

## DEPARTMENT OF SOCIAL WELFARE

ITEM 259 of the Budget Bill

Budget page 919

Budget line No. 39

## For Support of Department of Social Welfare From the General Fund

Amount requested .....	\$2,164,215
Estimated to be expended in 1954-55 Fiscal Year .....	2,105,681
Increase (2.8 percent) .....	\$58,534

## Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages .....	\$4,504	\$-11,516	\$16,020	929	68
Operating expense .....	69,928	69,928	---	929	69
Equipment .....	258	258	---	929	70
	<u>\$74,690</u>	<u>\$58,670</u>	<u>\$16,020</u>	929	72
Less:					
Increased federal reimbursement .....	<u>-16,156</u>	<u>-16,156</u>	---	---	---
Total increase .....	<u>\$58,534</u>	<u>\$42,514</u>	<u>\$16,020</u>		

## RECOMMENDATIONS

Amount budgeted .....	\$2,164,215
Legislative Auditor's recommendation .....	2,129,331
Reduction .....	\$34,884

## Summary of Reductions

Item	Total	State	Federal
Division of Social Security			
Case work consultant—salary .....	\$6,060	\$4,040	\$2,020
Case work consultant—travel .....	900	630	270
Area Operations			
Institutional licensing			
2 Child welfare program specialist I—salaries .....	21,114	21,114	---
2 Child welfare program specialist II—travel .....	800	800	---
Adoptions			
1 Child welfare program specialist, II—salary .....	4,980	4,980	---
1 Administrative assistant—salary .....	4,980	3,320	1,660
	<u>\$38,834</u>	<u>\$34,884</u>	<u>\$3,950</u>

## GENERAL COMMENTS

The budget request of the Department of Social Welfare for the 1955-56 Fiscal Year is based upon a continuation of the existing services now being rendered by the present staff. The only new program appearing in the budget is a request for six professional and five clerical positions to be assigned to the Bureau of Adoptions and its area subdivisions for the purpose of administering case loads contingent upon the Federal Refugee Relief Act of 1952. A deficiency appropriation is requested for this program for the balance of this fiscal year. This program, discussed more fully under the Bureau of Adoptions, calls for an expenditure of \$34,494 for the remainder of this fiscal year and \$43,842 for the 1955-56 Fiscal Year.

The basic organization of the department will remain unchanged. The area offices were reorganized during the current fiscal year within budgetary limitations and they will continue to operate as now organized during the 1955-56 Fiscal Year. The fundamental change of the reorganization was to create three positions of "district representative"

Department of Social Welfare—Continued

in each area. District representatives represent the State Department of Social Welfare on policy matters affecting counties. They act as consultants and advisers on general policy matters that do not require the more specialized attention of program specialists. These positions were created in order that counties would be able to deal with individuals familiar with the total operations of the department rather than a series of specialists.

Operating expenses reflect an increase in rent since the state office in Sacramento is scheduled to move out of its present downtown headquarters into the new Employment Building by January, 1956. Rent paid for this space will go into the Unemployment Compensation Disability Fund, from which the building was financed, to help amortize the debt.

We have noted under the appropriate administrative unit our exceptions to the budget request for the 1955-56 Fiscal Year. Generally, we feel that the Departments of Social Welfare and Finance have presented a very good budget. We do feel that there is a general policy matter which should be considered. This precedes our budget analysis.

Welfare Costs and the Need for a Lien Law

California, through a combination of generous assistance grants, liberal property allowances, and the absence of lien or assignment provisions as a requisite for assistance, has the highest dollar expenditure for old age assistance in the United States. To illustrate, in September, 1954, California paid \$18,734,186 to 271,950 recipients making an average grant of \$68.89. The next highest state dollar expenditure was Texas which paid \$8,667,301 to 222,906 recipients for an average grant of \$38.88. New York was third, spending \$7,867,658 for the care of 105,285 recipients with an average grant of \$74.73.<sup>1</sup> While California ranks fourteenth in the ratio of persons over 65 on the assistance rolls, it has the largest number of recipients, close to the highest average grant, and an expenditure in excess of \$10,000,000 monthly or \$120,000,000 annually over the next highest state. Several factors contributing to this large expenditure are discussed below.

Assistance Grants

California has by law established an \$80 assistance grant to all qualified aged persons. The \$80 grant is composed of a combination of federal, state and county funds. The Federal Government requires that the aid grant must be budgeted by items which presumably satisfy the basic needs of all recipients in good health. The budget for California follows:

Food .....	\$28.50
Housing .....	15.00
Utilities .....	6.30
Clothing .....	7.70
Household maintenance and replacements .....	4.50
Transportation .....	4.50
Incidentals (haircuts, toilet articles, recreation, etc.) .....	13.50
	<b>\$80.00</b>

<sup>1</sup> Advance Release of Statistics on Public Assistance. U. S. Department of Health Education and Welfare. September, 1954.

## Department of Social Welfare—Continued

The state law permits persons who have some income of their own to receive increases in these items or for items not included, such as medical expense, if the need for them can be well established. This is commonly referred to as the "excess need" provision of the state law.

The Department of Social Welfare reports that approximately 136,000 recipients, or one-half the case load, have private resources which average \$31.50 monthly. The average excess need of these persons is computed at \$21 and the average allowance is \$17.50 which leaves an average unmet need of \$3.50. The State deducts an average of \$14 for private income from the \$80 statutory grant which means the recipient receives \$66 from the State. Therefore, these persons have an average of \$97.50 per month total income.

Of the excess needs granted some 60 percent are for medical purposes which accounts for somewhat more than one-half of the dollar expenditure. These grants are carefully reviewed. The estimated total annual cost of granting these excess allowances from private resources (rather than deducting the full amount of outside income from the \$80) is \$28,560,000.<sup>2</sup> This figure includes federal, state and county funds. Those persons having excess needs and no private resources are limited to the \$80 appropriated from public funds.

The excess need provision deviates from a concept of standard or uniform need as the basis for support from public funds. It also provides an incentive to the recipient to earn money. California formerly had a provision allowing recipients to earn or have up to \$15 monthly income before the grant was affected. In 1941 the Federal Social Security Law was amended to prohibit such a grant. The excess need provision has supplanted it with respect to those who have independent means.

The aid grant to recipients is conditioned by a relatives responsibility provision. Section 2181, Welfare and Institutions Code, specifies contributions which responsible relatives are required to make to aged welfare recipients. Contributions are scheduled on the earnings of the relative and the number of persons dependent upon his income. Required contributions are moderate. Married daughters are not required to contribute unless they have income separate from their husbands.

The State, briefly, has shown generosity to its aged with its relatively high grant and spends substantial sums for assistance purposes.

## Qualifications for Assistance

Persons eligible for public assistance must be 65 years of age, citizens, residents of the State, and in need. Residence requirements are as rigidly defined as the Federal Social Security Act will permit. This is five years residence out of the last nine years before application. The year immediately preceding application must have been spent as a resident of the State.

Need is defined as inability for self-support although property qualifications apply. In this respect real property up to an assessed valuation of \$3,500 less encumbrances, and personal property up to \$1,200 less encumbrances may be retained by the recipient. Translated into market

<sup>2</sup> 136,000 × \$17.50 × 12 = \$28,560,000.

**Department of Social Welfare—Continued**

values, this is an unusually generous allowance since county assessments are low. None of this property is subject to a lien as a condition for assistance.

**Lack of and Need for Recovery Provisions**

At the present time California has no provision for recovering money granted for assistance from the estate of the recipient. We feel that California's generous grant and high exemptions for property qualifications of its aged welfare recipients justifies a lien provision which has been proven advantageous in other states.

Thirty-three states now have recovery provisions. These provisions fall into three general types. They are: (1) the unsecured claim for the total amount of assistance granted, (2) the secured claim at the time of probate, and (3) the claim secured by assignment of property as a condition for receiving aid. Twelve states have unsecured claims, 21 states secured liens, only five or six of which are secured by the assignment method. The Federal Social Security Administration has discouraged the use of property assignments to state agencies as a condition for assistance although it does not object to the principle of recovery. There are many differences in the types of property attached and the exemptions in the state laws, but the principle of recovery is well established.

Recovery provisions are invariably devised so that the only person affected is the heir to an estate. The recipient or his spouse always has free use of the property until death at which time the State files its claim. The claim is always for the amount of assistance paid and, should this be less than the value of the estate, the heirs receive the balance.

The money collected by lien provisions is limited by the property exemption allowed recipients as well as by the fact that many recipients have little property of value. There is a secondary value, however, which many states claim to be the most important. That is that many people leave the welfare rolls and find other means of support in order to avoid having a lien placed on their property. Heirs who might otherwise be indifferent often support potential recipients in order to receive the estate. In Utah, for example, it is claimed that the lien law has been responsible for a 25 percent drop in its assistance rolls.

Summarizing, recovery provisions provide a reciprocal responsibility of the assistance recipient to the State. The property of aged persons and their wives or husbands remains in their control until death. The only persons who stand to lose are the heirs to an estate. The heirs are given a choice to assist the owner of the property or to relinquish their right to whatever amount the State pays in assistance. California's dollar expenditure, high case load, and generous grants all point to the need for recovery provisions.

**ANALYSIS****Executive**

The increase of \$631 for this office is due to salary increments. Travel costs have been slightly reduced.

We recommend approval as submitted.

## Department of Social Welfare—Continued

## Administrative Advisor

This office has responsibility for the legal work and hearings of the department and the Social Welfare Board. Additional travel by the hearing officers to places where appeals arise and salary increments represent the increase of \$2,109 for this unit.

We recommend approval as submitted.

**Division of Social Security—Divisional Administration**

For three consecutive years a request for the position of case work consultant has appeared in the budget. It was approved for the 1953-54 and 1954-55 Fiscal Years on a one-year basis. The position has never been filled since the department and the Personnel Board were unable to arrive at agreement on the qualifications and duties of the case work consultant. The position is still unfilled. The original request was based upon the results of a pilot study conducted by the departments of Education, Vocational Rehabilitation, Social Welfare, and Employment.

The department states that the purpose for this position will be to "review policies for assurance that they are directed to the encouragement of self-support and the development of potential resources, to develop materials and techniques to attain maximum utilization of self-rehabilitation potentialities, and to render consultative service to the counties toward that end."

We believe that this division is well enough staffed at the present time to make this position unnecessary. We have recommended approval of the continuation of the contractual medical consultant, the medical social work consultant, and the employment consultant, all of whom are aiming toward rehabilitation, in addition to trained persons already on the staff. The bureau of training should be able to assist in the development of programs for county personnel, and field representatives and program specialists in the area should be able to provide the necessary consulting services. We feel that the basis for any aid program such as aid to needy children should be oriented toward rehabilitation and we assume that the present staff of trained social workers is familiar with the developments in this area. Also, the need for this position hardly appears pressing so *we recommend its deletion as well as the \$900 budgeted for travel allowance.*

The department has also requested extension of its contractual medical consulting services with the Department of Health regarding the determination of incapacity of fathers receiving aid to needy children grants. The report has been finished and the medical consultant and the medical social work consultant are to make follow-up studies of their recommendations for better medical records for dependent fathers. We recommend extension of this program for one year since it could eventually result in substantial savings in the aid to needy children grants.

With the exception of the requested case work consultant position and the travel allowance therefor, we recommend approval of the amounts requested.

**Bureau of Field Review**

The \$15,826 requested for this division is \$797 more than the amounts estimated to be expended during this fiscal year. It consists of normal salary increases.

**Department of Social Welfare—Continued**

We feel that the functions of this bureau, which audits county case records for compliance with departmental laws, rules, regulations, and directives, is a valuable one, however, the amount of time the field reviewers, who work out of the area offices, spend in the office appears to be excessive. We recommend that this matter be reviewed by the department prior to the next session.

We recommend approval of the amounts requested.

**Bureau of Aid to Needy Children**

The \$36,364 requested for this bureau is \$4,794 less than estimated to be expended this year due to the deletion of a position of Public Assistance Program Specialist II which had been approved originally for 1953-54 and extended for one year.

Normal salary increases have been provided for positions in this bureau and we recommend approval of the amount requested.

**Bureau of Aid to Needy Aged**

The \$38,576 requested for this bureau is an increase of \$789. It is composed of normal salary increases and a \$200 increase in the department's contribution to the Interdepartmental Committee on the Aging. Although we have recommended no reduction in the amount, we believe the bureau should further explain to the Legislature what benefits are derived from its \$2,700 contribution to this committee.

**Division for the Blind**

The requested \$181,808 for support of the Division for the Blind is \$25,883 more than estimated for this year. This consists of normal salary increases, a clerical position amounting to \$3,125, and an increase in the appropriation for eye surgeries of \$23,793.

We recommend approval of the request.

**Division of Child Welfare—Divisional Administration**

The request of this unit is \$28,732 which is \$4,093 less than is estimated for this year. The decrease is due to a transfer of one casework consultant position to the Bureau of Adoptions. Normal salary adjustments have been made and travel expense is up \$1,196 over estimates for this fiscal year.

We recommend approval of the amount requested.

**Bureau of Child Welfare Services**

This unit has only two positions. The request of \$21,855, because of salary adjustments, is \$522 more than this year's estimate. Only one of these positions (a \$3,164 intermediate stenographer-clerk) is financed from state funds. The chief of the bureau is paid from federal funds. Field workers in the area offices representing this bureau are paid by a combination of federal and county funds.

We recommend approval of the request.

**Bureau of Adoptions**

This bureau has requested an additional position of Child Welfare Specialist II for the purpose of concentrating on "the recruitment of homes for children with special needs and for follow-up on infant dis-

**Department of Social Welfare—Continued**

missal reports and reports on irregular placements." Children with special needs are those who have emotional, racial, age, or other problems which make them difficult to place in adoption. Infant dismissal reports, which the department estimates to average some 300 per month, are from hospitals releasing children to unrelated persons as required by Section 1620.5 of the Welfare and Institutions Code. Irregular placement reports come from a variety of sources and are followed up by the field workers. Both of the reports are now handled by adoptions workers in the area offices and will so continue, according to the department, but centralized review and referral is considered advisable.

This position is actually a transfer from the Child Welfare Divisional Administration. The recruitment and findings of homes would be a valuable service to these children and could result in savings by getting children more quickly placed. We recommend its approval with the reservation that a brief report on the number of children actually placed by the finding of homes by this worker be submitted before the next legislative session. We feel that the recruitment of homes should be the fundamental task of this position.

**Administration of the Federal Refugee Relief Act of 1953**

Included in the budget is a request for a deficiency appropriation to supply six professional and five clerical positions for the administration of adoption of foreign born children by citizens of California. The deficiency request is for \$34,494 for the remainder of this fiscal year. In addition, \$43,842 is budgeted for the 1955-56 Fiscal Year. Two professional and one clerical position will be in the state headquarters and the remainder in the area offices.

The 1953 Refugee Relief Act provides, among other things, for the immigration of 4,000 war orphans on a nonquota basis for adoption by United States citizens. Californians, between July and November, 1954, had 170 requests for services. The department conducts investigations of the homes in conjunction with accredited adoption agencies. The investigations follow the procedures used for independent adoptions and, after the children are placed in homes, the department plans to provide considerable counseling service with the parents and children. Counseling service of this nature will be very important in many instances since the adjustment of the adopting parents and the children, many of whom are victims of unusual emotional and physical conditions, will be difficult.

We feel that a service of this type involves an important policy decision by the Legislature and if decision is made to participate in the program, we recommend approval of the amounts requested. We feel that positions to be devoted to this project should be distinctly identified in the budget and that when the federal program is terminated these positions be automatically dropped.

**Bureau of Boarding Homes and Institutions**

Except for \$616 in salary adjustments, the request for this bureau is the same as for this fiscal year. Our office recently completed a study of this licensing program which resulted in a reduction of field staff

**Department of Social Welfare—Continued**

for this year and a further reduction should result next year. The section on area operations explains the reduction.

One of the recommendations of our report was that an appropriate fee for noncharitable boarding homes, day nurseries, and institutions should be levied. The laws applicable to the licensing of homes and institutions for children and aged (Sections 1620-1631 and 2300-2311, Welfare and Institutions Code) are silent on the matter of fees. We recommend amendments to these sections calling for fees to be levied on the basis of licensed capacity, since the department contends that larger facilities take more time than smaller ones. Since the actual cost of the department of issuing a license is approximately \$300, and because the profits of operators of these homes and nurseries are generally modest, we feel that the fee should be a token fee. These fees should apply to all noncharitable facilities of whatever type licensed by the department.

We recommend approval of the request.

**Division of Administrative Services—Divisional Administration**

The \$48,833 requested for this unit is \$1,691 more than this year's estimate. The increase is composed of normal salary increases and an additional \$1,420 for travel.

We recommend approval of the amount requested.

**Bureau of Financial Administration**

The request for this bureau is \$1,019 less than the estimated expenditures for this year. This is due to the reduction of two clerical positions due to improved procedures within the bureau. Normal salary increments have been granted.

We recommend approval of the amount requested.

**Bureau of Personnel**

The request for this bureau is \$1,473 more than estimated for the current year. Salary increments account for the increase.

In 1952 the Senate Interim Committee on Social Welfare recommended decentralization of the records kept of county personnel transactions. However, in discussing this with the persons in the department regarding the necessary records which must be kept to satisfy federal requirements, it was felt that decentralization and a post-audit of personnel transactions might prove more expensive than the present system. The Bureau of Management Analysis of the department is making a study of procedures now used.

We feel that amounts requested should be approved for the 1955-56 Fiscal Year.

**Bureau of Research and Statistics**

The requested increase over this year's estimated expenditure is \$3,670. This is a large bureau and salary increments are responsible for the increase, except \$250 for tabulating service.

Approval of the amount submitted is recommended.

**Bureau of Management Analysis**

This is a relatively new bureau concerned with management analysis in all units of the State Department of Social Welfare and any county



**Department of Social Welfare—Continued**

which requests its services. The \$27,934 requested for support of this bureau is \$1,403 more than estimated for this year. Salary increments are responsible for the increase.

We recommend approval of the request.

**Bureau of Training**

This bureau is also comparatively new to the department. It is responsible for the development and preparation of training programs and materials for both the state offices and interested counties. It also contains the library facilities of the State Department of Social Welfare.

The \$24,566 requested is \$1,329 more than this year's estimate. The increase consists of normal salary adjustments, \$250 more for contractual training services, and \$50 for pamphlets and subscriptions.

We recommend approval of the amount requested.

**Bureau of Office Services****Salaries and Wages**

The request for salaries for this bureau is \$237,804 which is \$4,354 less than estimated for the current fiscal year. Two positions, a supervising file clerk and an intermediate typist-clerk, have been eliminated from this year's request because of simplified office procedures.

We recommend approval of this request.

**Operating Expense and Equipment**

The requested increase for these two items for the 1955-56 Fiscal Year totals \$40,980. This is more than accounted for by an increase of \$48,261 in rent. This increase has resulted from the fact that the state office is moving from its present quarters in downtown Sacramento to the new Employment Building. This building was financed out of the Unemployment Compensation Disability Fund and money collected for rent will be used to reimburse the fund. Moving costs are up for the 1955-56 Fiscal Year when the move is to be made.

We recommend approval of the amount requested.

**Area Offices**

The area offices are primarily for the purpose of doing the necessary field work to carry out the policies set by the state office. There are three area offices in the State, each of which has jurisdiction over state affairs and county supervision within the area. Many of the positions concerned with various programs are based upon workloads and new positions are generally requested or justified on this basis.

With the exception of the positions noted below, the amounts requested are recommended for approval.

***Institutional Licensing***

Our office recently conducted a survey of the institutional licensing program and, in a report dated October 21, 1954, recommended increased workloads for this program which would do away with some 22 positions and a total program reduction of approximately \$116,000. As a result, the Department of Finance has reduced the number of licensing positions by seven and the Social Welfare Department is

**Department of Social Welfare—Continued**

undertaking a detailed study of its licensing program which will be completed before the next legislative session, by which time the recommended workloads are expected to become effective. This program has been curtailed by approximately \$40,000 by the deletion of seven positions. *While this is commendable we feel that at least one-half of our reduction should be accomplished this fiscal year and we are recommending the deletion of four additional positions, two Child Welfare Program Specialists II and two of grade I, or an additional salary saving of \$21,114 and their traveling expense totaling approximately \$800.*

**Adoptions***Child Welfare Program Specialist II*

The adoptions field workers also operate on a workload basis. There are three workloads for this function. They are: (1) one position for each four public adoption agencies supervised, (2) one position for each ten private adoption agencies, and (3) ten new independent adoption petitions per month for each independent adoption worker. The positions for independent adoptions will be reduced by one this year since San Mateo County has been delegated authority to handle an independent adoption program. The additional adoption positions to handle work for the Refugee Relief Act, mentioned above, are included in this budget request.

One new position is requested on predicted caseload increases in public and private adoption agency supervision. The justification for the position is based upon the anticipated increase of four public adoption agencies and three private agencies. It is our opinion, after a brief conversation with a public adoption agency administrator, that state workers are spending too much time with the details of administration in the various public agencies and that the workers who should be serving in a staff or advisory capacity on policy matters are often concerned with internal procedural matters of the agencies. Four public agencies seems a very low workload to us, since it allows a worker to spend some 56 working days per year in each agency. We feel this workload should be examined and justified on a performance basis. *Since the workload increase is speculative, and since a legitimate question of the purpose and extent of state supervision has been raised, we feel that the requested position should be deleted from the budget for a savings of \$4,980 and that any supervision of new public or private adoption agencies should be absorbed by the present staff.*

*Administrative Assistant I*

In its original budget request to the Department of Finance, the Social Welfare Department requested three administrative assistants, one for each area. The one administrative assistant appearing in the budget is for the Los Angeles Area Office.

It is our feeling that the area offices have a large number of supervisory positions at present and that they should be able to provide substantial assistance to area directors. We do not feel that any of these positions should be authorized until an evaluation of the area reorganization is made. *We recommend deletion of this position for a saving of \$4,980.*

Department of Social Welfare—Continued

*Intermediate Typist-clerk*

This position is to aid in switchboard operation and assist in the administrative accounting unit. The need seems clearly evident and we recommend approval of this position.

**RECREATION COMMISSION**

ITEM 260 of the Budget Bill

Budget page 931  
Budget line No. 7

*For Support of Recreation Commission From the General Fund*

Amount requested .....	\$88,363
Estimated to be expended in 1954-55 Fiscal Year .....	86,237
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Increase (2.5 percent) .....	\$2,126

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages .....	\$287	\$287	---	931	39
Operating expense .....	1,273	1,273	---	931	59
Equipment .....	566	566	---	931	66
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total increase .....	\$2,126	\$2,126	---	931	68

**RECOMMENDATIONS**

Amount budgeted .....	\$88,363
Legislative Auditor's recommendation .....	88,363
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Reduction .....	None

**ANALYSIS**

The requested budget of \$88,363 is \$2,126 or 2.5 percent greater than the estimated expenditures for the current year. In previous years this office has recommended the elimination of the Recreation Commission in its entirety on the grounds that it was a nonessential state government function, or has recommended that it be reduced in scope and that its remaining functions be transferred to an existing state agency. These recommendations have not been concurred in by the Legislature and since the budget submitted for 1955-56 is reasonable in relation to existing policy, we have recommended no items for reduction. However, we are still of the view that the organization of State Government would be improved by abolishing this agency as a separate entity, and incorporating its functions into the Department of Natural Resources, which is responsible for the major portion of state services devoted to recreation.

**DEPARTMENT OF VETERANS AFFAIRS**

ITEM 261 of the Budget Bill

Budget page 932  
Budget line No. 41

*For Support of Department of Veterans Affairs From the General Fund*

Amount requested .....	\$294,511
Estimated to be expended in 1954-55 Fiscal Year .....	305,345
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Decrease (3.5 percent) .....	\$10,834