

Citizens' Advisory Committee on Aging—Continued

The budget for this staff shows costs for only one-half year in 1955-56 since it was contemplated that the new committee would be activated by January 1, 1956, and would supersede the interdepartmental committee. The request of \$28,268 for 1956-57 is to continue the same staff of executive secretary and a clerk and to add a new position of assistant executive secretary at an added salary cost of \$5,232.

We recommend deletion of this proposed new position, Budget page 949, line 43, on the basis that it is a new service and that the program of the new committee cannot yet be established.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 275 of the Budget Bill

Budget page 950
Budget line No. 41

FOR SUPPORT OF DEPARTMENT OF VETERANS AFFAIRS FROM THE GENERAL FUND

Amount requested -----	\$320,491
Estimated to be expended in 1955-56 Fiscal Year -----	311,465
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Increase (2.9 percent) -----	\$9,026

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages -----	\$12,440	\$6,944	\$5,496	954 28
Operating expense -----	7,642	7,642	--	954 29
Equipment -----	3,874	3,874	--	954 30
Less: increased reimbursements --	-14,930	-14,930	--	954 40
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Total increase -----	\$9,026	\$3,530	\$5,496	954 42

RECOMMENDATIONS

Amount budgeted -----	\$320,491
Legislative Auditor's recommendation -----	314,995
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Reduction -----	\$5,496

ANALYSIS

The Department of Veterans Affairs was first created by Chapter 114 of the First Extraordinary Session, Statutes of 1946, for the purpose of integrating, into one department, a number of veteran activities which were scattered through various other departments, boards, and commissions. The same statute also created the California Veterans' Board to act as the policy-making authority for the department. While the statute created the department to have four divisions, Farm and Home Purchases, Educational Assistance, Service and Coordination, and Veterans Homes, a fifth division, that of Administration, was administratively added later. Since the Division of Farm and Home Purchases is fully self-supporting from the interest charged on farm and home loans, its budget is not included in the regular support budget of the department. The Division of Veterans Homes also functions with some degree of autonomy so that its budget is a separate item of appropriation.

The department is charged with the responsibility of supervising, administering and implementing the various programs and services

Department of Veterans Affairs—Continued

for providing benefits and assistance to veterans and their dependents. Direct benefits include payments in furtherance of educational pursuits, loans for the financing of homes and farms, and domiciliary and medical service at the Veterans Home. Indirect benefits are counseling and advice in educational pursuits and assistance in the presentation of financial claims against the United States Government arising primarily from war service.

The Legislature, at its session in 1955, authorized the continuation of this service with a slight expansion consisting of two additional positions. One was that of deputy director, which had been vacant for a number of years, and the other, a secretary to the Veterans' Board, which previously had been receiving assistance by the use of part of the time of five or six authorized positions in the department. This change was proposed to provide more efficient and continuous assistance to the board, which was not possible under the previous procedure. Since these new positions have been effective for a very short time, it is not possible, at this writing, to evaluate what improvements may have resulted.

For the 1956-57 Fiscal Year it is proposed to increase the cost of operating the department, exclusive of the Veterans Home, by \$9,026, or approximately 2.9 percent, from \$311,465 estimated to be expended in the current fiscal year to \$320,491 in the budget year. The actual increase is more than twice this amount by virtue of the fact that some of it has been offset by levying increased overhead charges against the Division of Farm and Home Purchases. While generally the same level of service is proposed as that which was authorized by the 1955 Legislature, there is included one additional position in the Division of Service and Coordination, on a two-year basis to expire on June 30, 1958.

This new position, field administrator, at a cost of \$5,496 in salaries and wages plus operating expenses and equipment, is proposed to assist the existing authorized four field administrator positions in carrying out a revised auditing program of the accounts of the veterans' organizations with which the department contracts for assistance to veterans in pursuing claims against the United States Government. The justification made by the department is to the effect that the revised method of auditing will provide greater assurance that the veterans' organizations are adhering to the letter of their contractual obligations and that they are making every effort to achieve the greatest possible economy in their operations with respect to their contractual services. We would like to point out, first of all, that the addition of this position would constitute an increase in the level of service over that which was authorized by the Legislature in 1955 and should, therefore, more properly be submitted for consideration at the general session in 1957. Secondly, we have seen no evidence in the immediate past that the present method of auditing does not achieve the desired results. Consequently, *we recommend the deletion of this position at a savings of \$5,496 in salaries and wages, plus such operational expenses and equipment as may have been budgeted in connection with the position.*

With the foregoing exception we would recommend approval of the balance of the budget of the department as submitted.

Department of Veterans Affairs
EDUCATIONAL ASSISTANCE TO VETERANS

ITEM 276 of the Budget Bill

Budget page 954
 Budget line No. 69

**FOR SUPPORT OF EDUCATIONAL ASSISTANCE TO VETERANS FROM
 THE GENERAL FUND**

Amount requested	\$2,775,000
Estimated to be expended in 1955-56 Fiscal Year	2,624,125
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Increase (5.7 percent)	\$150,875

RECOMMENDATIONS

Amount budgeted	\$2,775,000
Legislative Auditor's recommendation	2,775,000
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Reduction	None

ANALYSIS

State financial assistance to veterans desiring to take advantage of educational opportunities is afforded by Sections 981 through 981.8 of the Military and Veterans Code. The maximum total which may be provided to each veteran is \$1,000, which includes monthly assistance for living expenses, not to exceed \$40, and monthly assistance in the purchase of books and supplies, not to exceed \$10. In actual practice, veterans are encouraged to take maximum advantage of all federal benefits before applying for state aid.

In the 1956-57 Fiscal Year it is estimated that there will be a slight over-all increase in the number of veterans applying for assistance resulting from an increased number of Korean veterans partially offset by a decrease in World War II veterans' applications. Average assistance per veteran is anticipated to increase slightly because of generally increased costs for supplies and tuition. The total cost for this aid in the budget year is expected to increase by \$150,875, or approximately 5.7 percent, from \$2,624,125 estimated to be expended during the current fiscal year to \$2,775,000 in the budget year. Since the proposed expenditures are consonant with statutory provisions, we recommend approval of the item as submitted.

Department of Veterans Affairs
CLAIMS AND RIGHTS SERVICE

ITEM 277 of the Budget Bill

Budget page 954
 Budget line No. 83

**FOR SUPPORT OF VETERANS' CLAIMS AND RIGHTS SERVICE FROM
 THE GENERAL FUND**

Amount requested	\$574,000
Estimated to be expended in 1955-56 Fiscal Year	574,000
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Increase	None

RECOMMENDATIONS

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

Claims and Rights Service—Continued

ANALYSIS

The complexities of presenting claims for veterans' benefits, indemnities and assistance to the Veterans Administration of the United States Government, are such that the average veterans does not find it possible to make his own presentations. Consequently, various veterans' organizations, such as the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, and the American Veterans of World War II, have undertaken to act as representatives for the veterans before the various hearing boards of the Veterans Administration. In acting as representatives, they obtain from the veteran a power of attorney which makes it possible for them to take positive action.

The veterans' organizations in the past have claimed financial inability to handle all of the cost of such service. The State, on the other hand, has felt that such assistance to veterans was one of the services which the State should afford them. Consequently, Section 699 of the Military and Veterans Code was enacted to give the Department of Veterans Affairs the authority to contract for this service with the veterans' organizations rather than to attempt to furnish the service at the state department level. Generally speaking, this has been deemed to be a less costly approach than for the State to provide the service through the use of state employees. For a number of years the department has contracted with the four organizations mentioned above and the yearly cost has been fairly static at \$574,000. This is the same amount that is being requested for the budget year. Since this represents an established policy of the Legislature, we recommend approval of the item as submitted.

Department of Veterans Affairs

ADDITIONAL SUPPORT, DEPARTMENT OF VETERANS AFFAIRS

ITEM 278 of the Budget Bill

Budget page 955
Budget line No. 28

FOR ADDITIONAL SUPPORT OF DEPARTMENT OF VETERANS AFFAIRS FROM THE VETERANS' DEPENDENTS' EDUCATION FUND

Amount requested.....	\$22,200
Estimated to be expended in 1955-56 Fiscal Year.....	20,300
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Increase (9.4 percent).....	\$1,900

RECOMMENDATIONS

Amount budgeted.....	\$22,200
Legislative Auditor's recommendation.....	22,200
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Reduction	None

ANALYSIS

This item represents a pro-rata charge made by the Department of Veterans Affairs for administrative overhead services levied against the Veterans' Dependents' Education Fund as compensation for services rendered to a special fund activity. We recommend approval of the item as submitted.

Department of Veterans Affairs
EDUCATIONAL ASSISTANCE TO VETERANS' DEPENDENTS

ITEM 279 of the Budget Bill

Budget page 955
 Budget line No. 31

**FOR EDUCATIONAL ASSISTANCE TO VETERANS' DEPENDENTS FROM
 THE VETERANS' DEPENDENTS' EDUCATION FUND**

Amount requested-----	\$321,200
Estimated to be expended in 1955-56 Fiscal Year-----	273,000
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Increase (17.7 percent)-----	\$48,200

RECOMMENDATIONS

Amount budgeted-----	\$321,200
Legislative Auditor's recommendation-----	321,200
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Reduction-----	None

ANALYSIS

In line with educational assistance given to veterans, the State also provides educational assistance to qualified dependents of veterans who have been killed in action or have died as a result of war service. Sections 890 through 899 of the Military and Veterans Code provide financial assistance for payment of tuition and other fees, for purchase of necessary books and supplies and as an allowance for living expenses to the extent of a maximum of \$400 annually for regular college course students and \$480 annually for tri-semester students, not to exceed \$40 per month. For high school students the maximum annual amounts are \$200 and \$240 respectively at a rate not to exceed \$20 per month. However, as a matter of policy, the Veterans Board limits assistance to subsistence aid.

A dependent other than a widow must be over the age of 16 and not more than 20 years of age at the time of application and must have lived in the State for at least five years immediately preceding. However, any dependent receiving aid and not yet having completed educational courses by the time the age of 21 is reached may continue to receive aid until the course is completed or until the age of 27 is reached, whichever comes first. In the case of a widow of a veteran, educational assistance is limited to four years.

The source of funds for the Veterans' Dependents' Education Fund is by transfers from the State Lands Act Fund, which transfer was increased to \$300,000 annually by Chapter 1873 of the Statutes of 1955. Since there is anticipated to be a surplus of approximately \$177,000 on July 1, 1956, in the Veterans' Dependents' Education Fund, there appears to be ample funds to cover the proposal to increase the cost of providing this service by \$48,200, or approximately 17.7 percent, from \$273,000 estimated to be expended in the current fiscal year to \$321,200 proposed for the budget year. The increase is the result, primarily, of an anticipated increase in enrollment of approximately 13 percent, plus an increase in the cost per student because of the higher proportion of college students in the total enrollment. Since this proposal is in line with well established state policy, we recommend approval of this item as submitted.

**Department of Veterans Affairs
VETERANS HOME OF CALIFORNIA**

ITEMS 280 and 281 of the Budget Bill

Budget page 956
Budget lines No. 7, 21

**FOR SUPPORT OF VETERANS HOME OF CALIFORNIA FROM THE
GENERAL AND ATHLETIC COMMISSION FUNDS**

Amount requested	\$2,144,654
Estimated to be expended in 1955-56 Fiscal Year	1,791,655
Increase (19.7 percent)	\$352,999

Summary of Increase

	Total increase	INCREASE DUE TO		Budget Line page No.
		Work load or salary adjustments	New services	
Salaries and wages	\$337,212	\$325,861	\$11,351	963 39
Operating expense	109,425	109,425	--	963 42
Equipment	20,268	20,268	--	963 43
Less: increased reimbursements ..	—4,370	—4,730	--	963 53
Less: federal grants	—109,536	—109,536	--	956 31
Total increase	\$352,999	\$341,648	\$11,351	

RECOMMENDATIONS

Amount budgeted	\$2,144,654
Legislative Auditor's recommendation	2,133,303
Reduction	\$11,351

ANALYSIS

The California Department of Veterans Affairs operates a medical and domiciliary home for qualified veterans in accordance with Chapter 1 of Division 5 of the Military and Veterans Code. The home is located approximately nine miles north of Napa and comprises a modern medical and surgical hospital, specialized facilities for the chronically ill, domiciliary barracks, including one small unit for women war veterans, dining and recreational facilities, occupational therapy shops, institutional laundry, maintenance shops, nurses' living quarters, and residential facilities for some of the other employees. Eligibility requirements are that the veteran shall have been a bona fide resident of the State for 10 years immediately preceding the date of application, and that he shall be an aged or disabled, honorably discharged member of any one of the armed services who has served during a war period as specified by law, or who would be eligible for hospitalization or domiciliary care in a veterans' facility in accordance with the rules and regulations of the United States Veterans' Administration. Members of the home who have sufficient physical ability are given employment in the home, generally at one-half of the civil service pay specified for the position. The Federal Government recognizes its responsibility to the veterans cared for at the home by contributing \$700 per annum per member for support.

The Legislature, at the 1955 General Session, authorized expansion of the staff of the veterans home to the extent of 15 additional positions which represented primarily an improvement in the level of service since the new chronic and convalescent barracks, which was due to open on July 1, 1955, had already had positions authorized in the prior year's budget. The new barracks did not open as scheduled due to a

Veterans Home of California—Continued

series of construction delays and at this time it is anticipated that it will be opened on January 1, 1956. As a result of this delay, the projected average member population for the 1955-56 Fiscal Year has not been and will not be realized. In fact, it now appears that even when the new chronic and convalescent barracks will have been in operation for a full year the home still will not realize, for the budget year, the 2,058 which was projected for the current fiscal year. The explanation for this discrepancy points up an unfortunate trend in the composition of the membership at the home. Table I, labeled "Population Composition," immediately following, indicates the continuation of a trend, which started several years ago, towards an increase in the percentage of the population housed in the hospital and chronic and convalescent facilities and a decrease in the portion housed in the domiciliary barracks. It will be noted that from the 1954-55 Fiscal Year through the new budget year, for the hospital and chronic and convalescent barracks together, there will have been an increase of approximately 7 percent, with a corresponding decrease in the domiciliary population.

Table I. Population Composition

	1954-55		1955-56		1956-57	
	Number	Percent of total	Number	Percent of total	Number	Percent of total
Hospital	313	17.07	316	17.05	397	19.67
Chronic convalescent	264	14.40	310	16.73	375	18.58
Domiciliary	1,251	68.25	1,221	65.89	1,239	61.40
Admissions	5	.28	6	.33	7	.35
Totals	1,833	100.00	1,853	100.00	2,018	100.00

Since the cost of maintaining hospital and chronic and convalescent patients is substantially higher than the cost of maintaining domiciliary members of the home, the following Table II, labeled "Ratio of Members Per Employee and Per Capita Cost" demonstrates the financial effects of this trend.

Table II. Ratio of Members per Employee and per Capita Cost

	1954-55 cost		1955-56 cost		1956-57 cost	
	Ratio	Amount	Ratio	Amount	Ratio	Amount
Average annual population	1,833	(\$1,564)	1,853	(\$1,749)	2,018	(\$1,849)
Retirement	—	(77.80)	—	(90.39)	—	(96.78)
Administration	84	(68.61)	80.5	(78.06)	87.7	(73.78)
Subsistence	11.7	(542.13)	10.7	(600.26)	11.2	(606.86)
Maintenance	33.4	(249.22)	31.4	(255.64)	32.5	(265.29)
Care and welfare	7.2	(641.14)	6.3	(724.34)	5.7	(805.99)

Note that items in first column do not add to total because of book adjustments to stores inventory.

It will be noted that while the ratio of members to employees has remained fairly static in the administrative, support and subsistence and maintenance activities, the ratio has dropped steadily in care and welfare from 7.2 patients per employee in the 1954-55 Fiscal Year to 5.7 patients in the 1956-57 Fiscal Year. The latter activity is one of the most expensive at the home and shows an increase from \$641 per capita in the 1954-55 Fiscal Year to \$805 in the 1956-57 Fiscal Year. This trend has another important implication in that there will actually be a substantial number of domiciliary beds vacant at the home during

Veterans Home of California—Continued

the budget year. While there is a waiting list for entry into the hospital and chronic facilities at the home, there is no list for the domiciliary facilities. In all probability this trend results from the high level of economic activity in the State which helps to provide employment for older veterans who might otherwise seek entry into the home for domiciliary care. On the other hand, ailing veterans with little or no means find no help from the general economic activity but must resort to the home for assistance. The trend in this direction is given a further impetus by the fact that in August of 1956 it is anticipated that the fourth wing of the hospital will be ready for occupancy, which will provide 114 additional hospital beds.

In view of the impending availability of the additional hospital wing, the veterans home proposes to increase its staff by 71 civil service and four member employees during the budget year. Primarily these people will be required to staff the new hospital facilities and to provide additional assistance in those subsidiary facilities which support the hospital facilities. Included are also several maintenance positions which will be used throughout the home.

All of the positions requested, with the exception of two civil service positions and three member positions, appear to be justified on the basis of providing the same staffing ratio for the additional hospital space as now exists with respect to the present hospital space. We call attention to Table I, above, which shows quite clearly that the over-all population increase from the current fiscal year to the budget year would be approximately 9 percent, while the increase in hospital population would be approximately 25 percent. With these percentages in mind, it would appear that the two additional positions of clinical laboratory technician being requested represent a 66 percent increase over the presently authorized two technician positions and one supervising position. We point out, further, that for the current fiscal year the hospital was authorized to employ a laboratory helper to do the housekeeping and other nontechnical tasks in the laboratory, thus freeing the time of the existing three positions to devote all their efforts toward technical analyses. The effective result of this position was to increase the working capacity of the three positions by 33 percent. In view of the foregoing, we do not believe that there is justification for more than one additional clinical laboratory technician. Consequently, *we recommend deletion of one position at a savings of approximately \$3,900 in salaries and wages, plus such operating expenses and equipment as were scheduled for the position.*

The hospital is requesting two member baggage room custodians to work in the hospital baggage room. Such positions have never before been employed and we assume that this type of activity was carried out by fatigue detail assignments. It would appear that these two positions constitute an increase in the level of service and, consequently, *we recommend that they be deleted at this time and that the baggage room be operated by the use of the fatigue detail. This would be a savings in salaries and wages of \$2,470.*

The hospital is also requesting two additional elevator operators. One member elevator operator is now authorized for the hospital. On the basis of the 25 percent increase in hospital population, we fail to see

Veterans Home of California—Continued

how more than one half-time position would be justified. However, it would be impractical to establish a half-time member position and, consequently, *we recommend that one full-time member position be allowed and that one be deleted at a savings in salaries and wages of \$1,361.*

The home is requesting two additional positions of building maintenance man, which would increase by 50 percent the presently authorized force of four building maintenance men. In order to justify these two additional positions on a work load basis, it would have to be assumed that there has been an increase of at least 50 percent in total plant area. This is not the case. There have been additional buildings completed within the last few years; however, the total work load added by these additional buildings cannot be over 25 percent greater than the previously existing load. Furthermore, the new buildings have a comparatively low maintenance factor. Consequently, we do not believe that more than one of these positions can be justified.

Therefore, *we recommend that one position of building maintenance man be deleted at a savings of \$3,620 in salaries and wages, plus such operating expenses and equipment as was scheduled for the position.* The total of the savings recommended above is \$11,351 in salaries and wages.

During the preparation of the budget the Legislative Auditor is afforded the opportunity of screening and reviewing the institutions' requests for equipment before inclusion in the final budget, in cooperation with the agency and the Department of Finance. The original request for equipment made by the veterans home totaled \$78,428. The final amount included in the budget was \$45,657, a reduction of \$32,771 or approximately 42 percent. Despite the decrease in the amount originally requested, the total included in the budget for equipment in the budget year is substantially higher than in the current fiscal year, amounting to an increase of \$20,268, or approximately 80 percent from \$25,389 estimated to be expended in the current fiscal year to \$45,657 in the budget year. This increase is primarily the result of the need to replace certain obsolete medical equipment and to correct certain deficiencies by adding some new medical equipment. Also, it is necessary to replace a fire truck, several automobiles and grounds maintenance equipment which is now worn out.

With the exceptions noted above, we recommend approval of the budget for Veterans Home as submitted.

Department of Veterans Affairs

WOMAN'S RELIEF CORPS

ITEM 282 of the Budget Bill

Budget page 964
Budget line No. 8FOR SUPPORT OF WOMAN'S RELIEF CORPS HOME FROM THE
GENERAL FUND

Amount requested	\$39,500
Estimated to be expended in 1955-56 Fiscal Year	43,741
Decrease (9.7 percent)	\$4,241

Woman's Relief Corps—Continued

RECOMMENDATIONS

Amount budgeted	\$39,500
Legislative Auditor's recommendation	39,500
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Reduction	None

ANALYSIS

The Woman's Relief Corps Home of California was originally established in 1887 for the purpose of providing a home for army nurses and wives, widows, mothers, and dependents of Union veterans who served honorably in the Civil War. Subsequently, by Chapter 1202 of the Statutes of 1947, further admissions to the home were discontinued. As a result of the advancing age of the remaining members, the membership decreased steadily. This caused the per-capita cost to rise proportionately until by 1953 the cost was so high that the Legislature decided to authorize the leasing of the home to private operators who, in turn, would contract with the State for the care of the remaining members for the balance of their lives. The civil service superintendent who was the incumbent at that time became the contractor and lessee. This arrangement resulted in a substantial reduction in the cost per capita to the State.

For the 1956-57 Fiscal Year it is proposed to decrease the cost of this contract operation by \$4,241, or 9.7 percent from \$43,741 estimated to be expended in the current fiscal year to \$39,500 for the budget year, which will take care of an estimated 12 members. Since the State receives \$12,000 annually for rental of the facilities from the private operator, the net per-capita cost to the State is approximately \$2,291, as compared to \$2,441 in the current year. We recommend approval of this item as submitted.

Miscellaneous

WORKMEN'S COMPENSATION

ITEM 283 of the Budget Bill

Budget page 965
Budget line No. 36

FOR COMPENSATION, MEDICAL CARE AND HOSPITALIZATION OF STATE EMPLOYEES FROM THE GENERAL FUND

Amount requested	\$1,120,000
Estimated to be expended in 1955-56 Fiscal Year	980,000
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Increase (14.3 percent)	\$140,000

RECOMMENDATIONS

Amount budgeted	\$1,120,000
Legislative Auditor's recommendation	1,120,000
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Reduction	None

ANALYSIS

It is estimated that the cost of workmen's compensation coverage for those state officers and employees whose salaries and wages are paid from the General Fund will be \$1,120,000. This represents an increase of \$140,000, or 14.3 percent, over the appropriation for the current year.