

On page 907 of the Budget, under heading of Operating Expenses an increase of \$2,310 in rent in the proposed 1947-48 expenditures over 1946-47 appears. The Department of Finance formerly paid this rent item but it has been removed from the Department of Finance Budget and is charged direct to the Reclamation Board.

The new automobile requested is for the use of the Assistant Secretary who recently returned from the armed forces. We recommend that the amount of \$1,825 budgeted for this automobile be reduced to \$1,400.

We recommend that Item 302 be reduced by \$425 to \$129,190.

For Lands, Rights of Way, Reclamation Board

Item 303, page 57 of the Budget Bill and pages 907-8 of the Budget. Amount requested is \$865,000 from the General Fund.

The Reclamation Board is requesting \$865,000 for 1947-48. There will be, however, a carryover included in the amount of \$533,500 estimated for 1946-47. Much of this will not be spent in the current fiscal year and will be available in the 1947-48 Fiscal Year. We believe that the Legislature should review whether they desire to appropriate \$865,000 in addition to the unspent carryover.

Under heading of Expenditures for Capital Outlay \$465,000 of the \$865,000 proposed expenditures for 1947-48, has been previously appropriated, but due to lack of materials and the inability of the Federal Government to complete their portion of the projects, this money has not been used and is therefore reappropriated.

We recommend approval.

Department of Social Welfare

Analysis of Proposed Expenditures for the 1947-48 Fiscal Year

For Support of the Department of Social Welfare

Item 304, page 58 of the Budget Bill and pages 912 to 922, inclusive, of the Budget. *Amount requested from the General Fund is \$1,297,126 for support, an increase of \$757,780 or 140.5 percent over estimated expenditures of \$539,346 for the 1945-46 Fiscal Year, and an increase of \$553,600 or 74.5 percent over estimated expenditures of \$743,526 for the 1946-47 Fiscal Year.*

In addition to General Fund appropriations, *the Department of Social Welfare is estimated to receive \$642,259 from the Federal Government, or 33.7 percent of total support expenditures from both state and federal sources. This compares with \$969,307 or 56.6 percent from federal sources in 1946-47. In other words, whereas the Federal Government contributed over one-half of the support in the 1946-47 Fiscal Year, the proposed contribution for 1947-48 is less than one-third. This ratio has been achieved not solely by increasing total proposed expenditures at the expense of the State, but proposes an actual decrease of \$327,048 in the*

amount of federal support. A comparative Statement of Federal and State Contributions is contained in Table I:

Table I—State and Federal Funds for Support of the Department of Social Welfare

| | Estimated 1946-47 | | Proposed 1947-48 | |
|--|----------------------|------------------|---------------------|------------------|
| | State funds | Federal funds | State funds | Federal funds |
| Administration of Public Assistance | | | | |
| Aid to Needy Aged----- | - | \$602,529 | \$301,684 | \$301,685 |
| Aid to Needy Blind----- | \$71,799 | 143,598 | 97,388 | 86,849 |
| Aid to Needy Children----- | 128,230 | 128,230 | 160,284 | 113,729 |
| Child Welfare Services----- | 33,176 | 85,575 | 66,160 | 135,669 |
| Transportation of Needy Children----- | 1,000 | - | 1,000 | - |
| Adoptions----- | 328,504 | - | 413,182 | - |
| Boarding Homes and Institutions— | | | | |
| Children----- | 161,000 | - | 164,768 | - |
| Boarding Homes and Institutions— | | | | |
| Aged----- | 5,180 | 77,434 | 82,204 | - |
| Supervision of County Aid to | | | | |
| Indigent Sick----- | 11,872 | - | 10,456 | - |
| Civilian War Assistance----- | - | 3,740 | - | 4,327 |
| Enemy Alien Program (Liquidation)----- | 2,765 | - | 2,765 | - |
| Totals, Support----- | \$743,526 | \$969,307 | \$1,297,126 | \$642,259 |

State contributions for support of the Department of Social Welfare are budgeted to increase from \$743,526 to \$1,297,126 or by 74.5 percent, whereas federal contributions are budgeted to decrease from \$969,307 to \$642,259 or by 33.7 percent.

The largest single item causing increased expenditures from state funds and the decrease in federal expenditures for 1947-48 as compared to 1946-47 is the transfer of 50 percent of the cost of administration of the aid to the needy aged from federal support to state support. This will raise the State's costs for 1947-48 over 1946-47 by \$301,685. Further explanation is given below. Another cause of increased State expenditures is the refusal of the Federal Government to continue its past practice of providing most of the funds required for administration of the program of assistance for aged persons in boarding homes and institutions. This item raised the State's costs for 1947-48 over 1946-47 by \$87,024.

Prior to October 1, 1946, the Federal Government granted Old Age Assistance administrative funds on the basis of 5 percent of the federal portion of assistance paid in the State. Of this 5 percent grant, $\frac{3}{8}$ was transmitted to the counties to finance local administration of the Old Age Security program and $\frac{2}{8}$ was retained by the Department of Social Welfare (state agency). Because the added grant was considered earned on the basis of assistance paid, the federal agency permitted the Department of Social Welfare (state agency) to finance 100 percent of the administration of the Aged Boarding Homes and Institutions program from Federal Funds in addition to 100 percent of the state agency's aged aid administrative costs. At the conclusion of each year, the funds not needed by the Department of Social Welfare (state agency) to finance

the administration of the Old Age Security program or the administration of the Aged Boarding Homes and Institutions program were distributed to the counties.

Upon the change of the federal law effective October 1, 1946, whereby administrative moneys were to be granted on the basis of 50 percent reimbursement of the administrative cost of the Old Age Security program, the Department of Social Welfare had an accumulated savings of approximately \$278,000 from periods prior to October 1, 1946. With the permission of the Department of Finance and the Federal Social Security Administration, these savings were taken possession of by the State as earned funds and commingled with the State General Fund appropriation for support of the aid to the Needy Aged program to be used during the 1946-47 Fiscal Year to finance the shortage occurring because of the change in the basis of federal participation in administrative costs.

Prior to October 1, 1946, the Federal Government was willing to permit the financing of the Aged Boarding Homes and Institutions program 100 percent from the 5 percent aged administrative grant in that these funds were earned funds based upon assistance payments and that total administrative costs for California, including both state and local administration, were far in excess of the federal grant for administration. Since October 1, 1946, the Department of Social Welfare has endeavored to obtain approval from the federal agency to consider the Aged Boarding Homes and Institutions program, as a program of services related to the granting of aid to needy aged and, therefore, 50 percent reimbursable from federal administration funds. However, it is dubious as to whether the Department of Social Welfare will be successful in obtaining federal participation in the administration costs when the federal agency bases its opinion that it is a questionable charge on the fact that the Boarding Homes and Institutions are licensed and the institutions granted certificates may or may not be caring for recipients of aid. In fact, particularly the institutions given life-care contracts sometimes have no recipient of aid among their several hundred occupants. Therefore, the services rendered by the institutions may have little or no relationship to aid recipients.

The Governor's Budget, classified these former earned federal funds which had been commingled with the State General Fund as 100 percent federal and reported the administrative costs of the Aid to Needy Aged program and the Aged Boarding Homes and Institutions program as financed from earned federal funds for the 1946-47 Fiscal Year.

Because the Federal Government now grants aged administrative funds on a 50 percent reimbursement basis, the 1947-48 Fiscal Year budget request follows this plan.

The 1947-48 Budget request for administration of the Aged Boarding Homes and Institutions program is charged 100 percent to the State General Fund as it is questionable that the Federal Government will accept the Department of Social Welfare's interpretation that this is a service closely related to the granting of aged aid.

Adoptions

The third factor contributing heavily to the increased state costs for 1947-48 over 1946-47, is the rise in cost of administering the state-wide adoption program. These costs are expected to rise from \$328,504

in the 1946-47 Fiscal Year to \$413,182 for 1947-48, an increase of \$84,678, or 25.8 percent.

A number of factors may have contributed to the increase in the number of adoptions during the war and the postwar period. There has been a general increase in California's population during the war, and an increase in the birth rate. Higher wartime incomes may have given families financial ability to adopt children for whom they would previously have been unable to provide adequate care. Unstable war marriages and broken homes, movements in population, and the establishment of new homes by returning servicemen have undoubtedly influenced the volume of adoptions.

Distribution of expenditures for 1947-48, by agency, compared with 1946-47, is shown in Table II as follows:

**Table II—Department of Social Welfare
Distribution of Proposed Expenditures by Agency**

| | <i>Estimated 1946-47</i> | <i>Proposed 1947-48</i> | <i>Increase or decrease 1947-48 over 1946-47</i> | |
|--|------------------------------|-----------------------------|--|----------------|
| | | | <i>Amount</i> | <i>Percent</i> |
| Executive | \$61,593 | \$64,270 | \$2,677 | 4.3 |
| Division of Personnel and Training.... | 69,729 | 85,631 | 15,902 | 22.8 |
| Division of Administrative Services | | | | |
| Divisional Administration | 15,036 | 15,477 | 441 | 2.9 |
| Bureau of Administrative | | | | |
| Accounting | 86,357 | 92,762 | 6,405 | 7.4 |
| Bureau of Audits..... | 221,578 | 235,263 | 13,685 | 6.2 |
| Bureau of Office Management..... | 459,698 | 541,973 | 82,275 | 17.9 |
| Bureau of Research and Statistics... | 47,184 | 48,843 | 1,659 | 3.5 |
| Division of County Aid to Indigent Sick | 6,569 | 7,251 | 682 | 10.4 |
| Division of Public Assistance | | | | |
| Divisional Administration | 233,144 | 241,323 | 8,179 | 3.5 |
| Bureau of Aid to Needy Children... | 14,554 | 14,762 | 208 | 1.4 |
| Bureau of Aid to Needy Aged..... | 25,136 | 23,622 | -1,514 | 6.0 |
| Bureau of Aid to Needy Blind..... | 27,591 | 28,092 | 501 | 18.2 |
| Division of Child Welfare | | | | |
| Divisional Administration | 17,281 | 17,379 | 98 | 0.6 |
| Bureau of Child Welfare Services | | | | |
| Federal | 83,383 | 132,865 | 49,482 | 59.3 |
| Bureau of Adoptions..... | 149,488 | 182,005 | 32,517 | 21.8 |
| Bureau of Boarding Homes and Institutions | 103,138 | 108,143 | 5,005 | 4.9 |
| Transportation of Needy Children... | 1,000 | 1,000 | --- | --- |
| Totals, Support | \$1,622,459 | \$1,840,661 | \$218,202 | 13.4 |
| Contributions to State Employees' | | | | |
| Retirement Fund | 90,374 | 98,724 | 8,350 | 9.2 |
| Total Expenditures | \$1,712,833 | \$1,939,385 | \$226,552 | 13.2 |
| Amounts Transferred from General Fund Appropriation for Support.... | -743,526 | -1,297,126 | 553,600 | 74.4 |
| Net Totals, Expenditures from Federal Funds | \$969,307 | \$642,259 | -\$327,048 | -33.7 |

Of the total increase of \$218,202 budgeted for support, \$115,973 is for salaries and wages, including \$51,170 for 20 new proposed positions.

These positions are shown below in Table III:

**Table III—Department of Social Welfare
Proposed New Positions**

| <i>No. of positions</i> | <i>Classification</i> | <i>Salary range</i> | <i>Cost 1947-48</i> |
|-------------------------|---|---------------------|-------------------------|
| - | Intermediate File Clerk (Reclassification of Junior Typist-Clerk) ----- | 160(10)200 | \$10 |
| - | Senior Account Clerk (Reclassification of Intermediate Account Clerk) ----- | 200(10)240 | 480 |
| - | Supervising Account-Clerk, Grade 2 (Reclassification of 1 Supervising Account Clerk, Grade 1) ----- | 280(15)340 | 180 |
| - | Auditor, Grade 2 (Reclassification of 1 Accountant-Auditor, Grade 1) ----- | 280(15)340 | 170 |
| 1 | Auditor, Grade 3 ----- | 335(15)395 | 4,020 |
| 1 | Intermediate Account-Clerk ----- | 160(10)200 | 1,920 |
| 3 | Intermediate Typist-Clerk ----- | 160(10)200 | 5,760 |
| 1 | Junior Clerk ----- | 140(10)170 | 1,680 |
| 1 | Watchman ----- | 150(10)190 | 1,800 |
| - | Junior Socio-Economic Research Technician (Reclassification of 1 Intermediate Account-Clerk) ----- | 230(10)270 | 360 |
| - | Senior File Clerk (Reclassification of 1 Intermediate Typist-Clerk) ----- | 190(10)230 | 120 |
| 2 | Intermediate Clerk ----- | 160(10)200 | 3,840 |
| - | Supervising Social Welfare Agent, Grade 1 (Reclassification of 1 Social Welfare Agent) ----- | 265(15)325 | 420 |
| - | Senior Clerk (Reclassification of 1 Intermediate Clerk) ----- | 190(10)230 | 120 |
| 1 | Field Worker, Grade 2 ----- | 265(15)325 | 3,180 |
| 1 | Supervising Social Welfare Agent, Grade 2 ----- | 295(15)355 | 4,260 |
| 1 | Intermediate Typist-Clerk ----- | 160(10)200 | 1,920 |
| 5 | Social Welfare Agent ----- | 230(10)270 | 11,960 |
| 3 | Supervising Social Welfare Agent, Grade 1 ----- | 265(15)325 | 7,950 |
| - | Senior Stenographer-Clerk (Reclassification of 2 Intermediate Typist-Clerks) ----- | 200(10)240 | 600 |
| - | Senior Stenographer-Clerk (Reclassification of 1 Intermediate Stenographer-Clerk) -- | 200(10)240 | 100 |
| - | Supervising Social Welfare Agent, Grade 1 (Reclassification of 1 Social Welfare Agent) ----- | 265(15)325 | 320 |
| 20 | Total ----- | | \$51,170 |

Table III reveals that the principal positions requested comprise clerical assistance made necessary by increased case loads in the categorical aids, and social welfare agents for the Bureau of Adoptions.

The principal factors contributing to the increased work load of the department are shown in the following tables:

Categorical Aids. Average Case Load

| Fiscal year | Old age security | Aid to | | | Total |
|---------------|------------------|--------------|-----------------------------------|----------------|-------|
| | | needy blind | needy children No. of children | | |
| 1947-48 ----- | 186,000 (est.) | 7,200 (est.) | 32,500 (est.) | 225,700 (est.) | |
| 1946-47 ----- | 169,700 (est.) | 6,200 (est.) | 26,500 (est.) | 202,400 (est.) | |
| 1945-46 ----- | 162,308 | 5,904 | 23,115 | 191,327 | |
| 1944-45 ----- | 157,876 | 5,414 | 19,177 | 182,467 | |

The total case load shows an increase of 11.5 percent for 1947-48 over 1946-47, with increases registered in all categories.

The increase in case intake of adoption petitions is shown for the Fiscal Years 1942-43 to 1947-48 as follows:

| 1942-43 | 1943-44 | 1944-45 | 1945-46 | 1946-47 | 1947-48 |
|---------|---------|---------|---------|--------------|--------------|
| 1,114 | 1,755 | 2,463 | 3,440 | 4,404 (est.) | 5,352 (est.) |

The end of the war has brought about no reversal of the upward trend of adoptions, which will probably remain high as long as economic conditions continue at present high levels. During the current biennium the number of positions in the Bureau of Adoptions was increased from 38 in the 1945-46 Fiscal Year to 52 in the 1946-47 Fiscal Year. The department states that it was necessary to increase the staff over the number approved by the last Legislature due to the increased work load, the Department of Finance having approved 16 additional positions, with nine still to be appointed in the current Fiscal Year as the adoption intake increases.

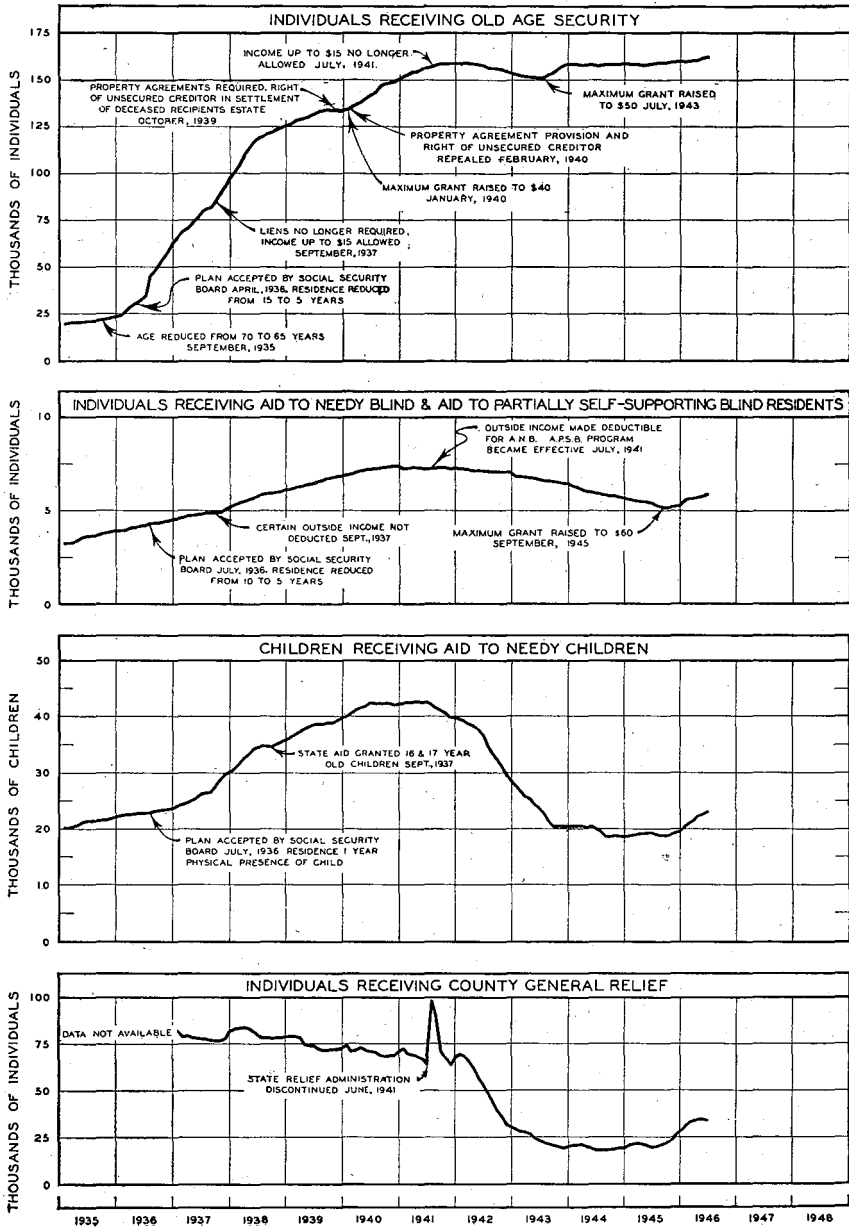
The request for five social welfare agents will increase the total number to 41, which will permit a reduction in number of adoptions serviced per public welfare agent from 133 in 1946-47 to 130.5 for 1947-48.

Inasmuch as the request for additional agents is based on work load increase, we recommend that the number of agents be expanded proportionately to the bureau's estimated increase in adoption petitions, or to 40. This number will continue the case load intake at 133 per agent. *It will permit a reduction of one proposed social welfare agent, saving \$2,392.* Likewise, we propose that the number of supervising social welfare agents be continued at the 1946-47 rate of approximately one to each eight social welfare agents, or an addition of one position. *This will permit a reduction of two proposed supervising social welfare agents, saving \$5,300 in salaries and wages.*

We recommend that automobile operating expenses be cut from a proposed \$20,819 to \$12,325. This will put this department in line with other State departments, on the basis of cost per estimated mile operated. Likewise, we recommend that automobile replacement expense be cut from \$14,100 to \$10,000, a reduction of \$4,100.

In order to present an over-all picture of the changes which have taken place in public assistance programs and principal factors accounting for wages, we present on the following charts taken from the 1944-46 Biennial Report of the Department of Social Welfare, showing the number of recipients of aid under public assistance programs in California since January, 1935.

RECIPIENTS OF AID UNDER SPECIFIED PUBLIC ASSISTANCE PROGRAMS IN CALIFORNIA SINCE JANUARY, 1935



In these charts can be clearly seen the effect of provisions liberalizing payments upon the growth in number of recipients, up to the war period, when economic prosperity radically reduced the number of recipients of aid other than old age assistance. The latter was not unaffected, however, as is seen by the manner in which the sharp upward trend was reversed and then flattened out.

It should be noted that reductions in case loads did not correspondingly reduce administrative costs during the war years. The request for increases to account for a resumption of the prewar upward trend in case loads therefore means that any such increases granted will constitute in part, at least, an increased service over that rendered prior to the war.

We recommend that Item 304 be reduced from \$1,297,126 to \$1,275,840, a reduction of \$21,286 represented by the following items:

| | | |
|---|--|---------|
| 1 | <i>Social Welfare Agent</i> ----- | \$2,392 |
| 2 | <i>Supervising Social Welfare Agent</i> ----- | 5,300 |
| | <i>Operating expenses budgeted for above positions</i> ----- | 1,000 |
| | <i>Automobile operating expenses</i> ----- | 8,494 |
| | <i>Automobile replacement</i> ----- | 4,100 |

\$21,286

For Treatment of Recipients of Blind Aid

Item 305, on page 58 of the Budget Bill and on page 922 of the Budget. Amount requested for 1947-48 Fiscal Year is \$25,000 from the General Fund. This amount is requested to carry out the provisions of Section 3051 of the Welfare and Institutions Code. The \$25,000 requested for 1947-48 reflects a reduction of \$18,019, or 41.9 percent, from \$43,019 for 1946-47.

We recommend approval of this item as requested.

Department of Veterans' Affairs

Analysis of Proposed Expenditures for the 1947-48 Fiscal Year

For Support of the Department of Veterans' Affairs

Item 306, page 59 of the Budget Bill and pages 925 to 929, inclusive, of the Budget. Amount requested \$306,449 for support from the General Fund. *This represents an increase of \$235,246.19 or 321.1 percent over the amount of \$73,252.81 expended in the 1945-46 Fiscal Year and is \$28,458 or 10.2 percent over the amount of \$277,991 allowed for expenditure in the 1946-47 Fiscal Year.*