

DEPARTMENT OF VETERANS AFFAIRS

ITEM 270 of the Budget Bill

Budget page 873
Budget line No. 44

For Support of Department of Veterans Affairs From the General Fund

Amount requested	\$307,461
Estimated to be expended in 1952-53 Fiscal Year	303,162
Increase (1.4 percent)	\$4,299

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$665	\$665	---	876	75
Operating expense	6,325	6,325	---	876	76
Equipment	-2,191	-2,191	---	876	77
Less:					
Increased reimbursements	-500	-500	---	876	81
Total increase	\$4,299	\$4,299	---		

RECOMMENDATIONS

Amount budgeted	\$307,461
Legislative Auditor's recommendation	277,863
Reduction	\$29,598

ANALYSIS

The expenditures proposed for the 1953-54 Fiscal Year by the Department of Veterans Affairs to provide general administrative service to all its divisions as well as the administration of its program of educational assistance, the providing of informational and advisory services to veterans and agencies dealing with veterans and to operate the defense mobilization services committee, indicates a fairly static condition with a proposed level of service equal to that provided in the current fiscal year. The proposed over-all increase amounts to \$4,299 or approximately 1.4 percent over the estimated expenditures for the current fiscal year. The increase is largely in the category of operating expenses as a result of changes required in the quarters occupied by the department both in Sacramento and Los Angeles. In Sacramento, the department must vacate its present building which is to be razed and consequently money is to be included in the budget for the moving of its office equipment. In Los Angeles, the department is consolidating its operation in leased quarters in the Black Building and is releasing state-owned space which results in increased expenditures for rents. With one major exception, we recommend that the budget as submitted by the Department of Veterans Affairs be approved.

The major exception is the operation of the Defense Mobilization Services Committee, which was established by an allocation from the Emergency Fund in the 1951-52 Fiscal Year. The committee was originally proposed as a temporary function to assist local governmental agencies in developing programs of housing, schools, recreational facilities, et cetera, needed to meet population changes resulting from increased military and defense production efforts in certain portions of the State.

In view of the fact that the federal defense production program has fairly well leveled off and that very few, if any, additional military establishments are being constructed and that expansion of existing military establishments has been fairly well completed, we can see no reason to continue this particular function beyond the end of the current fiscal year. Any service of this type required by additional changes in the defense production program and military establishment expansion could and should be handled at the local level by local governmental agencies and chambers of commerce. The continuation of this function by the Department of Veterans Affairs could easily result in the permanent establishment of functions and services which normally should not be part of this department since in many cases, they are being provided for by other state agencies. Consequently, in the interest of economy, we recommend that the Defense Mobilization Services Committee be abolished, thus saving \$29,598.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 271 of the Budget Bill

Budget page 877

Budget line No. 68

*For Additional Support of Department of Veterans Affairs From the
Veterans' Dependents' Education Fund*

Amount requested	\$17,000
Estimated to be expended in 1952-53 Fiscal Year	16,500
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Increase (3.0 percent)	\$500

RECOMMENDATIONS

Amount budgeted	\$17,000
Legislative Auditor's recommendation	17,000
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Reduction	None

ANALYSIS

The program of educational assistance to veterans' dependents is based on Article 2, Chapter 4 of Division 4 of the Military and Veterans Code. Sections 897 and 898 of that code set up the Veterans' Dependents' Education Fund and transfers to it \$150,000 annually from the oil royalties in the State Lands Act Fund. For a period of years, these transfers exceeded expenditures and a modest surplus was accumulated in the Veterans' Dependents' Education Fund. However, for the last few years, expenditures have exceeded the incoming funds so that the surpluses have been depleted to the point where in the 1953-54 Fiscal Year the total cost of the program exceeds both the remaining surplus plus the \$150,000 to the extent that \$10,775 will have to be supplied by the General Fund.

Since this function is based on a special fund, the cost of administering the function is charged as additional support to the Department of Veterans Affairs. The total program for the 1953-54 Fiscal Year is slightly larger than the program estimated for the current fiscal year. Consequently, there is a slight increase in the cost of administration. We recommend approval of this item as submitted.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 272 of the Budget Bill

Budget page 873
Budget line No. 53

For Educational Assistance to Veterans From the General Fund

Amount requested	\$3,191,000
Estimated to be expended in 1952-53 Fiscal Year	3,269,100
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Decrease (2.4 percent)	\$78,100

RECOMMENDATIONS

Amount budgeted	\$3,191,000
Legislative Auditor's recommendation	3,191,000
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Reduction	None

ANALYSIS

The program of educational assistance to veterans is expected to continue at approximately the same level as in the current fiscal year with a slightly decreased cost as a result of the fact that the total enrollment includes a greater number of part-time students which results in a lower average cost per student.

The estimated load for the 1953-54 Fiscal Year does not take into consideration the possibility of inclusion of Korean War veterans. The present Military and Veterans Code would not permit educational assistance to veterans of the Korean action. However, since the Federal Government has now provided educational assistance to this class of veteran, it is likely that the State will follow suit. Should this take place at the 1953 Session of the Legislature, the additional cost of providing educational assistance to the Korean veterans may be as high as \$200,000 for the 1953-54 Fiscal Year. This figure is probably a top limit and since the policy of the California Department of Veterans Affairs is to require the veterans to exhaust their federal entitlement first, the actual experience during the 1953-54 Fiscal Year may be appreciably less than \$200,000. We recommend approval of this item as submitted.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 273 of the Budget Bill

Budget page 877
Budget line No. 40

For Support of Veterans' Claims and Rights Service From the General Fund

Amount requested	\$574,000
Estimated to be expended in 1952-53 Fiscal Year	566,000
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Increase (1.4 percent)	\$8,000

RECOMMENDATIONS

Amount budgeted	\$574,000
Legislative Auditor's recommendation	574,000
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Reduction	None

ANALYSIS

The budget proposed by the Department of Veterans Affairs for the 1953-54 Fiscal Year for the cost of assisting veterans in pursuing claims and establishing rights to various federal and state benefits by contractual arrangement with four nationally organized veterans' organizations is substantially the same as the estimated expenditure for the current fiscal year. A slight increase of \$8,000 or approximately 1.4 percent represents a full year's cost for the contractual arrangement with the American veterans of World War II which first came into the picture for eight months of the current fiscal year. The increase is, therefore, on the basis of approximately \$2,000 per month for this one organization.

In prior years the Legislative Auditor has made recommendations that this service of the Department of Veterans Affairs be reduced in scope. During the 1952 Session, the Legislature directed that the Legislative Auditor, the Department of Finance and the Department of Veterans Affairs jointly make a study of the entire contractual program to determine whether the State's best interests were being served by the existing method. This joint study has been carried out, but as of this writing a final joint report has not yet been made, nor has the subject been sufficiently studied to be able to fully determine the possibility of duplication in the work carried out. We have, in the past, expressed a belief that duplication existed, particularly with reference to this program and that of the county service officers, who also receive state appropriations, but testimony before legislative committees by veterans' organizations and county service officers disputed our position. While inadequate field study was carried out to justify firm conclusions, it is interesting to note that both veterans organizations and county service officers have recently supported the contention that duplication is present.

A resolution passed by the Disabled American Veterans, at its convention in San Bernardino June 26-29, 1952, cites a resolution passed by the California Association of County Service Officers on February 15, 1952 alleging duplication and expressing concurrence in the position taken by the county service officers. This resolution by the Disabled American Veterans further requested that the Legislature review the county service officer program to relieve the taxpayer of any unnecessary burden arising from such duplication of effort.

We recommend the amount requested for appropriation to veterans' organizations on the basis that the preliminary investigation to date has indicated that a good job is being done, and that it is debatable that the Department of Veterans Affairs at the present time could perform, at the same cost, equivalent services with state employees. At the same time, we believe a continuing study should be made of these services, with particular attention to the relationship with the services rendered by county service officers.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 274 of the Budget Bill

Budget page 877
Budget line No. 48

For Educational Assistance to Veterans' Dependents From the General Fund

Amount requested	\$10,775
Estimated to be expended in 1952-53 Fiscal Year	None
Increase	\$10,775

RECOMMENDATIONS

Amount budgeted	\$10,775
Legislative Auditor's recommendation	10,775
Reduction	None

ANALYSIS

This item represents the financing of the deficit occurring in the Veterans' Dependents' Education Fund as outlined in our analysis of the item covering educational assistance to veterans' dependents from the Veterans' Dependents Education Fund. Since the program is essential and appears to be reasonable in scope, we recommend approval of this item as submitted.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 275 of the Budget Bill

Budget page 877
Budget line No. 71

For Educational Assistance to Veterans' Dependents From the Veterans' Dependents' Education Fund

Amount requested	\$167,815
Estimated to be expended in 1952-53 Fiscal Year	173,325
Decrease (3.2 percent)	\$5,510

RECOMMENDATIONS

Amount budgeted	\$167,815
Legislative Auditor's recommendation	167,815
Reduction	None

ANALYSIS

The program of educational assistance to veterans' dependents provides for subsistence payments only for widows and orphans of veterans on the basis of \$40 per month for college students and \$20 per month for high school students. The total cost of this program for the 1953-54 Fiscal Year is estimated at \$178,590. This amount, together with the \$17,000 for the cost of departmental administration, exceeds the total resources of the Veterans' Dependents' Education Fund to the extent of \$10,775 as mentioned previously in our analysis. This deficit is proposed to be corrected by an appropriation from the General Fund.

Since it appears likely that the total cost of the veterans' dependents educational assistance program is likely to remain at the current level or higher for some time, the Legislature will be faced every year with the necessity to cover the deficit by appropriations from the General Fund. Consequently, in line with our repeated recommendations to the

effect that special fund functions should be abolished and the funds diverted to the General Fund and the functions supported out of the General Fund, we recommend that consideration be given along those lines to this particular service. Insofar as the amount is concerned we recommend that the item be approved as submitted.

Department of Veterans Affairs

VETERANS' HOME

ITEM 276 of the Budget Bill

Budget page 879

Budget line No. 7

For Support of Veterans' Home of California From the General Fund

Amount requested	\$1,838,439
Estimated to be expended in 1952-53 Fiscal Year	1,793,747
 Increase (2.5 percent)	 \$44,692

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$89,444	\$70,866	\$18,578	886	13
Operating expense	40,635	40,635	---	886	16
Equipment	-13,112	-15,697	2,585	886	17
Less:					
Increased reimbursement	-1,205	-1,205	---	886	20
Increased federal funds	-71,070	-71,070	---	879	18
 Total increase	 \$44,692	 \$23,529	 \$21,163		

RECOMMENDATIONS

Amount budgeted	\$1,838,439
Legislative Auditor's recommendation	1,819,861
 Reduction	 \$18,578

ANALYSIS

The operation of the Veterans' Home of California is based on the receipt of both state funds and federal aid funds, the latter on the basis of a maximum of \$500 per qualified member per year. The gross budget proposed for the 1953-54 Fiscal Year represents an increase of \$115,762 or approximately 4.5 percent from an estimated expenditure in the current fiscal year of \$2,599,677 to \$2,715,439 in the 1953-54 Fiscal Year. The federal share of the total cost of operation has shown a slight downward trend in percentage despite the fact that the per capita return from the Federal Government has increased slightly from year to year. This is a result of the fact that there is a gradual shift in the total population of the home from the ordinary domiciliary type of member to the more costly hospital and chronic and convalescent type of member.

This shift and the change in cost can be demonstrated by the fact that the budget presented to the 1952 Legislature for the 1952-53 Fiscal Year and approved with only minor changes, was predicated on an estimated population of 1,770. The population estimate for the 1952-53 Fiscal Year is now only 1,650, a reduction of 120 members below the original estimate without a commensurate saving in the money appropriated and in fact with no saving demonstrated at all. The change in population estimates is based on the fact that the larger figure was intended to include the

opening of a new domiciliary barracks with a capacity of 198, whereas actually this domiciliary barracks will be occupied only partially to the extent of approximately 80 members on a chronic and convalescent basis which resulted in the establishment, administratively, of 11 new positions needed to operate this unit during the current fiscal year. These positions are projected on a full-year basis for 1953-54.

We believe that it is reasonable to assume that when the budget was proposed to the 1952 Legislature on the basis of 1,770 members, adequate staffing to care for that number was included. In its proposal for the 1953-54 Fiscal Year, the budget of the Veterans' Home is predicated on an estimated average population of 1,775; only five more members than was originally estimated from the 1952-53 Fiscal Year. Despite this fact the Veterans' Home is now proposing nine additional positions to care for almost the same number of people as were included originally in the 1952-53 Budget. It is interesting to note that the per capita cost originally proposed for the 1952-53 Fiscal Year was \$1,425. The present estimate of per capita cost for the same fiscal year is \$1,576, an increase of approximately \$150. The increase is brought about by three factors. One is the fact that substantial adjustments in salaries were made during the current fiscal year from the salary increase fund. The second is the fact that the total appropriated amount is being spread over 1,650 instead of 1,770 members and the third, is the fact that there is a shift from the domiciliary type of member to the hospital and chronic convalescent type. The following table shows per capita costs for a five-year period of which the first three years are actual, and the last two years are estimated.

	<i>Actual</i> 1949-50	<i>Actual</i> 1950-51	<i>Actual</i> 1951-52	<i>Estimated</i> 1952-53	<i>Proposed</i> 1953-54
Administration -----	\$94.57	\$72.46	\$75.24	\$71.98	\$69.55
Support and subsistence	499.75	523.74	592.47	649.58	619.98
Care and welfare -----	569.07	591.90	626.66	625.81	610.85
Maintenance and operation of plant -----	184.75	204.94	219.56	227.47	228.73
Farming and processing -----	35.64	32.94	3.28	0.71	0.72
Totals -----	\$1,383.78	\$1,425.98	\$1,517.21	\$1,575.55	\$1,529.83

It will be noted that the per capita cost had been declining until the current fiscal year when it rises somewhat and then starts downward again for the 1953-54 Fiscal Year. The rise in the current fiscal year has been explained above, and the reduction for the next fiscal year results from spreading the overhead on a larger population group. The increase in gross cost of operation as proposed for the 1953-54 Fiscal Year is composed of \$89,444 in salaries and wages of which the major portion is the adjustment in established positions plus a full year's budgeting for the 11 positions that were administratively established during the current fiscal year. The balance is for the nine additional positions requested. In addition, there is an increase of \$40,635 in operating expenses which is offset by \$13,112 in reduced anticipated expenditures for equipment.

Of the nine additional positions requested, two are justifiable on the basis of the fact that minor construction projects which were essentially of a maintenance character in nature have been eliminated from the capital outlay request and it is proposed that these two positions, one

of which is a plumber and the other a painter, will substitute a regular maintenance program in place of the minor construction projects. Actually, the cost of these two positions, which in salaries and wages amounts to \$7,992, is more than offset by the value of a group of minor capital outlay projects which was eliminated from the original request. We recommend approval of these two positions only. The other seven positions consist of five regular civil service positions; one intermediate typist-clerk, one intermediate clerk, two supervising nurses grade I, and one laborer and two member positions. We recommend that these positions be disapproved on the basis, previously pointed out, that the total estimated population for the 1953-54 Fiscal Year will not significantly exceed the original estimated population for the 1952-53 Fiscal Year and that, therefore, the existing staff should be adequate to do the job. The saving in salary and wages for these seven positions would be \$18,578 plus such operating expenses and additional equipment as may be included in the budget request for these positions.

**Department of Veterans Affairs
WOMAN'S RELIEF CORPS HOME**

ITEM 277 of the Budget Bill

Budget page 887
Budget line No. 7

For Support of Woman's Relief Corps Home From the General Fund

Amount requested	\$73,734
Estimated to be expended in 1952-53 Fiscal Year	78,809
Decrease (6.4 percent)	<u>\$5,075</u>

RECOMMENDATIONS

Amount budgeted	\$73,734
Legislative Auditor's recommendation	<u>73,734</u>
Reduction	None

ANALYSIS

The total cost of operating the Woman's Relief Corps Home has remained fairly constant for the past four or five years in the vicinity of \$75,000 annually. However, the per capita cost has been rising steadily due to the gradual decline of the total membership at the home. For the 1949-50 Fiscal Year the average member population was actually 28 and the cost per member was \$2,447. For the current fiscal year the average member population is estimated to be 21 and the cost per member is estimated at \$3,753.

For the 1953-54 Fiscal Year, the total expenditure proposed is less than the estimated amount for the current fiscal year by \$5,075 or approximately 6.4 percent. For the first time in the past four years the average cost per member is expected to decline slightly from \$3,753 in the current fiscal year to \$3,687 in the 1953-54 Fiscal Year. The average member population is estimated to be 20. This decline results from the fact that two of the presently established positions are being abolished at the end of the current fiscal year, one being a dining room assistant and the other a janitor. It is interesting to note that when the budget for the 1952-53 Fiscal Year was being proposed to the 1952 Legislature, the

estimate of the average member population was only 17, whereas now it is estimated at 21 with a reduction of only one more for the 1953-54 Fiscal Year. Yet, when the question was raised at that time concerning the possibility of a further reduction in staff because of the anticipated average population of seventeen, it was stated that it was not possible to do so. In the budget being proposed for the 1953-54 Fiscal Year which estimates a population of 20, three more than was previously estimated for the current fiscal year, it has now been decided that it is possible to reduce two positions. The question naturally arises as to how it was determined that what was previously considered an irreducible minimum staffing is now reducible by two positions which represents approximately 11 percent of the currently authorized staff of 18 positions.

In any case the foregoing points out the very high per capita cost of operating this institution and the necessity of finding a more economical approach to the problem. The possibility of finding private old age or nursing homes to which the present members could be transferred at a lesser cost to the State as well as providing the opportunity to dispose of the present property, has been examined, but with very little success. The greatest failing of this particular approach is the fact that it would not be possible to find a single home that would be large enough or have sufficient excess capacity to take all of the women adequately into one place. Most of the people connected with this operation feel that the separation of these women who have lived together at the home for many years and have become close friends and who in fact have almost no family on the outside, would quickly lead to the death of many of the members because of their frailty.

However, a solution has been offered by the incumbent superintendent of the home which we believe merits serious consideration. The proposal involves leasing the home to a private party to be operated as a private home so that other patients would be accommodated while the leasee would contract with the State to provide exactly the same level of service as is now being provided at a substantially reduced cost per member. It is proposed that the reduced costs would result from the fact that a larger population could be handled by the present staff or with only a slight increase. The leasee as a private operator would not be required to employ a staff on a civil service basis and the superintendent believes that purchases of foods and other supplies can be made locally at an appreciably reduced cost as compared with the present method of purchasing through the State Division of Purchases. In a proposal dated July 10, 1952, the superintendent offered to house and care for the then existing total of 22 members at a monthly cost of \$225 per member which would total \$2,700 per capita annually or approximately \$1,000 per capita less than the current cost. This figure was based solely on the existing membership without any consideration for additional private members. The proposal included the right for the State to make any reasonable inspections and to stipulate any reasonable forms of guarantee that the services provided the members would be equal to that which was now being provided under regular state operation.

In view of the foregoing, we recommend that the Legislature consider the necessary legislation to empower the Department of Veterans Affairs and the Department of Finance to enter into such a lease arrangement

with all the safeguards necessary to insure protection of the welfare of the inhabitants of the home and the State's interests and rights in the property. Insofar as the proposal for the budget for 1953-54 is concerned, we recommend that it be approved as submitted subject to the changes recommended above.

Department of Veterans Affairs
WOMAN'S RELIEF CORPS HOME--HOSPITALIZATION

ITEM 278 of the Budget Bill Budget page 887
Budget line No. 19

For Hospitalization and Medical Aid of Members in County Hospitals From the General Fund

Amount requested	\$1,600
Estimated to be expended in 1952-53 Fiscal Year	1,600
Increase	None

RECOMMENDATIONS

Amount budgeted	\$1,600
Legislative Auditor's recommendation	1,600
Reduction	None

ANALYSIS

Since the Woman's Relief Corps Home is not staffed to provide extensive surgical and medical service, the Legislature added Section 1086.1 to the Military and Veterans Code which authorized the home to transfer to the county hospital any member requiring such hospitalization. The code also provides that in the event county hospital facilities are not available and immediate hospitalization is required, the home may employ the service of a private hospital until such time as the member may be returned to the home.

We recommend approval of this item as submitted.

Miscellaneous
CONTRIBUTION TO LEGISLATORS' RETIREMENT FUND

ITEM 279 of the Budget Bill Budget page 891
Budget line No. 75

For State's Contribution to the Legislators' Retirement Fund From the General Fund

Amount requested	\$51,600
Estimated to be expended in 1952-53 Fiscal Year	44,000
Increase (17.3 percent)	\$7,600

RECOMMENDATIONS

Amount budgeted	\$51,600
Legislative Auditor's recommendation	51,600
Reduction	None