

OPTIONS FOR REDUCING STATE AND LOCAL ADMINISTRATIVE COSTS:
A REVIEW OF FIVE PROPOSALS SUBMITTED BY THE COUNTY SUPERVISORS'
ASSOCIATION OF CALIFORNIA

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INTRODUCTION

Senate Bill 1477 (Ch 1638/82) directs the Legislative Analyst, in conjunction with county officials, to evaluate certain recommendations for reducing the costs of administering programs for which the state and counties share responsibility. Specifically, the Legislative Analyst is directed to examine proposals submitted by the County Supervisors' Association of California (CSAC), and report his findings to the Legislature by January 1, 1984.

This report was prepared in compliance with the requirements contained in Senate Bill 1477. It summarizes our evaluation of five proposals submitted by CSAC for review pursuant to that act. The five proposals are as follows:

1. Eliminate the requirement that counties remove probation officers' reports from court records that are available for public inspection (Chapter I).
2. Transfer from the Legislature to counties the authority to set municipal court employees' staffing and salary levels (Chapter II).
3. Discontinue state Department of Social Services' on-site studies of county AFDC and food stamp cases (Chapter III).
4. Eliminate the state Department of Aging's performance audits of county aging programs (Chapter IV).
5. Repeal the requirement that counties mail bilingual homeowners' exemption forms, and instead require that the English language form contain a note in Spanish that a Spanish version is available on request (Chapter V).

This report was prepared by Nancy Rose Anton and other members of the Legislative Analyst's staff, under the supervision of Peter Schaafsma.

EXECUTIVE SUMMARY

The major findings resulting from our evaluation of CSAC's five proposals for reducing state and local administrative costs are summarized below.

CHAPTER I. PROBATION OFFICERS' REPORTS

Proposal: Eliminate the requirement that counties remove probation officers' reports from court records that are available for public inspection.

- Fiscal Effect:
1. No fiscal impact on the state.
 2. Savings to counties of approximately \$125,000 annually.

Effect on Program Beneficiaries: Potential damage to individuals mentioned in report.

CHAPTER II. MUNICIPAL COURT EMPLOYEES' STAFFING AND SALARY LEVELS

Proposal: Transfer from the Legislature to counties the authority to set staffing and salary levels for municipal courts.

- Fiscal Effect:
1. Potential unknown but probably minor savings to the state.
 2. Potential savings to counties, amount unknown.

Effect on Program Beneficiaries: No direct effect.

CHAPTER III. DEPARTMENT OF SOCIAL SERVICES ON-SITE STUDIES

Proposal: Discontinue Food Stamp Management Evaluation review.

- Fiscal Effect:
1. Savings to the state and federal government ranging from \$178,970 to \$66,020 annually, depending on whether pending requests for federal waivers are approved.
 2. Annual savings to counties, amount unknown.
 3. Potential increase in state costs if discontinuation of these reviews results in a higher error rate and federal sanctions.

Effect on Program Beneficiaries: No direct effect.

CHAPTER IV. DEPARTMENT OF AGING PERFORMANCE AUDITS

Proposal: Discontinue departmental performance audits of county programs.

- Fiscal Effect:
1. Minor savings to the State General Fund.
 2. No fiscal impact on local governments.

Effect on Program Beneficiaries: No direct effect.

CHAPTER V. BILINGUAL HOMEOWNERS' EXEMPTION FORM

Proposal: Discontinue the mandatory mailing of a bilingual form and note in Spanish on the English form that a Spanish-language form is available on request.

- Fiscal Effect:
1. No fiscal effect on the state.
 2. Net savings to counties of \$36,000 annually.

Effect on Program Beneficiaries: Minimal effect.

CHAPTER I
PROBATION OFFICERS' REPORTS

CSAC Proposal

"Eliminate the requirement to remove probation officers' reports from the public record."

Statute Affected

Section 1203.05 of the Penal Code.

Discussion

Before a person convicted of a felony (or a misdemeanor, in certain cases) is sentenced, a probation officer prepares a report on the individual. The report contains information related to the circumstances of the crime, the background of the person convicted, the person's ability to pay--and the victim's need for--restitution, and the officer's recommendation as to the appropriate disposition of the case.

Under current law, a probation officer's report is available for review by the public for 60 days after the person is sentenced. After 60 days, the report is sealed by the court and kept separate from other court documents which continue to be available for public inspection. From this date forward, a member of the public generally must obtain a court order before he or she can view the report. The report is available, however, to the defendant, the attorneys in the case, and law enforcement agencies.

Five years after a person has been sentenced, court records relating to the defendant's case may be microfilmed and then destroyed. The microfilm of the probation officer's report, however, must be prepared,

sealed, and maintained separately from other court records. Copies of the report are also held by the Department of Corrections and the Board of Prison Terms, but these copies may not be viewed by the general public.

CSAC proposes that the provision of current law requiring probation officers' reports to be maintained separately from other court documents be repealed, and that these reports be available for review by the general public.

Fiscal Effect

State. The proposal would have no fiscal impact on the state.

Local. According to the County Clerks Association, implementation of this proposal would result in county savings of approximately \$125,000 annually. These savings would result from (1) eliminating the need for separate maintenance and microfilming of probation officers' reports and (2) eliminating the need for courts to process and review requests from the public to inspect confidential reports.

Effect on Program Beneficiaries

Making a probation officer's report available to the general public for longer than 60 days after a person has been sentenced would give private citizens extended access to personal information about those mentioned in the report. Such information could include:

- o A summary of the defendant's prior criminal record, covering both juvenile and adult offenses. This could include information that has been purged from other court and law enforcement files, and information on offenses for which the defendant was not found guilty.

- o Financial information about the victim.
- o Letters from interested persons concerning the case.
- o "Any relevant facts concerning the defendant's social history," including personal information about the defendant's friends, associates, neighbors, parents, and family.

Although this information currently is available to the general public for 60 days after a person has been sentenced, the continued availability of this information potentially could be damaging to the individuals mentioned in the report.

CHAPTER II

MUNICIPAL COURT EMPLOYEES' STAFFING AND SALARY LEVELS

CSAC Proposal

"Transfer from the Legislature to counties the authority to set municipal court employees' staffing and salary levels."

Statute Affected

Article VI, Section 5(a) of the California Constitution. Sections 72000-75000 of the Government Code.

Discussion

Under current law, 54 of the 58 counties establish specific levels for the number, qualifications, and compensation for superior and justice court employees. Four counties, however--Alameda, Los Angeles, Orange, and San Francisco--do not have the authority to set these levels for superior courts. This is due to the fact that, although the Legislature has the authority to set staffing and compensation levels for all superior and justice courts, it has decided to do so only for the superior courts in those four counties. In contrast, the Legislature is constitutionally required to establish staffing and compensation levels for municipal courts.

CSAC proposes a Constitutional amendment that would permit rather than require the Legislature to establish staffing and compensation levels for municipal courts. If the Legislature decided not to set staffing and compensation levels, counties would be authorized to do so. (Although CSAC indicates that this proposal would transfer the authority to set staffing

and compensation levels from the legislature to the counties, it would in fact permit the counties to set these levels in the absence of legislative action.) This proposal would make the procedure for setting staffing and compensation levels for municipal court employees the same as for superior and justice court employees.

Fiscal Effect

State. If the Legislature is no longer required to set staffing and compensation levels for municipal courts, the number of bills introduced each year could decline. If the number of bills introduced does decline, implementation of the proposal would result in some savings to the state's General Fund. This is because a reduction in the number of bills introduced would reduce the Legislature's costs associated with such activities as drafting, printing, and monitoring legislation. The savings cannot be estimated, but probably would be minor.

Local. Counties could also realize savings from a reduction in activities associated with preparing and monitoring legislation that affects the compensation or number of court employees. There is no firm basis, however, for estimating the magnitude of these savings.

Effect on Program Beneficiaries

This proposal would have no direct effect on program beneficiaries.

CHAPTER III

DEPARTMENT OF SOCIAL SERVICES ON-SITE STUDIES

CSAC Proposal

"Discontinue the Food Stamp Management Evaluation review."

Statute or Regulation Affected

Section 18902 of the Welfare and Institutions Code.

Discussion

Background. Existing law requires counties to administer the Food Stamp program subject to the rules and regulations adopted by the Department of Social Services (DSS). The Welfare and Institutions Code does not specifically identify the types of reviews which the DSS must conduct in administering the program. Federal regulations (7 CFR, Part 275), however, specify the types of reviews to be conducted.

Currently, Federal regulations require each state to establish a performance reporting system for monitoring and improving the administration of the Food Stamp program. As part of the performance reporting system, states must collect data through management evaluation (ME) reviews. This data is then used to assess the administration of the Food Stamp program. Currently, the DSS conducts ME reviews in each county at least once every three year.

In addition to the required ME reviews, the DSS conducts quality control (QC) reviews of Food Stamp cases. The purpose of the QC review is to identify the number and types of errors being committed by county eligibility workers in processing Food Stamp applications.

CSAC proposes that the DSS-ME review of how the Food Stamp program is administered be eliminated.

California's ME Reviews Compared with Federal Requirements. Since November 1980, the DSS has conducted two different types of ME reviews. One review is a "focused" or in-depth review which we believe exceeds federal requirements. The second review is a "minimal" review which meets the minimum federal ME review requirements.

Under the minimal compliance reviews, the DSS staff selects and reviews a minimum of 100 Food Stamp case files per county for procedural problems. The focus of these reviews is on (1) the types of forms used, (2) the accessibility of Food Stamp recipients to program staff, (3) the adequacy of notices posted under the program, (4) the average waiting time for interviews, (5) the amount of time required to process Food Stamp applications and notify recipients of action taken on their applications, and (6) the disposition of unused Food Stamp coupons. State staff then issue a report containing their findings. The county has 60 days to submit a corrective action report addressing the issues and concerns identified during the review.

The focused reviews are intended to meet the same federal standards as the minimal compliance reviews, but go further. Specifically, focused reviews often encompass a greater number of case files (at least 150, instead of 100). In addition, focused reviews usually include more extensive flowcharting of the Food Stamp management process in order to track errors in the system. As part of the focused review, the state staff also conducts other reviews that are not required by the federal

government, such as a review of pending applications, "status of claims against households," and reviews of monthly caseload movement.

The DSS has requested a waiver from the federal government so that it can discontinue the once-every-three-year minimal reviews, and instead conduct only in-depth reviews in selected counties with particular problems (for example, high error rates). If this waiver is granted, it would eliminate the need for periodic reviews of each county. The DSS also proposes to combine the Food Stamp reviews with reviews of the AFDC program.

The ME Reviews Compared with Quality Control Reviews. We find that the ME and QC reviews differ in one major respect. While both the QC and ME reviews identify the number and types of errors being committed by county eligibility workers, the ME review goes further by identifying the causes of the errors. Consequently, the ME review provides information not available through the QC review.

Justification for the ME Reviews. Our analysis indicates that the state could discontinue the focused reviews and still meet federal Food Stamp review requirements. The DSS believes, however, that the focused reviews result in significant benefits to the state. Specifically, the DSS believes that the in-depth reviews help lower the dollar error rate in the Food Stamp program, by identifying the causes of error. To the extent that this enables the DSS to reduce the state's error rate, it reduces the possibility that the state will be sanctioned for errors by the federal government. In addition, if the state maintains a low error rate, it could receive additional federal funds to administer the Food Stamp program.

Fiscal Effect

State and Federal. In general, discontinuing the ME reviews, as CSAC proposes, would result in administrative savings under the Food Stamp program. The cost of conducting minimal reviews in all counties would be \$663,020 less than the cost of the DSS's current review program (that is, in-depth reviews in 20 counties and minimal reviews in the remaining 14 counties). The actual savings in administrative costs would depend on whether the DSS is successful in obtaining a waiver from the federal government to change its review program (by substituting in-depth reviews in selected counties for minimal reviews in all counties). Table 1 shows what the fiscal effect of implementing the CSAC proposal would be under various circumstances.

Table 1
Fiscal Effect of CSAC Proposal
(all funds)

Fiscal Effect	Federal Waiver Not Approved		Federal Waiver Approved	
	Minimal ME reviews in all counties (CSAC Proposal)	20 in-depth reviews plus minimal reviews in all other counties (current practice)	20 in-depth reviews only	20 in-depth FS and AFDC reviews only
1984 Estimated Costs	\$1,175,550 ^a	\$1,838,570 ^b	\$1,354,520 ^c	\$1,813,260 ^d
Savings Attributable to CSAC Proposal	--	663,020 ^e	178,970 ^e	637,710 ^e

- a. Assumes 34 minimal Food Stamp reviews at an average cost of \$34,575.
- b. Assumes 20 in-depth Food Stamp reviews at an average cost of \$67,726 and 14 minimal Food Stamp reviews at an average cost of \$34,575.
- c. Assumes 20 in-depth Food Stamp reviews at an average cost of \$67,726.
- d. Assumes 20 combined Food Stamp and AFDC in-depth reviews at an average cost of \$90,663.
- e. This is the difference between the cost of doing the minimal Food Stamp ME reviews in all counties (\$1,175,550) and this proposal.

Implementation of the CSAC proposal could, however, result in increased program costs to the state. To the extent that the minimal reviews fail to identify the causes of error in the Food Stamp program, it will be more difficult to identify the action needed to reduce error rates. This, in turn, would increase the likelihood that the federal government will impose sanctions on the state that increase state costs.

Local. It is impossible to estimate the savings to counties that would result from implementing the CSAC proposal. This is because the scope of each in-depth review depends on several factors, such as the size of the county's Food Stamp caseload, the county's error rates, and previously identified management problems within the county. Implementing the proposal would, however, reduce the number of county welfare department staff hours spent assisting the DSS in the ME reviews.

Effects on Program Beneficiaries

Discontinuing the ME reviews would have no direct effect on program beneficiaries under the Food Stamp program.

CHAPTER IV

DEPARTMENT OF AGING PERFORMANCE AUDITS

CSAC Proposal

"Discontinue the California Department of Aging performance audits that are performed during annual on-site evaluations of the Area Agencies on Aging."

Statute or Regulation Affected

Section 9306.3 of the Welfare and Institutions Code.

Discussion

Current law requires the California Department of Aging (CDA) to "monitor and evaluate programs and services administered by the department utilizing standardized methodology." In complying with this requirement, the CDA conducts three assessments during its annual on-site evaluation of Area Agencies on Aging (AAA): a performance audit, a fiscal audit, and a nutrition services audit.

CSAC proposes that the performance audit be eliminated.

The performance audit assesses an AAA's compliance with Title III regulations that have been promulgated under the Federal Older Americans Act and the Older Californians Act. This audit evaluates 18 broad areas of AAA activities, including both the functions of the board of directors and the advisory council of the AAA, as well as the day-to-day operations of the AAA. For example, the audit reviews the AAA's activities in such areas as advocacy for its service population, attracting new funds for services, managing and monitoring grants, encouraging the participation of minority contractors, and meeting the objectives specified in its area plan.

It is impossible to determine whether the CDA performance audits exceed federal reporting and auditing requirements. This is because federal requirements are broad, allowing the CDA substantial discretion in designing its reporting and auditing program. Federal regulations (45 CFR part 1321.45) require that "the State agency...conduct periodic evaluations of activities and projects carried out under the State plan, including at least annual on-site performance evaluations of each area agency" (emphasis supplied). Federal regulations, however, do not specify what is to be included in the on-site evaluation of area agencies, thereby leaving it to the discretion of the state to develop specific evaluation procedures and guidelines.

The Region IX office of the Administration on Aging (AOA) has reviewed the assessment tools used by the CDA to conduct the performance, fiscal, and nutrition services audits. The AOA advises us that it has approved all three CDA assessment tools and supports the CDA on-site evaluation efforts.

Based on our review, we have some concerns with the CDA's performance audit. Specifically, the audit measures the process, not the result. In other words, the performance audit evaluates whether an AAA has the proper operating mechanisms in place and determines compliance with regulations; it does not address the efficiency and effectiveness of those operating mechanisms in delivering services. For example, the performance audit ascertains whether the AAA has (1) used five different surveys to assess the population need and (2) determined what resources are necessary to meet that need. The audit, however, does not identify what the average

cost per client was or what percent of the assessed population need was met.

Fiscal Effect

State. Elimination of the performance audit could result in annual savings to the state's General Fund. The CDA annually evaluates each of the 33 AAAs. As noted above, this evaluation consists of performance, fiscal, and nutrition services audits. The CDA advises that each evaluation, including both on-site evaluation and home office report writing, requires an average of 60 hours in state staff time to complete. The CDA estimates that the performance audit component of the evaluation accounts for one-third of the total hours. Thus, elimination of the performance audit component would reduce the total number of state staff time spent on AAA evaluations by approximately 660 hours, or one-third of a personnel year (33 AAAs x 60 hours = 1,980 hours/year ÷ 1/3 year = 660 hours).

Local. Implementation of this proposal would not result in any savings to the counties or to the federal government. This is because the method used to allocate these funds is based in part on historical funding allocations and in part on the number of elderly within each AAA and the estimated needs of this population. Implementation of the proposal, however, would reduce the number of AAA staff hours (between 10 and 35 hours per AAA annually) spent assisting the CDA with the on-site performance audit. The AAAs could, in turn, either (1) redirect staff to perform other administrative activities or (2) reduce staff and use the funds for services.

Effect on Program Beneficiaries

Discontinuing the performance audit would have no direct effect on program beneficiaries.

CHAPTER V
BILINGUAL HOMEOWNERS'
EXEMPTION FORM

CSAC Proposal

"Discontinue the mandatory mailing of bilingual homeowners' exemption forms and note in Spanish on the English language form that a form printed in Spanish is available on request."

Statute or Regulation Affected

Section 255.8 of the Revenue and Taxation Code (Ch 1420/74).

Discussion

Under current law, the county assessor is required to mail, on or before March 15 of each year, a homeowners' exemption claim form to anyone acquiring title to an eligible dwelling after the prior year's lien date and before the March 1 lien date of the current calendar year.

Counties in which 10 percent or more of the population are Spanish surnamed or Spanish speaking must send the instruction notices accompanying the claim form in both English and Spanish. Specifically, Section 255.8 of the Revenue and Taxation Code provides that:

"...in counties having 10 percent or more persons who are Spanish surnamed or Spanish speaking according to the most recent federal decennial census, the notices required to be sent to homeowners by subdivision (b) of Section 255.3 and Section 255.4 and the instructions accompanying the claim form required to be sent to homeowners by subdivision (c) of Section 255.3 shall be in English and Spanish. Notices in Spanish may also be sent or made available in any other county, at the discretion of the county auditor."

CSAC proposes to eliminate the requirement that counties mail the instruction notices in both Spanish and English. Instead, counties would

be required to send only an English version of the notice with a notation in Spanish indicating that a Spanish version is available on request. Currently, there are 28 counties which have a population which is 10 percent or more Spanish surnamed/speaking and, therefore, are required to send homeowners' exemption instructions in both Spanish and English. Table 1 identifies these counties.

As a matter of practice, counties comply with this requirement in one of two ways. Some counties have two sets of notices and make two separate mailings; the English version is sent to all eligible recipients and the Spanish version is sent to the eligible Spanish surnamed/speaking recipients. Other counties have only one notice which is printed both in English and Spanish (typically English on one side, Spanish on the other). This notice is provided to all eligible recipients, thereby eliminating the need for a second mailing.

A survey prepared in 1976 by the Assessor's Standards Committee indicated that the Spanish version of the forms comprised less than one-half of 1 percent of all forms returned for the exemption.

Fiscal Effect

State. Implementation of the proposal would have no fiscal effect on the state.

Local. We estimate that the 28 counties which now must send out both an English and Spanish version of the instructions notice would realize annual net savings of approximately \$36,000. This estimate recognizes that several counties would incur additional costs if they were required to print and distribute separately English versions and Spanish

versions of the form. This is because in some counties these forms currently are consolidated and distributed together. The savings resulting from implementation of the CSAC proposal would range from a low of \$400 in Santa Clara County to a high of \$18,000 in Los Angeles County, while the costs would range from \$90 in Kern County to \$190 in Orange County. One county reported no fiscal effect at all. These estimates are based on a survey of 11 of the 28 participating counties, which together contain 85 percent of the Spanish surnamed/speaking population.

If in lieu of the CSAC proposal, counties were authorized to mail either a combined English and Spanish version of the instructions or an English version with a Spanish notation, the total savings could increase to \$45,000.

Table 1

Counties Required to Mail Bilingual
Homeowners' Exemption Forms

<u>County</u>	<u>Population^a</u>	<u>Spanish Speaking/Surnamed</u>	
		<u>Population</u>	<u>Percent of Total</u>
Alameda	1,136,800	134,142	11.8%
Colusa	14,000	2,730	19.5
Fresno	539,000	157,927	29.3
Glenn	22,200	2,642	11.9
Imperial	98,500	54,963	55.8
Kern	436,000	94,176	21.6
Kings	78,000	20,982	26.9
Los Angeles	7,701,400	2,125,586	27.6
Madera	69,600	18,652	26.8
Merced	143,700	36,356	25.3
Monterey	305,100	79,021	25.9
Orange	2,021,600	299,197	14.8
Riverside	719,400	135,247	18.8
San Benito	27,200	12,430	45.7
San Bernardino	971,100	179,654	18.5
San Diego	1,968,300	291,308	14.8
San Francisco	699,600	86,051	12.3
San Joaquin	375,000	72,000	19.2
San Mateo	589,400	73,675	12.5
Santa Barbara	309,200	57,202	18.5
Santa Clara	1,331,600	233,030	17.5
Santa Cruz	198,100	29,121	14.7
Solano	254,600	26,733	10.5
Stanislaus	282,100	42,315	15.0
Sutter	55,500	9,713	17.5
Tulare	259,300	77,271	29.8
Ventura	559,600	119,754	21.4
Yolo	119,700	20,469	17.1

a. Department of Finance estimate as of July 1, 1982.

Effect on Program Beneficiaries

This proposal would have minimal effect on program beneficiaries because (1) the forms would still be available in Spanish and (2) the Spanish version of the form is not heavily used.