

Division of Aeronautics—Continued

<i>Fiscal year</i>	<i>Expenditure</i>
1960-61 (actual) -----	\$81,864
1961-62 (actual) -----	108,673
1962-63 (actual) -----	128,219
1963-64 (actual) -----	131,347
1964-65 (actual) -----	141,952
1965-66 (estimated) -----	184,749
1966-67 (proposed) -----	196,811

The amount requested for the fiscal year 1966-67 is \$196,811, an increase of \$12,062 or 6.5 percent over the estimated expenditures for the fiscal year 1965-66. Chapter 2028, Statutes of 1965, effective September 17, 1965, provides that the support for this division be appropriated from the Aeronautics Fund. Prior to the effective date of this legislation, the division received its support primarily from the General Fund and the Airport Assistance Fund.

The state airport assistance program was broadened by Chapter 2028, Statutes of 1965, by providing funds for the acquisition and development of airports in addition to funds allocated in prior years providing for a maximum grant of \$2,500 for each airport that qualifies and matching money is provided by the local government.

Chapter 1617, Statutes of 1965, requires the Division of Aeronautics to make studies and report on land acquisition by state agencies for state facilities in the vicinity of airports.

Chapter 1563, Statutes of 1965, requires the Division of Aeronautics to obtain information on airport zoning and assist public entities on zoning standards for participation in the airport funding programs.

To carry out the provisions of the aforementioned legislation and an increase in other aviation activities, the division is requesting a field representative and an intermediate typist-clerk.

We recommend approval of the two proposed positions.

There is an increase of \$11,120 for rent to provide additional space which in our opinion is fully justified.

We recommend approval of the item as budgeted.

DEPARTMENT OF VETERANS AFFAIRS

ITEMS 293 and 294 of the Budget Bill

Budget page 1002

FOR SUPPORT OF DEPARTMENT OF VETERANS AFFAIRS
FROM THE GENERAL AND VETERANS' FARM AND
HOME BUILDING FUNDS

Amount requested -----	\$903,779
Estimated to be expended in 1965-66 fiscal year -----	861,272
Increase (4.5 percent) -----	\$38,507

Increase to improve level of service ----- \$6,000

TOTAL RECOMMENDED REDUCTION ----- \$17,856

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Board members (7), reduce per diem -----	\$6,000	1002	52
Delete Administrative Assistant II -----	11,856	1002	49

Department of Veterans Affairs—Continued

GENERAL PROGRAM STATEMENT

The Department of Veterans Affairs administers the state program of veterans' benefits; the operation of the Veterans' Home, and the subventions to counties for partial support of the county service officers, and provides assistance to veterans in obtaining benefits to which they are entitled from the federal government. The division of administration provides overall direction, the division of service and coordination handles veterans' claims and the county service officer subventions, and the division of educational assistance distributes tuition and subsistence funds to eligible veterans and dependents enrolled in school.

The division of farm and home purchases is responsible for administering a loan service for qualified veterans who purchase a farm or home. The cost of support of this division is borne by the Veterans' Farm and Home Building Fund of 1943, on a self-sustaining basis by the interest collected from the veterans served. The loan principal is provided by the sale of state general obligation bonds. This fund also supports a pro rata share of the divisions of administration, and service and coordination.

Five-year Growth

The \$752,918 total cost to support the divisions of administration, service and coordination, and educational assistance in 1962-63 included \$626,328 from the General Fund and \$126,590 from the Veterans' Farm and Home Building Fund. The total five-year increase is \$150,861 (20 percent), including \$94,415 (15 percent) from the General Fund and \$56,442 (45 percent) from the Veterans' Farm and Home Building Fund.

The workload has decreased in five years as reflected by the reduced staff size. The total of 86 positions authorized in 1962-63 has been reduced to 79.5. The savings attributable to the reduction is approximately \$45,000 but salary increases more than offset the savings resulting in a net increase of \$119,124 (19.5 percent). The remaining \$31,737 increase is attributable to equipment (+\$6,630) and operating expenses (+18 percent).

Program Division for Analysis

We attempted to define three programs for analysis in our 1965-66 Analysis of the Budget Bill and prorate administrative cost without supporting information from the department. The staff supported by the proposed appropriation represented by this item administers just two programs: the claims and rights service, and the educational assistance service. The division of administration must be accounted for separately, however, because the proration of its cost cannot be supported.

ANALYSIS AND RECOMMENDATIONS**Administration Program**

The budget proposes to continue the existing level of service with the exception of a \$6,000 increase to the historical \$7,000 per year provided for per diem of the seven members of the California Veterans

Department of Veterans Affairs—Continued

Board. The increase is necessary to cover a proposed increase from 50 to 92 in the number of meeting-days per year.

We recommend deletion of the \$6,000 proposed for the additional per diem.

It is difficult to reconcile the need for a policy board to require over 50 days per year to consider policy questions concerning a single department of this size and relative absence of complexity.

We recommend deletion of the administrative assistant II position for a savings of \$11,856. Subsequent to the printing of our 1965-66 analysis we were directed to examine the duties of the three deputy director positions of the department. Later, during the session, we recommended deletion of one deputy position on the basis of that study, but instead the Legislature chose to downgrade the exempt deputy director position to an exempt assistant to the director. As an assistant to the director, the position must assume the duties formerly performed by the administrative assistant II, thus eliminating the need for the latter.

Educational Assistance

The 21 filled positions in the Division of Educational Assistance supervised the veterans program for 872 veteran students in 1964 compared to 5,221 in 1963-64, and 7,513 dependents in 1964-65 compared to 7,471 in 1963-64. The veterans' enrollment was phased out entirely in 1965-66 while the dependent enrollment is expected to remain at approximately 7,500. The staff was reduced to 18 positions to reflect the elimination of the veterans' program. Chapter 302 of the Statutes of 1965 broadened the definition of a veteran to include any who served in a campaign or expedition in which a medal is authorized by the United States. The department proposes to aid 400 veterans of such campaigns in 1966-67. The existing staff can absorb the increased workload projected for that purpose and the increased cost of the educational assistance is proposed in Item 295.

Claims and Rights Service

The division of service and coordination has established civil service veterans preference for 186,772 veterans since 1948, including 9,020 in the 1965 calendar year, and has determined since 1921 that 621,311 veterans are eligible to contract for a California farm or home loan including 9,216 processed in 1965. The county service officers processed 31,392 claims in 1964-65, including those successfully established by the division of service and coordination. The division established 18,530 claims in calendar year 1965 compared to 16,577 in 1964.

The budget proposes continuation of the existing level of service.

We recommend approval of the items subject to the reductions discussed above.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 295 of the Budget Bill

Budget page 1005

FOR SUPPORT OF EDUCATIONAL ASSISTANCE TO
VETERANS AND DEPENDENTS FROM THE
GENERAL FUND

Amount requested	\$2,075,000
Estimated to be expended in 1965-66 fiscal year	1,900,000
Increase (9.2 percent)	\$175,000
Increase to improve level of service	\$175,000
TOTAL RECOMMENDED REDUCTION	\$175,000

Summary of Recommended Reductions

	Amount	Page	Line
Reduce total payments to veterans	\$175,000	1005	50

GENERAL PROGRAM STATEMENT

The program of state educational assistance to veterans and veterans' dependents has been offered as an incentive to induce them to channel personal resources toward an educational goal. The historical administrative policy has been to preclude use of state benefits until expiration or exhaustion of all federal benefits.

The level of assistance has varied somewhat in the last five years, primarily because of decreasing veteran participation and increasing dependent interest. The 1962-63 allotment was \$2,352,020 for veterans and \$992,280 for dependents. The veteran participation declined gradually and was canceled administratively by 1965-66. The budget proposes a limited veterans program in 1966-67 and \$1,900,000 (the 1965-66 level) for dependents.

The dependents demand for assistance appears to have peaked and should decline slowly, but the possibility of a continued state of hostilities could generate more veteran and dependent claims for assistance.

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of the \$175,000 proposed for educational assistance to veterans of the Vietnam campaign and others who become eligible as provided by Chapter 302, Statutes of 1965. We concur with the desirability to provide assistance to these veterans, as veterans of earlier major wars have been assisted, but this would be a new policy of establishing a state liability prior to establishment of a federal program for what is initially and primarily a federal responsibility. Many veterans of prior wars who utilized full federal benefits did not continue in school long enough to require full state benefits. Present state policy is to require use of federal entitlement before using the state entitlement. If the state benefits are used first, the full federal entitlement may not be used if and when it becomes available, and the cost to the state could be greater than necessary.

We recommend approval of the item except for the reduction noted above.

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

ITEMS 296 and 297 of the Budget Bill

Budget page 1007

**FOR SUPPORT OF VETERANS HOME OF CALIFORNIA
FROM THE GENERAL FUND**

Amount requested	\$4,441,298
Estimated to be expended in 1965-66 fiscal year	4,143,946
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Increase (7.2 percent)	\$297,352
Increase to improve level of service	\$141,614
TOTAL RECOMMENDED REDUCTION	\$4,452

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Support of intermediate cashier-clerk	\$4,452	1008	56

Summary of Policy Options

Provide for improved medical service by assessing charges for care according to a member's ability to pay.	See Analysis Page 849
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GENERAL PROGRAM STATEMENT

The California Veterans Home provides three levels of care for California veterans who have physical disabilities and insufficient financial capability to care for themselves. The program has gradually changed from emphasis on the ambulatory, domiciliary care and use of the medical-surgical hospital strictly as a service unit to the rest of the home, to the present pressing demand for hospital and intermediate care and lack of demand for the domiciliary services. This shift contributes to a slowly declining total population and an increasing average cost per patient. Also it has resulted in an average of 600 vacant domiciliary beds.

Five-Year Growth

The total membership of the home has declined from a 1962-63 average of 1,813 to a 1964-65 average of 1,631. The budget projects an average of 1,720 for 1966-67. The average cost per member has increased from \$2,627 in 1962-63 to \$3,273 in 1964-65 and the budget projects \$3,433 for 1966-67.

The total cost of supporting the home including the federal contribution has increased \$1,018,772 in five years from \$5,045,001 in 1962-63 to \$6,063,723 projected for 1966-67. Approximately \$300,000 of the increase can be attributed to staff added to improve the level of medical care. Staff changes made on a workload basis have resulted in an approximate net reduction of \$40,000. The \$758,000 remaining increase in the 1966-67 total support cost over 1962-63 is related to the following factors:

Salary increases	\$512,000	(12 percent)
Increase in operating expense	133,000	(14 percent)
Increase for equipment	113,000	(\$8,859 for 1962-63)
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Total	\$758,000	

Approval of the 1966-67 Budget proposal would increase the authorized staff level to 797.1 positions, a gain of 20.6 or 2.7 percent over

Veterans Home of California—Continued

1962-63. The 20.6 position gain is the net result of 53 new and 32.4 eliminated positions. One of the new positions is filled by a member and 19.6 of those eliminated were member positions. Forty of the 53 new positions are doctors, nurses and hospital aides. Thus, the effective increase of personnel responsible for administering medical care far exceeds the overall 2.7 percent staff level increase. The substitution of civil service for 18.6 net member positions contributes to higher productivity and the 40 medical care position additions increases by 11.5 percent the total staff available for that purpose.

Three-Year Projection

The slight savings realized because of the declining domiciliary population has offset part of the increasing costs of caring for the hospital and nursing home members. The following projection of support cost is based upon a continuation of that trend and the following factors:

1. Hospital and nursing home capacity will not be changed,
2. The proportion of federal support will not change,
3. Members will not be charged for any portion of their care,
4. The cost increase percentage of the past five years will continue for the next three years.

The General Fund support projected for 1966-67 is \$4,441,298 and would increase \$339,502 in three years to \$4,780,800, based upon the above assumptions. This would be modified by approval of the 28-bed women's ward and conversion of domiciliary capacity to 168 nursing home beds as proposed in the capital outlay budget which would add approximately \$170,000 and \$350,000 respectively per year to the support cost when fully operative. Federal support for nursing home patients has recently been increased from \$2.50 per patient day to \$3.50 and may be further modified, and the department has not determined the effect of the federal medical care legislation upon eligibility for additional assistance. Thus, our second assumption is subject to a number of possible modifications. Our policy option on page 849 of this analysis suggests the desirability of charging financially able members for a part of their care, and the cost increase trend is quite unpredictable. All of the four assumptions must be valid to substantiate the \$339,502 increase projected and as discussed above, all are subject to considerable change.

ANALYSIS AND RECOMMENDATIONS**Program Plan and Budget for 1966-67**

The total support of the Veterans Home as proposed exceeds the estimated 1965-66 cost by \$344,567 or 6 percent.

The increase reflects the following factors:

- \$141,614 Proposed program augmentations to improve the physical medicine activity and to staff an intensive treatment ward.
- 124,417 A 2.7 percent increase in the cost of personal services attributed primarily to merit salary increases.

Veterans Home of California—Continued

54,863	A 5.4 percent increase in operating expense divided almost evenly between rising costs and the need to replenish the linen inventory.
36,075	A 41.8 percent increase for the purchase of equipment. The two largest items are the replacement of a flatwork ironer for \$33,000 and the installation of a radio broadcast system in the hospital for \$18,000.
<u>-12,402</u>	Increased reimbursement
\$344,567	Total Increase, 1966-67 over 1965-66.

Review of Accomplishments

The annual average membership of 1,641 was cared for by 742 filled positions in 1964-65. The 1,678 members on December 14, 1964, included 73 Spanish American War Veterans, 1,075 veterans of World War I, 503 of World War II and 27 from the Korean War and other conflicts.

Most of the releases recorded are actually transfer of members within the home to benefit from the appropriate level of care. The 695 releases from the hospital in 1965 included 48 to the outside, 181 deceased and 466 (67 percent) to the annexes or barracks. The 271 releases from the annexes included 37 outside, four deceased and 230 (85 percent) to the hospital and barracks. The 1,008 releases from the barracks included 263 to the outside, 10 deceased and 725 (72 percent) to the annexes and hospital. The total movement of 1,974 members included 348 (18 percent) to the outside, 195 (10 percent) deceased and 1,421 (72 percent) to other sections of the Veterans Home.

Recommendations

Two positions were added and four deleted administratively to adjust the work force to the task to be accomplished. These actions included the establishment of an intermediate stenographer to assist in the hospital annexes in lieu of two member company commanders; substitution of a groundsman for an automotive equipment operator, and deletion of a barber. The budget also proposes deletion of five food service assistants to reflect the reduced number of domiciliary patients served in the main dining room and elimination of a member laborer position. *We recommend approval of these changes.*

Two new positions are proposed to absorb increased workload. The workload of three clerks responsible for personnel matters increases in almost direct proportion to the number of staff added. The high rate of turnover and need to serve approximately 100 Post Fund employees aggravates the problems caused by the staff increases. *We recommend approval of an intermediate typist-clerk position to augment the personnel staff because of the increased workload.*

The intermediate cashier clerk is requested because Post Fund related workload has increased significantly. The number of accounts has increased from 1,065 to 1,913 (80 percent) in six years and the amount deposited has increased from \$688,667.18 to \$1,160,527.44 (74 percent) in six years. The recently initiated program of providing bedside banking service imposes additional time demands on the accounting personnel. The Post Fund realizes approximately \$50,000 per

Veterans Home of California—Continued

year revenue from this activity but does not support the cost of maintaining it. *We recommend approval of the position but a deletion of the \$4,452 General Fund cost of support.* A Post Fund reimbursement should be provided to properly match the banking revenue and costs involved.

The commandant of the Veterans Home retired in 1964 and the medical deputy director of the department assumed administrative responsibility in recognition of the changing character of the needs of the home members. The commandant position has been carried as authorized, but vacant, despite the lack of any intention of filling it again. The authorization should be withdrawn and the \$15,432 amount budgeted should be subtracted from line 65, for salaries and wages and from line 66, for salary savings, budget page 1008.

There are 96.9 paid member positions on the staff of the home. The budget general analysis paraphrases the rule of the home that "unless employed at the home or excused by the chief of medical services, all domiciliary members are required to perform work therapy duties." An inequity exists in the extent to which this rule is enforced. Those that "perform work therapy" according to the rule are not paid while 96.9 others are. Company commanders and members of the guard are paid for leadership duties in what might be considered the self-government operation of the domiciliary units. These positions would be honorary in an organization outside the home and it is difficult to justify the need to compensate them in addition to the full maintenance provided by the state. *We recommend that the department review its policy regarding member pay and demonstrate clearly why savings to the state cannot be achieved by a revision to the practice that exists.*

We recommend approval of the full \$141,614 program augmentations proposed. Twelve positions and \$125,783 is required to staff an intensive care ward for those patients who require concentrated attention for a limited time. We reviewed ward staffing for the remaining hospital and find the level is comparable to the minimum level for chronic patients in other hospitals. The alternative of diluting the staffing of other wards in order to free the staff required for an intensive treatment ward is unrealistic.

The improved program of physical medicine is designed to generate an awareness of the technique of and need for motivating patients so they will help themselves. The cost of their care will diminish if the self-help program successfully accelerates recovery and need for less intensive levels of care. Two positions are requested in lieu of the current \$10,000 contract arrangement for a net \$15,831 increased cost of the program.

POLICY OPTIONS

There are other kinds of care that may possibly pay off on an economic basis as well as the humanistic basis should funds be available to support them. For example, an inhalation therapy program proposed by the department but rejected because of the pressing need to limit expenditures is particularly important to a hospital for geriatric

Veterans Home of California—Continued

patients. Given the knowledge of the value of such treatments and the opportunity to take advantage of them, many of the Veterans Home members might willingly pay for such treatments. But the members of the Veterans Home are the only veterans in any public hospitals in the state who may receive their full income and pensions without any obligation to provide for a portion of their maintenance.

Management Survey 1126 published by the Department of Finance, December 28, 1960, recommended that "a system of charges for care, support, maintenance, and medical attention be adopted" and administered by the Veterans Home. The report indicated the state would experience a net revenue of approximately \$500,000 per year if such action were taken and that pending repeal of certain federal legislation the revenue might be \$1,700,000 per year. The average monthly income per member at that time was \$123. The federal legislation has been repealed and the 1963-64 income for 1,747 members was \$3,138,422 or approximately \$149 per member per month. A conservative estimate of the revenue possible if members were charged in relation to their ability to pay might be \$1,500,000 per year.

Public Law 86-211 provides that no pension in excess of \$30 per month shall be paid a veteran without dependents who is being furnished hospital or domiciliary care in a Veterans Administration facility. Section 6657 of the California Welfare and Institutions Code authorizes the Department of Mental Hygiene to use funds in excess of \$500 in the patient's personal deposit fund for payment of the care, support, maintenance and medical attention of the patient.

The option of charging veterans who are partially able to finance the cost of their support requires new legislation. It would rectify current inequities and generate revenue that might be earmarked to improve medical care for the veteran charged.

We recommend approval of the item subject to the modifications discussed above.

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

ITEM 298 of the Budget Bill

Budget page 1010

**FOR SUPPORT OF WOMAN'S RELIEF CORPS HOME
FROM THE GENERAL FUND**

Amount requested	\$3,900
Estimated to be expended in 1965-66 fiscal year	4,900
Decrease (20.4 percent)	<u>\$1,000</u>

TOTAL RECOMMENDED REDUCTION None

ANALYSIS AND RECOMMENDATION

The Woman's Relief Corps Home was established in 1897 to care for widows and dependent, destitute, unmarried daughters of Union Army veterans of the Civil War. The sole remaining member is cared for in a private nursing home pursuant to a \$3,600, annual contract with the department and \$300 is proposed each year for hospital care, should it be required. The \$3,600 contract amount was sufficient in

Woman's Relief Corps Home—Continued

1964-65 but an additional \$1,300 was required for medical attention in 1965-66 increasing the estimated total cost of care for the year to \$4,900.

We recommend approval of the item as budgeted.

Department of Veterans Affairs

UNITED SPANISH WAR VETERANS COMMISSION

ITEM 299 of the Budget Bill

Budget page 1010

FOR SUPPORT OF UNITED SPANISH WAR VETERANS COMMISSION FROM THE GENERAL FUND

Amount requested	\$3,400
Estimated to be expended in 1965-66 fiscal year	3,400
Increase	None

TOTAL RECOMMENDED REDUCTION \$3,400

GENERAL PROGRAM STATEMENT

The Legislature, in 1957, created the commission to promote and provide for the welfare of and assist in the maintenance of headquarters of the Department of California, United Spanish War Veterans. The commission is required to meet annually or more frequently at the call of the elected chairman.

ANALYSIS AND RECOMMENDATIONS

The \$3,400 level of support has been static since creation of the commission. We have recommended deletion of the support of the commission in our past several analyses because the Department of Veterans Affairs is staffed to assist this special group of veterans as it does all other veterans. We continue to question the policy of the state financing two separate state agencies which are responsible for the welfare of a single group.

We recommend deletion of the \$3,400 proposed.

ADVISORY COMMISSION ON INDIAN AFFAIRS

ITEM 300 of the Budget Bill

Budget page 1011

FOR SUPPORT OF THE ADVISORY COMMISSION ON INDIAN AFFAIRS FROM THE GENERAL FUND

Amount requested	\$45,201
Estimated to be expended in 1965-66 fiscal year	33,139
Increase (36.4 percent)	\$12,062

Increase to improve level of service..... \$12,062

TOTAL RECOMMENDED REDUCTION None

GENERAL PROGRAM STATEMENT

The Advisory Commission on Indian Affairs was established in 1961 under Section 8110 of the Government Code with the purpose of studying the problems of the American Indian in California, which includes