been continued for considerable periods of time, which lead to the child living in a state of limbo without any assurance that the parent will, in a reasonable future, assume the responsibility of parenthood. Therefore, it is suggested that after the child has been in a voluntary placement for six months that a decision be made as to whether the child should be returned to the natural parent or parents or whether procedural steps should be taken to free the child from the control and custody of the parent, or whether the matter should be taken to the jurisdiction of the juvenile court.

Present law provides that a child placed in foster care for two years may be free from the custody and control of his natural parents. If in the event it appears that the natural parent will not be able to assume responsibility of parenting within a reasonable future, it is suggested that this duration be reduced to a term of one year. Experience developed under the reunification pilot programs reflect that there often is a strong indication after one year whether or not the child will ultimately be able to return to the natural parent. Therefore, it is suggested that the present two-year term be reduced to one year.

Under the Reunification Act, past experience shows that it is worthwhile for the social welfare worker to maintain contact with the natural parent after the children or child has been placed in foster care. This contact should also include a review to determine whether or not the natural parent has the skill, ability and interest to resume parental responsibility. Obviously, it is important to encourage the development of these skills if they are so lacking or to encourage continued interest of the parent in the child. The natural parents should not be made to feel once the child is removed from the home that there is little likelihood that the child will ever return. This attitude, of course, will encourage the long-term placement of the child from its natural parent and perhaps ultimately result in a terminated relationship. Therefore, we strongly suggest that the social service worker maintain communication and contact with the natural parents. We believe this is a justifiable expenditure of public funds. If the children are permanently placed in foster care the cost to the public will be considerable.

#### Recommended Action

In view of the above discussion and with advice from the Task Force the Board recommends the following:

1. Six months' review as to parenting skills and abilities.
2. After one year the child must be returned to or be freed from parental control.

3. Voluntary placement should be limited to six months. After this period child must be returned to parents or parental control terminated.
4. Child support for foster care should be based on premise and standards used for juvenile court support payment schedule.

#### E. Fees for Service

##### Discussion

Excluding the adoption program, the Task Force does not believe that fees are applicable or practical for welfare-administered programs. In our opinion, the charge of fees for services could tend to discourage those truly in need and would be a disadvantage to the service programs of welfare. However, it is suggested that, in the event policy makers were interested in establishing a sliding-scale fee schedule, an in-depth study be made on each social service program to determine which, if any, of these programs lend themselves to such a schedule. Attention should be given to senior citizens' services. One must be mindful that age should not be the sole criteria upon which a person is entitled to receive adult social services. An effort should be made to establish eligibility criteria based on need and income level. The Board believes it to be unrealistic for the public to assume the entirety of the financial burden for services to persons over 65 years of age based solely upon the criteria of age.

##### Recommended Action

State to conduct a study of each social service program to determine applicability and advisability of establishing fees for service.

#### F. Senior Citizens' Services

##### Discussion

There seems to be a substantial amount of waste and duplication in the manner in which the vast array of services to senior citizens is now being administered. Therefore, the Task Force, recommends that the Department of Aging and Commission on Aging be abolished and its duties and responsibilities be given to the Department of Social Services. All senior citizen services should be coordinated into one agency and the duplication now existing should be eliminated. Of course, all federal funding should go to one agency.

With the growing number of aged persons, the public sector is going to have to take a hard look at what services need to be rendered and what are the reasonable expectations of those in the senior community. Meals, shelter, transportation and in-home supportive services should take precedence.

In 1978, this Board completed a report on the homemaker/chore services in the State of California. The key recommendation was that every attempt should be made so that people remain in their own homes where they are happier rather than in an institution. Another recommendation was that an effort be made to properly assess the needs of the person requesting in-home supportive service. It was recommended that a medical social review team should be established in order to properly assess this need and also to determine the level of service required. We believe that by establishing an objective means for this determination there would be considerable costs saved in the administration of the homemaker program. Of course there will also be some substantial savings made by retaining the person in their family home rather than having them placed in an institution.

There are numerous senior citizens who have substantial income and property, but who also need and/or require public social services. We suggest that a study be initiated to establish an eligibility standard for income and property beyond which the senior citizen should make a contribution. It is our feeling that the majority of older people wish to be as independent as possible and even a small payment by the senior citizen for some services could help to bolster this morale.

#### Recommended Action

In view of the preceding discussion and with the advice from the Task Force the Board recommends the following:

1. Department on Aging and Commission of Aging should be abolished and their responsibility be given to Department of Social Services. All federal funding should go through one agency.
2. The recommendations contained in the board report on In-Home Supportive Services (IHSS) should be enacted.
3. Eligibility standards based on income should be set for senior citizen program. Eligibility study should be made based on need and income for senior citizen services.

#### G. Volunteer Services

##### Discussion

Previously in this report it was suggested that the Department of Social Services should fully utilize the resources of the private sector. There are numerous voluntary action centers, volunteer bureaus and retired senior volunteer programs throughout the State of California. Also many agencies such as Red Cross, churches, and schools have their own volunteer programs. These can all be utilized by the public sector either by referral or direct contact.

In small counties where perhaps some of these agencies or programs do not exist, the social worker can and often does recruit and train his/her own volunteer for a special program without the expense of a volunteer director or staff person or persons.

It should be noted that recently the Senate Budget Committee cut \$109,836 from the proposed budget of the volunteer office declaring that the office, itself, could rely on volunteers rather than the paid five-member staff.

In spite of the fact that many more women are employed, some statistics prove that there are more people willing to volunteer in lieu of Proposition 13. The Orange County VACs and RSVPs have more volunteers than ever before. Also such referrals from the public sector can serve to stimulate the private agencies offering more placements for their volunteers which is often a problem.

Volunteers have brought a valuable service to government, communities and agencies, plus the additional factor that many dollars are saved. Volunteering also provides a needed therapy for the lonely, elderly and retired person. The commitment of helping others with no material reward also helps young people singular or in groups to realize a feeling of self-worth in the value of giving.

In view of this analysis it must be obvious that the Board's contention and the following recommendation is not to demean the role of the volunteer but only to emphasize fiscal priorities in giving further responsibility to the private sector where it truly belongs.

#### Recommended Action

Therefore, the Board, with advice from the Task Force, makes the following recommendations: Volunteer services should be the responsibility of private service agencies. Welfare departments should not administer the program but act as referral agencies to the private agencies. Our belief that the use of volunteers in this matter would be more cost-effective than if the counties established their own volunteer programs.

#### H. Conclusion

##### Discussion

In conclusion, the Task Force attempted to make an overview of the respective social service programs in the State of California. They were aware that the public is interested in achieving financial reduction in the administration of welfare. The public should also be mindful that certain social services are essential. The elimination of these services would only lead to further cost and additional burdens in other areas of the public sector. It should

be obvious that such programs as adoption, foster care, protective services, and homemaker services are essential to people of all income levels. Policy makers must be cautious before reducing expenditures for these proven and established social services.

In the discussion by the Task Force it became apparent that an improvement in the administration of social services can be made. Social service administrators must improve their tools and techniques. The State Department of Social Services should provide a leadership role in developing more effective techniques of case management procedures and standards by which the county may measure their respective work effort. To develop more effective systems, it will require the attention of program specialists who have this unique knowledge.

#### Recommended Action

It is recommended that the State Department of Social Services establish an appropriate program for developing case management techniques.

XI. Common Abbreviations and Glossary of Welfare Terms

The following list of common abbreviations and glossary of terms has been compiled as a ready reference to words or phrases frequently used in this report.

Common Abbreviations

AB	Aid to the Blind
AFDC	Aid to Families with Dependent Children
APP	Aid Paid Pending
APSB	Aid to the Potentially Self-Supporting Blind
ATD	Aid to the Totally Disabled
ATP	Authorization to Participate
BHI	Boarding Homes and Institutions
BSAC	Minimum Basic Standard of Adequate Care
CWD	County Welfare Department
DIB	Disability Insurance Benefits
DOHS	State Department of Health Services
EAS	Eligibility and Assistance Standards
EDD	State Employment Development Department
EW	Eligibility Worker
FBU	Family Budget Unit
FNS	Food and Nutrition Service
GR	General Relief
HEW	Department of Health, Education, and Welfare (U.S.)
IRAP	Indo-Chinese Refugee Assistance Program
MAP	Maximum Aid Payment
MBSAC	Minimum Basic Standard of Adequate Care
MPP	Manual of Policies and Procedures
MI	Medically Indigent
MN	Medically Needy
NA Household	Nonassistance Household
OAS	Old Age Security
OASDI	Old Age Survivor's and Disability Insurance
PA Household	Public Assistance Household
PA Recipient	Public Assistance Recipient

SAU	Separate Administrative Unit
SIU	Special Investigative Unit
SSA	Social Security Administration (U.S.)
SSI/SSP	Supplementary Security Income/State Supplementary Program
UAM	Unrelated Adult Male
UIB	Unemployment Insurance Benefits
WIN	Work Incentive Program

## Glossary

ADJUSTMENT - (1) A reduction in an AFDC grant which is made to recover an overpayment or a grant increase to supplement for an underpayment; (2) a refund to food stamp recipients of benefits which were mistakenly withheld. (See Grant Adjustment, Forward Adjustment.)

ADULT AID PROGRAMS - Public assistance programs for the aged, blind and disabled.

AID - A general term used to describe benefits under all welfare programs. "Aid" includes cash assistance, medical assistance, food stamps, and social services. (See Public Assistance, Welfare.)

AID PAID PENDING - The process by which a recipient, whose aid the county is proposing to reduce or terminate, will continue to receive the aid until there is a state hearing on the case. Aid Paid Pending is only available if the recipient has requested a state hearing within ten days of the county's Notice of Intended Action. A recipient may receive Aid Paid Pending up to the hearing date. At the hearing, the hearing officer will decide whether or not the recipient may continue to receive Aid Paid Pending until the final written state hearing decision is made. (See Aid Paid Pending Decision.)

AID PAID PENDING DECISION - A decision made by the hearing officer at the state hearing which determines if the county should continue to pay aid until the state hearing decision is made. This decision is based solely on the type of issue presented at the hearing. It does not resolve the state hearing case.

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) - A public assistance program established to meet the needs of children who are deprived of the support of one or both parents. (AFDC was established by the Social Security Act of 1935 and is the largest of the welfare programs.)

AID TO THE BLIND (AB) - A public assistance program for blind individuals who have limited resources. AB became part of SSI/SSP in 1974.

AID TO THE POTENTIALLY SELF-SUPPORTING BLIND (APSB) - A special state program to help blind people develop knowledge and skills necessary to support themselves. The income and property requirements differ from those of SSI/SSP.

AID TO THE TOTALLY DISABLED (ATD) - A program to assist low-income disabled adults which was replaced by SSI/SSP on January 1, 1974.

ALIEN - A person who is not a citizen of the United States. Under certain circumstances, aliens may be eligible for aid.

APPLICANT - A person who requests public assistance by submitting the necessary initial documents.

APPLICATION - The form which a person must complete and give to the county welfare department to formally request public assistance. The information on the form is used to determine if the person is eligible for aid. (See CA 2.)

ASSISTANCE - See Aid.

AUTHORIZATION TO PARTICIPATE (ATP) - A form issued to food stamp recipients each month which entitles them to food stamps. The form shows the total amount of stamps a recipient is eligible for.

BASIC STANDARD OF ADEQUATE CARE - See Minimum Basic Standard of Adequate Care.

BASIS OF DEPRIVATION - See Deprivation.

BENEFICIARY - One who receives money, goods, services or advantages. In cases involving property, the term "beneficiary" applies to persons who will be receiving the money or benefits of a trust fund or insurance policy. In Medi-Cal cases, the beneficiary is the person who receives the Medi-Cal services.

BOARDING HOMES AND INSTITUTIONS (BHI) - The part of the AFDC Program which aids children living in foster homes or institutions.

BUDGET - The grant computation. The term "budget" is frequently used synonymously with the term "grant".

CA 2 - Formerly referred to as WR 2 - The Statement of Facts Supporting Eligibility For Assistance Form which an applicant must complete when applying for aid and while receiving public assistance. It is a complex and lengthy form that calls for detailed information necessary to determine the applicant's eligibility.

CA 7 - Formerly WR 7 - Monthly AFDC Eligibility and Income Report - used to indicate changes to the CA 2. An AFDC recipient must complete and submit this form to the county every month, reporting any income or information which may affect his or her eligibility to receive such aid or which may work to increase or decrease the amount of aid receivable.

CASE RECORD - A collection of documents and information relating to a person's receipt of aid.

CASEWORKER - The eligibility worker who monitors a recipient's case from day-to-day once his or her application for aid has been approved.

CERTIFICATION - (1) A term used when a person is determined to be eligible to receive aid; (2) the process by which interpreters have their language competency appraised through formal Departmental evaluation.

CERTIFICATION PERIOD - The time period during which a household has been determined to be eligible for Food Stamps.

CHILD SUPPORT - Payments made by an absent parent for support of his or her child. Support payments for AFDC children are paid directly to the district attorney or court trustee. An AFDC parent must cooperate with the district attorney in identifying and locating the absent parent.

CHORE SERVICES - See Homemaker/Chore Services.

COMMUNITY PROPERTY - Generally, real estate or personal property acquired by the husband or wife during their marriage. Under California law, the husband and wife each own an undivided one-half interest in all the property.

COUNTY WELFARE DEPARTMENT - The county agency charged with administering the welfare programs at the local level. This agency handles direct contact with recipients, processes applications and answers and explains questions regarding such programs.

CUBAN REFUGEE PROGRAM - A small aid program specifically made available to Cuban refugees.

DEDUCTION - A subtraction of expenses from total income to arrive at net income.

DEPARTMENT OF AGRICULTURE - The U.S. Government Agency responsible for administering the Food Stamp Program.

DEPARTMENT OF HEALTH SERVICES - See State Department of Health Services.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE - The U.S. Government Agency responsible for issuing regulations on welfare programs which the Federal Government helps fund.

DEPRIVATION - An AFDC eligibility requirement that the child or children for whom aid is being requested must be without the support of one or both parents because a parent is dead, continually absent from the home, physically or mentally incapacitated, or unemployed.

DIRECTOR - The official who heads the State Department of Social Services or the State Department of Health Services and is responsible for making the final decision in a state hearing. May also refer to the head of a county welfare department.

DISABILITY INSURANCE BENEFITS (DIB) - Temporary cash payments for persons who have been disabled. Disability insurance is a state program, but it is not a welfare program. Disability Insurance Benefits are paid for by deductions from employees' wages. Such payments are counted as unearned income in computing aid.

DISCONTINUANCE - Termination of aid by the county.

DISTRICT ATTORNEY - The chief county prosecuting officer. District attorneys are responsible for locating and prosecuting absent parents to obtain child support payments and for investigating and prosecuting cases of welfare fraud.

EARNED INCOME - Income received in cash or in kind as wages, salary, commissions or profit from such activities as a business enterprise in which the recipient is either self-employed or an employee. A number of deductions are subtracted from earned income to determine net income. Aid payments and eligibility are based on net income.

ELIGIBLE - Qualified to receive welfare benefits which have been applied for under a particular program.

ELIGIBILITY AND ASSISTANCE STANDARDS (EAS) - A Division of the SDSS Manual of Policies and Procedures which applies principally to AFDC.

ELIGIBILITY WORKER (EW) - An employee of the county welfare department who is responsible for determining if an applicant or a recipient qualifies and continues to qualify for aid.

EMERGENCY LOAN PROGRAM - A special state program which provides temporary loans to SSI/SSP recipients when their regular checks have been lost, stolen or delayed. The temporary payment must be repaid once the Federal Government issues a replacement check.

EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD) - The state department which administers an employment referral program, the WIN Program, and the Unemployment Insurance and Disability Insurance Programs. Certain AFDC and Food Stamp recipients are required to register and cooperate with the Employment Development Department.

EXEMPTION - (1) A portion of a person's income which is subtracted from gross income to determine net income. (2) In AFDC or Food Stamps, the process by which a person under certain conditions, is excused from meeting the work registration requirement.

FAIR HEARING - See State Hearing.

FAMILY BUDGET UNIT (FBU) - The family members who are included in the computation of an AFDC grant. The amount of aid that a family receives depends on the number of persons in the Family Budget Unit.

FINANCIAL ELIGIBILITY - A term used to describe the income and property limits of public assistance programs. A person is "financially eligible" to receive assistance if his or her net income and property are below specified maximums.

FOOD AND NUTRITION SERVICE (FNS) - The branch of the U.S. Department of Agriculture responsible for administering the Food Stamp Program.

FOOD STAMP PROGRAM - The program which enables eligible households to buy food at a reduced cost.

FOSTER CARE - The room, board, and other services of a parent which are provided to the child of another by a person or an institution which has been approved by a county welfare department. (See Boarding Homes and Institutions.)

FRAUD - A criminal offense which occurs when a welfare recipient has received aid to which he or she was not entitled by making a knowingly false statement or representation, or because of some other fraudulent action. The issue of fraud is never decided in state hearings, but a hearing decision may involve a determination as to whether or not the county welfare department has properly referred the case to the district attorney for suspected fraud.

GENERAL ASSISTANCE (GA) - A county funded program, also known as General Relief, for needy individuals who do not qualify for other cash assistance programs. These programs are not within the jurisdiction of the State Department of Social Services or the state hearing process.

GENERAL RELIEF (GR) - See General Assistance.

GRANT - The amount of aid a person is eligible to receive.

GRANT ADJUSTMENT - A reduction in a recipient's grant which is made to recover an overpayment. The term may also describe the supplementing of a grant to refund an underpayment.

GROSS INCOME - The total amount of income a recipient earns or receives before any exemptions or deductions are made.

GUIDE DOG SPECIAL ALLOWANCE - A state-funded program operated by DSS which provides a monthly allowance to meet the cost of feeding guide dogs for blind SSI/SSP recipients.

HEALTH SERVICES, DEPARTMENT OF - See State Department of Health Services.

HOMEMAKER/CHORE SERVICES - A welfare program which provides low-income aged or disabled persons with help in their own homes to meet their basic everyday needs such as cooking, washing, and personal hygiene.

HOUSEHOLD - The group of individuals included in the computation of a food stamp budget. A household is not necessarily a family, but may be a group of individuals living together as one economic unit who buy, store, and cook their food together.

IMMEDIATE NEED - The situation of an AFDC or Food Stamp applicant who has virtually no resources to meet expenses for food, clothing, shelter, medical care and similar needs. When such a family or household applies for AFDC or food stamps, assistance should be granted immediately.

INCAPACITY - The physical or mental disability of one or both of a child's parents. It is one of four types of deprivation considered to determine a minor child's eligibility for AFDC.

INCOME - Any cash or noncash benefit (in-kind income) which is currently available to an individual. (See Net Income, Gross Income, Earned Income, Unearned Income, In-Kind Income.)

INDO-CHINESE REFUGEE ASSISTANCE PROGRAM - A federally-funded county program of temporary assistance for Vietnamese, Laotian, and Cambodian refugees.

IN-KIND INCOME - Any noncash economic benefit received by a welfare applicant or recipient.

INTAKE WORKER - An eligibility worker whose primary responsibility is to interview applicants and determine whether or not they qualify to receive public assistance.

INTERCOUNTY TRANSFER - Reassignment of a welfare case from a county where a recipient has lived to a new county where a recipient has moved.

LIQUID RESOURCES OR LIQUID ASSETS - A term which refers to personal property that can be easily sold or converted into cash. (See Personal Property.)

LUMP-SUM PAYMENTS - Payments which are earned or built-up for a two-month period or more, which are received at one time, such as an income tax refund.

MANUAL OF POLICIES AND PROCEDURES (MPP) - The reference book which contains the regulations issued by the State Department of Social Services on various aid programs. (See Eligibility and Assistance Standards.)

MAXIMUM AID PAYMENT (MAP) - The maximum amount of aid an AFDC family may receive. The amount of the MAP depends on the number of persons in the Family Budget Unit. Any net income received by these persons will be subtracted from the MAP to compute the grant they are eligible to receive.

MEDICAID - The general name of health care programs which the states operate for welfare recipients and low-income persons. Medi-Cal is California's Medicaid Program.

MEDI-CAL - The California program which provides health care for aid recipients and low-income state residents.

MEDI-CAL CARD - The card issued to Medi-Cal recipients for their use in obtaining medical services from doctors, hospitals, and other health care providers.

MEDICALLY INDIGENT (MI) - A category of the Medi-Cal Program which includes persons or families who do not qualify under other Medi-Cal categories but who are eligible for some public assistance because their income is below specified levels.

MEDICALLY NEEDY (MN) - The Medi-Cal Program category of persons or families who refuse an AFDC or SSI/SSP grant or who meet some, but not all of the qualifications for AFDC or SSI/SSP.

MEDICARE - A part of the federal Social Security Program which provides medical insurance to Social Security recipients in all states. Medicare is not a welfare program and there is no connection between it and the Medi-Cal Program.

MINIMUM BASIC STANDARD OF ADEQUATE CARE (MBSAC) - The amount of money which, for purposes of the AFDC Program, the State Legislature has determined a family needs to meet the basic necessities of life. The MBSAC varies with the number of people in the Family Budget Unit. If the FBU's net income exceeds the MBSAC, the family is ineligible for AFDC. (See Need.)

MONEY MANAGEMENT - A service for aid recipients in which the county pays a vendor directly for providing something a recipient needs. The county deducts that amount from the recipient's grant. For example, the county may pay rent directly to a recipient's landlord and then deduct that amount from the recipient's grant. (See Vendor Payment.)

NEED - The amount of money which, for purposes of the AFDC Program, the state has determined a family requires to meet the basic necessities of life. (See Minimum Basic Standard of Adequate Care.)

NET INCOME - The amount of income which is left after all allowable exemptions and deductions have been subtracted. Net income is used to determine eligibility under various aid programs.

NET NONEXEMPT INCOME - See Net Income.

NONEXEMPT INCOME - The amount of gross income left after all exemptions have been subtracted but before any allowable deductions have been subtracted. (See Net Income.)

NOTICE OF INTENDED ACTION - A form mailed to applicants or recipients to tell them that their aid has been approved, denied, reduced, or discontinued. This notice is also required and used to tell recipients about other county actions, such as a demand for repayment of an overpayment. In the AFDC and Medi-Cal programs the notice is provided on Form 239. In the Food Stamp Program the notice is provided on Form 377. The reverse side of the form also explains to the claimant his or her right to request a fair hearing in the event claimant disagrees with the county's intended action.

OLD AGE SECURITY (OAS) - A public assistance program for low-income, elderly persons which was replaced by SSI/SSP on January 1, 1974.

OLD AGE SURVIVORS' AND DISABILITY INSURANCE - The basic federal social insurance program administered by the Social Security Administration. (See Social Security.)

OVERISSUANCE - More food stamps issued to a recipient than he or she was entitled to receive.

OVERPAYMENT - An amount of aid paid to a recipient which is more than he or she is entitled to receive.

PAYEE - The person to whom an aid check is paid or payable. In AFDC the payee may be a recipient, a relative caretaker, or a foster parent.

PERSONAL PROPERTY - Any item which can be owned and which is not classified as real estate or real property. Includes cash, investment stocks, bonds, mortgages, as well as movable objects such as automobiles, furniture, and appliances. (See Property, Real Property.)

PROPERTY - The physical possessions or items (assets) which a person owns. (See Real Property, Personal Property.)

PUBLIC ASSISTANCE - A general term describing all welfare programs. (See Aid, Welfare.)

PUBLIC ASSISTANCE RECIPIENT - The Medi-Cal Program category which includes recipients of AFDC and SSI/SSP.

QUALITY CONTROL - A program operated by the Department of Social Services (some counties conduct similar programs of their own) to ensure that the counties are administering the aid programs correctly.

REAL PROPERTY - Land (real estate) and immovable property attached to the land, such as trees, fences, houses, and other buildings. (See Property, Personal Property.)

RECIPIENT - A person who receives public assistance.

REDUCTION - A decrease in the amount of a recipient's aid.

RESIDENCE - The location where a person resides. A person must intend to live permanently within the state in order to meet a basic eligibility requirement in many programs and be entitled to receive aid.

RESPONSIBLE RELATIVE - A person legally obligated to support a member of his or her family. For example, a husband is responsible and legally liable for the support of his wife and children. On the other hand, a stepfather is responsible for the support of his wife but is not legally responsible for the support of his wife's children by another marriage.

RESPONSIBLE RELATIVE PROGRAM - A program repealed January 1, 1976 under which adult children of aged SSI/SSP recipients were billed for all or a portion of the cost of aid the state was providing to their parents.

SEPARATE ADMINISTRATIVE UNIT (SAU) - A division within the county welfare department which coordinates county and state Employment Development Department efforts to register and refer aid recipients to the WIN Program.

SERVICES - Programs which help solve the individual and family problems of aid recipients. The activities include help with child care, job finding, family planning, money management, and Homemaker/Chore Services.

SOCIAL SECURITY - A federal social insurance program which furnishes retirement, disability, and survivors' benefits, as well as medical insurance to the public. Social Security is financed mainly through payroll deductions. (See Old Age Survivors' and Disability Insurance, Medicare.)

SOCIAL SECURITY ADMINISTRATION (SSA) - The branch of the U.S. Department of Health, Education, and Welfare which is responsible for operating the Social Security and the SSI/SSP programs.

SOCIAL WORKER - A county employee whose responsibility is to assist aid recipients obtain "services." Social workers have specific academic training in human relations and medical care, with particular emphasis on the needs of low-income individuals.

SPECIAL INVESTIGATIVE UNIT (SIU) - The branch in the county welfare department charged with investigating cases of suspected welfare fraud or irregularities in reporting.

STATE DEPARTMENT OF SOCIAL SERVICES - The state department which is responsible for most public aid programs and state hearings. DSS supervises county administration of the federally-regulated Food Stamp and AFDC programs, and monitors federal administration of SSI/SSP.

STATE DEPARTMENT OF HEALTH SERVICES - The state department responsible for numerous state programs relating to health care. The Department of Health Services has jurisdiction of state hearings concerning the Medi-Cal Program and the various service programs.

STATE HEARING - An informal but official proceeding conducted by a hearing officer to settle a disagreement between a claimant and a county welfare department. An applicant or recipient of aid is entitled to a state hearing if he or she is dissatisfied with an action or inaction of a county welfare department. (Formerly called "Fair Hearing".)

STEPFATHER INCOME - Money earned by a husband whose wife has children from a prior marriage living with them. This income, minus certain deductions, may be used to compute the AFDC grant for these children.

STIPULATION - The concession or agreement by both parties in a state hearing that a certain fact or set of facts in the case is correct or accepted as true.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM (SSI/SSP) - A federal program administered by the Social Security Administration to provide public assistance to the aged, blind, or disabled. The SSI/SSP Program is financed by both state and Federal Government and combines the ATD, OAS, and AB programs which it replaces.

TERMINATION - See Discontinuance.

TIMELY NOTICE - Information which must be mailed to the recipient within the time period required by law whenever the county proposes to reduce or terminate aid. Currently, this notice must be mailed at least ten days before the date the reduction or termination will be made.

UNBORN CHILD - In the AFDC Program a woman whose pregnancy has been medically verified is entitled to have her unborn child counted as a person and included in computing the needs of the Family Budget Unit.

UNDERPAYMENT - An amount of aid paid to a recipient which is less than he or she was entitled to receive.

UNEARNED INCOME - Money which is not received as compensation for employment or business activity. Unlike Earned Income, there are usually no deductions or exemptions applied to Unearned Income.

UNEMPLOYMENT - Jobless or employed for less than 100 hours per month if in reference to an AFDC parent. One of four types of deprivation considered to determine a child's eligibility for AFDC.

UNEMPLOYMENT INSURANCE BENEFITS (UIB) - Temporary cash payments for persons who have recently lost their jobs. The Unemployment Insurance Program is largely financed by employer contributions.

UNRELATED ADULT MALE (UAM) - A man over age 18 who is living with an AFDC mother and is not related to her by blood or marriage.

UTILIZATION OF PROPERTY - The requirement that an AFDC recipient must receive economic benefits from property which he or she owns by selling, renting or otherwise using it according to a county approved plan.

VENDOR PAYMENT - A direct payment to the provider of a recipient's basic need which is made on behalf of the recipient to cover the costs of the services. (See Money Management.)

WARRANT - A check issued to an aid recipient which serves as written authorization for payment of money.

WELFARE - A general term used to describe assistance programs for low-income persons. (See Aid, Public Assistance.)

WILLFUL FAILURE TO REPORT - A recipient's intentional withholding of information from the county in order to receive a greater amount of aid than he or she was entitled to receive.

WORK INCENTIVE PROGRAM (WIN) - A program administered by the U.S. Department of Health, Education and Welfare and operated by the State Employment Development Department designed to help unemployed recipients of AFDC find jobs and become self-supporting. Certain AFDC recipients are required to participate in the WIN Program.

WORK-RELATED EXPENSES - Expenses a recipient has incurred because he or she is employed, such as mandatory payroll deductions, child care, and transportation. "Work-related expenses" are allowable deductions from gross income.

ZERO BASIC GRANT - These are times when an AFDC family's net income exceeds the MAP but is less than the MBSAC. In such cases, the family is not entitled to a cash payment, but is given a zero base grant so that it may remain eligible to receive other forms of public assistance, food stamps, and Medi-Cal benefits.

XII

EXHIBITS

July 26, 1979

## SHARING RATIOS

	1977-78			1978-79			1979-80		
	Federal	State	County	Federal	State	County	Federal	State	County
<b>GRANTS</b>									
AFDC FG & U	50.00	33.75	16.25	50.00	50.00	---	50.00	44.60	5.40
AFDC BHI (federal)	50.00	12.81 <u>1/</u>	37.19	50.00	47.50	2.50	50.00	47.50	2.50
AFDC BHI (nonfederal)	---	22.14 <u>1/</u>	77.86	---	95.00	5.00	---	95.00	5.00
AFDC Special Needs	50.00	---	50.00	50.00	---	50.00	50.00	44.60	5.40
Child Support Incentive	15.00	12.75	---	15.00	---	---	15.00	15.00 <u>2/</u>	---
ACC	---	67.65	32.35	---	67.65	32.35	---	100.00	---
SSI/SSP <u>3/</u>	39.84	48.93	11.23	41.86	58.14	---	39.27	60.73	---
WIN Child Care	90.00	6.75	3.25	90.00	6.75	3.25	90.00	10.00	---
<b>ADMINISTRATION</b>									
AFDC	50.00	25.00	25.00	50.00	50.00	---	50.00	25.00	25.00
Child Support (welfare)	75.00	---	25.00	75.00	25.00	---	75.00	---	25.00
Child Support (nonwelfare)	75.00	---	25.00	--- <u>4/</u>	100.00	---	---	75.00	25.00
Food Stamp	50.00	15.60	34.40 <u>5/</u>	50.00	50.00	---	50.00	25.00	25.00
APSB	---	50.00	50.00	---	50.00	50.00	---	83.30	16.70
Staff Development (ENS)	75.00	---	25.00	75.00	---	25.00	75.00	12.50	12.50
SB 30 Demo Project	---	90.00	10.00	---	80.00	20.00	---	95.00 <u>6/</u>	5.00

1/ State participation was based on fixed amounts, the percentages reflect an approximation of actual expenditures.

2/ Effective 1-1-81 state payment will revert to 12.75.

3/ Percentages based on actual or estimated total expenditures. There are no prescribed sharing ratios. County share was based on assessed valuation and was independent of grant levels.

4/ The federal share was 75% for the July-September 1978 quarter only.

5/ Percentages based on actual expenditures. County share was fixed at \$21,467,300.

6/ Percentages would have been 66-2/3 state, 33-1/3 county.

## Utilization of Excess Home Value

## Example:

Fair Market Value	\$65,000
Exemption	<u>60,000</u>
Excess Value	\$ 5,000

Utilization Factor 6% x \$5,000 = \$300 first year

## Option I

Reduction of monthly grant \$25 per month first year

## Option II

Lien executed against property - \$300 first year

Fair market value to be redetermined annually

## EARNED INCOME SURVEY

## HIGHEST INCOME CASES

The attached charts illustrate how individuals with comparatively high income can receive welfare. These charts show the deductions from gross income that are allowed by current law and regulations. It is this net income that is used to determine eligibility for welfare and the amount of welfare aid payment. The information regarding the occupation and gross income of recipients for the cases listed below was obtained by examining results for 4,018 earned income cases surveyed in October, 1978. (The 4,018 case sample represents approximately one-quarter of the total earned income caseload for the surveyed county.)

OCCUPATION:	BUS OPERATOR
FBU COMPOSITION:	Mother, 4 Children
Gross Earnings:	\$1,662.21
\$30 + 1/3 Amount:	<u>- 574.07</u>
Adjusted Gross:	\$1,088.14
Mandatory Deductions:	513.19
Transportation Cost:	60.00
Child Care Cost:	<u>240.00</u>
Net Deductible Earnings:	\$ 274.95
Fraud Overpayment Adjustment:	<u>80.00</u>
Grant:	\$ 128.00

OCCUPATION:	CLERK TYPIST
FBU COMPOSITION:	Mother, 5 Children
Gross Earnings:	\$1,634.74
\$30 + 1/3 Amount:	<u>- 564.38</u>
Adjusted Gross:	\$1,070.36
Mandatory Deductions:	265.53
Transportation Cost:	132.00
Child Care Cost:	<u>352.00</u>
Net Deductible Earnings:	\$ 320.83
Grant:	\$ 222.00

OCCUPATION: WIRE PREPARER

FBU COMPOSITION: Father, Mother, 4 Children \*

Gross Earnings:	\$1,464.43
\$30 + 1/3 Amount:	<u>- 508.43</u>
Adjusted Gross:	\$ 956.00
Mandatory Deductions:	312.75
Transportation Cost:	216.00
Child Care Cost:	<u>0.00</u>
Net Deductible Earnings:	\$ 427.25
Grant:	\$ 56.00

\*Mother is employee.

OCCUPATION: SUPERVISOR, PACKAGING DEPARTMENT

FBU COMPOSITION: Mother, 1 Child

Gross Earnings:	\$1,457.92
\$30 + 1/3 Amount:	<u>- 506.00</u>
Adjusted Gross:	\$ 951.92
Mandatory Deductions:	434.86
Transportation Cost:	243.00
Child Care Cost:	<u>120.00</u>
Net Deductible Earnings:	\$ 154.06
Fraud Overpayment Adjustment:	<u>121.00</u>
Grant:	\$ 12.00

OCCUPATION: REGISTERED NURSE

FBU COMPOSITION: Mother, 1 Child

Gross Earnings:	\$1,405.75
\$30 + 1/3 Amount:	<u>- 458.58</u>
Adjusted Gross:	\$ 947.17
Mandatory Deductions:	441.00
Transportation Cost:	0.00
Child Care Cost:	<u>0.00</u>
Net Deductible Earnings:	\$ 476.00
Grant:	\$ 0.00

OCCUPATION: REGISTERED NURSE

FBU COMPOSITION: Mother, 6 Children

Gross Earnings:	\$1,309.36
\$30 + 1/3 Amount:	<u>- 456.00</u>
Adjusted Gross:	\$ 853.36
Mandatory Deductions:	307.30
Transportation Cost:	90.00
Child Care Cost:	<u>0.00</u>
Net Deductible Earnings:	\$ 456.00
Grant:	\$ 140.00

## EXHIBIT C Continued

OCCUPATION: HOSPITAL COUNSELOR

FBU COMPOSITION: Mother, 2 Children

Gross Earnings:	\$1,299.00
\$30 + 1/3 Amount:	<u>- 453.00</u>
Adjusted Gross:	\$ 846.00
Mandatory Deductions:	304.00
Transportation Cost:	42.00
Child Care Cost:	<u>120.00</u>
Net Deductible Earnings:	\$ 380.00
Grant:	\$ 0.00

EARNED INCOME DISREGARD  
FOR MOTHER AND TWO CHILDREN

## Case 1 - \$750 Monthly Income

	<u>Months</u> <u>1-6</u>	<u>Months</u> <u>7-9</u>	<u>Months</u> <u>10-12</u>	<u>Month</u> <u>13</u>
Gross Earnings	\$750	\$750	\$750	\$750
\$30 + 1/3 Amount	<u>280</u>	<u>140</u>	<u>70</u>	<u>---</u>
Adjusted Gross	470	610	680	750
Work Related Expenses (22%)	165	165	165	165
Child Care Expense	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
Net Earnings	155	295	365	435
Grant Level	<u>356</u>	<u>356</u>	<u>356</u>	<u>356</u>
Grant Payment	<u>\$201</u>	<u>\$ 61</u>	<u>-0-</u>	<u>-0-</u>

## Case 2 - \$500 Monthly Income

Gross Earnings	\$500	\$500	\$500	\$500
\$30 + 1/3 Amount	<u>190</u>	<u>95</u>	<u>48</u>	<u>-0-</u>
Adjusted Gross	310	405	452	500
Work Related Expenses (22%)	110	110	110	110
Child Care Expense	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
Net Earnings	50	145	192	240
Grant Level	<u>356</u>	<u>356</u>	<u>356</u>	<u>356</u>
Grant Payment	<u>\$306</u>	<u>\$211</u>	<u>\$164</u>	<u>\$116</u>

Table Illustrating Maximum Family Income  
Recommendation

<u>Family Budget Unit</u>	<u>Minimum Basic Standard of Adequate Care</u>	<u>Maximum Allowable Gross Income Eligibility Standard</u>
1 Person	\$204 per month x 200%	\$ 408 per month
2 Persons	342 per month x 200%	684 per month
3 Persons	416 per month x 200%	832 per month
4 Persons	511 per month x 200%	1,022 per month
5 Persons	590 per month x 200%	1,180 per month
6 Persons	665 per month x 200%	1,330 per month
7 Persons	732 per month x 200%	1,464 per month
<hr/>		
8 Persons	808 per month x 200%	1,616 per month
9 Persons	885 per month x 200%	1,770 per month
10 Persons	962 per month x 200%	1,924 per month

NOTE: Additional recommendation that Maximum Family Budget Unit be limited to seven persons.

COMPARISON OF WELFARE PAYMENTS IN HOUSEHOLD  
SITUATIONS IN WHICH THE ONLY DIFFERENCE IS THE  
LEGAL RELATIONSHIP BETWEEN THE PERSONS IN THE HOME

The attached chart compares the payment in a number of household situations in which the only difference is the legal relationship between the persons in the home. As a result of the complex and inconsistent regulations, eleven different procedures are used to determine the eligibility and aid payments for households which include stepfathers, unmarried fathers, unrelated adult males, or other adults in a home deemed "essential" to the eligible children.

Perhaps the best way to correct the problem is to determine eligibility for a household unit, without imposing additional conditions based upon the type of legal relationship between individuals in the home. Apart from the social issues involved, treating all households the same would reduce administrative costs. A clear and simple policy would streamline the instructions which must be issued. This approach would enable workers to process more cases with fewer mistakes. A uniform application of the rules to all households would reduce the number of fair hearings filed by recipients whose confusion and disapprobation are understandable.

## SUMMARY OF HOUSEHOLD INCOME

This chart contrasts the income in households of a man, woman, and two children. The AFDC Grant and total household income (employment wages plus AFDC Grant) are different because of the necessity of applying inconsistent regulations based on the legal relationship of household members. In all the cases the gross wage from employment is \$700.

<u>HOUSEHOLD COMPOSITION</u>	<u>SPECIAL CIRCUMSTANCES</u>	<u>AFDC GRANT</u>	<u>TOTAL HOUSEHOLD INCOME</u>
<b>STEPFATHER CASES:</b>			
- Mother, Their Child, Her Child	Stepfather does not contribute to mother	\$175.00	\$875.00
- Mother, Their Child, Her Child	Stepfather contributes his entire salary	NONE	\$700.00
-- Mother, Her Two Children	Stepfather does not contribute to mother	\$287.00	\$987.00
- Mother, Her Two Children	Stepfather contributes his entire salary	\$ 34.00	\$734.00
- Mother, Her Two Children	Mother, not stepfather is employed	\$192.00	\$892.00
<b>UNRELATED ADULT MALE CASES:</b>			
- Mother, Her Two Children	UAM does not contribute	\$356.00	\$1,056.00
- His Child, Mother, Her Child	Budgeted as two cases	\$ 56.00 (His) \$287.00 (Hers)	\$1,043.00
-- Mother, Her Two Children	UAM makes minimum contribution	\$266.00	\$966.00
-- Mother, Her Two Children	UAM contribution exceeds minimum	\$ 4.00	\$704.00
<b>UNMARRIED FATHER CASES:</b>			
- Mother, Their Child, Her Child	Mother is incapacitated	\$192.00	\$892.00

MAN AND WIFE:

The following are the basic elements of a recommended statewide county welfare job program:

1. Job Bank - A job bank should be established by which the County would be able to seek, locate and create job opportunities for recipients and to maintain an up-to-date list of job vacancies. Large counties should establish own job banks, but provision should be made for regional job bank for closely knit metropolitan areas or rural areas.
2. Job counseling - Job counseling should assist and guide recipients on how to enter the job market, how to engage in job interviews, assistance in taking employment test, and assistance in completing job applications and such other counseling so as to enhance their opportunities to maximize abilities in job interviews and job testing.
3. Work test and skill capacity - Provide facilities for testing mental, emotional and physical capacities of recipients to assess their ability in gaining and maintaining employment. Determine level of skills, knowledge and experience for particular types of jobs or activities. Determine whether employee can be employed on a temporary, permanent or partial basis. Determine to what extent there are durational limitations upon any such work program.
4. Training and education - Provide for placement in public and private vocational, trade, and/or occupational training facilities, and educational and school facilities, or internships in job training or in service training directed towards full-time and self-supporting employment.
5. Placement coordinator - To fully utilize the various federal, state and local government and private employment services and programs so as to provide a clearing house of information and knowledge about such programs and the means and methods to apply therefor and to insure that AFDC eligibles have a fair and full opportunity to obtain benefits from such a program, and to assist in making application therefor.
6. Job placement and referral - Once recipient's needs and abilities are determined, then the county is to exercise their best efforts to place recipient in jobs available. Good cause clause under WIN program shall not be available under county program. A program shall include a monitoring aspect for six months following initial placement.

7. Community referrals - An inventory of community resources should be available for internship and in-service training opportunities with local government which would include job opportunities with hospitals, churches, nonprofit charitable organizations, schools, parks and any and all departments of city, county government.
8. Job search - Provide a method by which the recipient shall exercise best efforts to obtain job and shall engage in continuous job search which shall be supervised by county.
9. Work programs - County to develop work programs and work projects for recipients who are not otherwise engaged in other work programs. Work projects to be administered and supervised by county personnel, but shall not exceed 25 hours per week.