

Item 124

Health and Welfare

State Treasurer—Continued

handle any workload in this area. The one-time programming cost indicated in Table 6 would be a required expense regardless of whether or not the consolidation takes effect. However, the Controller's office should start this programming operation immediately if the conversion is to be accomplished by July 1, 1968, because five man-months of staff effort are required.

The current separation of these two systems requires the Controller's office to expend 371 hours annually in computer time to punch certain identifying data into its warrants. If these systems were consolidated, this operation could be eliminated at an annual savings of \$5,742 in the Controller's budget which is over and above the \$59,850 indicated savings in the Treasurer's budget.

In addition to the advantages of General Fund savings and more efficient operation, this proposed ADP consolidation would establish a precedent that should be followed by other state agencies. In the past, the tendency has been for each agency to seek its own ADP system, and as a result there has been a proliferation of these systems throughout state government.

Health and Welfare Agency OFFICE OF HEALTH CARE SERVICES

ITEM 124 of the Budget Bill

Budget page 584

FOR SUPPORT OF OFFICE OF HEALTH CARE SERVICES FROM THE HEALTH CARE DEPOSIT FUND

Amount requested	\$6,863,557
Estimated to be expended in 1967-68 fiscal year	5,251,350
Increase (30.7 percent)	\$1,612,207
Increase to improve level of service	\$1,572,471

TOTAL RECOMMENDED REDUCTION

None

GENERAL PROGRAM STATEMENT

The Office of Health Care Services was established during the 1965-66 fiscal year to administer the California Medical Assistance Program and coordinate the various state departments included within its scope of activities.

This appropriation covers the costs of administration of the Medical Assistance Program in the Office of Health Care Services as well as the costs of contractual services in three other state departments, the staff and expenditures of which for 1967-68 and 1968-69 are as follows:

	Staff		Expenditures	
	Authorized 1967-68	Proposed 1968-69	Estimated 1967-68	Proposed 1968-69
Office of Health Care Services	212.7	320.7	\$2,873,804	\$4,474,994
Contractual Services:				
Department of Social Welfare	123.1	117.6	1,586,538	1,606,427
Department of Public Health	22.0	22.0	500,190	439,866
Department of Mental Hygiene	52.0	36.5	290,818	342,270
Total	409.8	496.8	\$5,251,350	\$6,863,467

Health and Welfare Agency—Continued

The detailed budgets for the contractual services are shown on pages 591 to 596 in what amounts to a memorandum explanation of the cost of the contractual services, but the actual positions are included in the budgets of the departments furnishing the services, and these presentations are not therefore to be considered as a part of the budget detail for the Office of Health Care Services.

The California Medical Assistance Program was established pursuant to Chapter 4, Statutes of 1965, Second Extraordinary Session. A Health Review and Program Council was established to function in an advisory capacity to the Governor and the Health and Welfare Agency and to advise particularly the Office of Health Care Services which directly administers the program within the Health and Welfare Agency.

ANALYSIS AND RECOMMENDATIONS

In 1967-68, 212.7 positions and related costs were authorized for the Office of Health Care Services at a cost of \$2,873,804. In fiscal year 1968-69 a total of 320.7 positions are requested at a cost of \$4,474,994, including operating expenses and equipment.

The net increase of 108 positions represents the following:

Net reduction in workload and administrative adjustments	-21
Positions originally established as workload and administrative adjustments during 1967-68, proposed for continuation in 1968-69	+18
Positions proposed for state administration of Medi-Cal in 1968-69	+111
Net Total Increase in Positions	+108

During the current fiscal year the Office of Health Care Services was administratively reorganized. The office is now divided into five major groups.

Executive: This area includes a director, a deputy director, Health Review and Program Council, Community Relations Staff and a special projects unit. This staff has as its direct responsibility the direct administration of the Medical Assistance Program.

Administration: This function is headed by an assistant director. This area's responsibilities include management evaluation and systems analysis, budgeting and accounting, personnel administration, office services, staff training and special audits. It is composed of the budgets and accounting unit, Personnel Bureau, Office Services Bureau, the Staff Development and Training Bureau and the Special Audits Bureau.

Program and Planning: This division is composed of two existing bureaus and a new proposed bureau of field services to administer state administration of the medical consultant service. The two existing bureaus are the Medical Services Bureau and the Social Services Bureau. The Medical Services Bureau is in charge of the area of quality of program benefits as to scope, level and direction and provides recommendations to various county health departments as to the quality of care provided. The Social Service Bureau is involved with the social aspects of the program both in consultant and evaluation functions. The proposed new field services bureau is designed to provide a system of full-time qualified consultants for prior authorization controls, re-

Health and Welfare Agency—Continued

view of hospital and nursing home care, development and liaison activities with local professional groups and aid in local utilization review procedures.

Program Evaluation: This division evaluates program costs, reviews utilization, develops trends and projections of future utilization and the utilizing population. This division is composed of the Operational Statistics Bureau, Program Surveillance Bureau and Program Cost Estimates Bureau.

Intermediary Contract Administration: This division works with the fiscal intermediary and plans and directs investigations of areas of suspected fraud. This division is composed of the Fiscal Intermediary Audit Bureau, the Fiscal Intermediary Operations Bureau and the Investigations Bureau.

Various responsibilities of the Medical Assistance Program have been assigned to other departments of the Health and Welfare Agency; these other departments include Social Welfare, Public Health and Mental Hygiene.

Department of Social Welfare: This department has the responsibility in the Medical Assistance Program for supervision of county operations for eligibility determination and eligibility certification, provides social and medical services as required, federal reports, and reports and studies as requested by the Office of Health Care Services. In 1968-69 a total of 117.6 Medical Assistance Program positions are requested and total expenditures of \$1,606,427 are proposed. During the current year the Department of Social Welfare has 123.1 authorized positions and total expenditures of \$1,586,538.

Department of Mental Hygiene: This department has the responsibility for providing care for mental patients who are eligible for health care program benefits, and acquiring reimbursements to the state. An average of 2,433 patients in 14 hospitals are estimated to receive medical care during 1968-69 under this program. 36.5 positions and total expenditures of \$342,270 are requested for 1968-69 as compared with 52 authorized positions and total expenditures of \$290,818 in 1967-68.

Department of Public Health: This department has as its responsibility in the program an automated data processing system used for program surveillance over possible abuses. This department also provides reports and statistics on various providers of service and scope of utilization for use by the Office of Health Care Service. There are 22.0 positions requested and total expenditures of \$439,866 for 1968-69. In 1967-68 there were 22 positions authorized and total expenditures of \$500,190

Proposed State Administration of Medical Consultant Services

A new field services bureau is proposed in the budget for the Program and Planning Division. This bureau will establish district and regional offices which will directly administer the medical consultant services in the Medical Assistance program which is a form of direct state administration of Medi-Cal utilization controls.

This function is now administered at the county level with medical consultants either in the county welfare department or county health

Health and Welfare Agency—Continued

department. This consultant service provides review and approval of all benefits for which prior authorizations are required. This includes some physician services, some dental, chiropractic, podiatric and optometric services. In addition after February 1, 1967 the authorization of a medical consultant was required for placement in a nursing home. Prior authorization is requested by either the provider of service or the recipient, and referred by the county welfare department to the applicable medical consultant for review.

The justification for this proposed change to direct state administration is that major inadequacies exist in the present system. These are: lack of uniformity between counties; inadequate consultant services in some areas (part-time consultants); sensitivity to local pressures; consultants responsible to nonmedical supervisors; inability of the state to give firm direction, evaluate performance and assure uniformity.

The proposal to remedy this situation is direct state administration of these utilization controls. The services to be provided by state administration would be to: provide prior authorization controls for service where necessary; provide on-site review of hospital short- and long-term care and nursing home and extended care facilities; stimulate development of alternate care facilities; provide liaison with local professional groups and participate in local utilization review procedures; provide field coordination in social services on an individual, institutional and community basis and interpret policies and procedures; evaluate local needs and effectiveness of services provided; provide reports and recommendations to the Office of Health Care Services.

The proposed bureau will be composed of 12 district offices and three regional offices. Counties able to justify a local county office which meets the state's standards on effectiveness will be permitted to contract with the state for costs of performance of this service in lieu of a state administered district office. The staff of this bureau will be composed of full-time consultants in lieu of the local part-time consultants and administrative and social services personnel.

The present local administration, if continued, is estimated to cost \$1,875,898 in fiscal year 1968-69. If the state were totally administering this service in 1968-69 the estimated cost would be \$3,155,548 for 170 authorized positions. The cost for the service currently performed by the counties is reimbursed to the counties as part of their county administration cost from the Health Care Deposit Fund. The medical consultant service is estimated to represent 19 percent of the counties' administrative charges to that fund. Under either state or county administration, the federal government would participate in approximately 59 percent of the cost. Because of this federal sharing, the total estimated cost to the General Fund for this proposal for 1968-69 fiscal year is \$1,171,973 and the cost to the General Fund under the present county administration is \$769,118 for 1968-69.

The proposal in the 1968-69 Budget is a "phasing-in" of the program with 111 authorized positions in 1968-69 (49 positions and five offices July 1968 and 62 positions and four offices in January 1969) and 59 positions in 1969-70 for the remaining three offices. The cost of

Health and Welfare Agency—Continued

the proposal is as follows: \$1,572,471 for direct state administration and \$1,013,000 at the county level funded out of the Health Care Deposit Fund for a combined cost of \$2,585,471 in 1968-69. This amounts to an additional cost of \$709,573 for this partial implementation of the plan, with a phased-in or full-year cost of \$3,155,548; i.e., \$1,279,650 will be the added cost for total state administration. The difference represents an increased provision of service by direct state administration which is represented as being justified by a correction of what are believed by the Office of Health Care Services to be existing inadequacies in local administration of this service. This proposal hopes to achieve as a result more effective utilization of the Medical Assistance program with total savings in excess of the added administrative cost.

The establishment of direct administration of the medical consultant services generates a number of questions. The first question relates to the area of presumed savings and whether they reflect reduced services or reductions only in cost of services.

Secondly, not only are there significant questions as to the types of controls which would be placed on utilization but utilization control, as such, may have been overemphasized as a method to be applied by fiat from the Office of Health Care Services. Alternative approaches include purchase of prepaid comprehensive medical care with an economic self-interest in reducing overutilization.

For this reason we believe state administration of the kind proposed here must be considered alongside of other program approaches which could affect materially both the form and financial costs of state administration. *For this reason, we withhold a recommendation on this item pending consideration of such alternatives.*

**Health and Welfare Agency
CALIFORNIA COMMISSION ON AGING**

ITEM 125 of the Budget Bill

Budget page 598

**FOR SUPPORT OF CALIFORNIA COMMISSION ON AGING
FROM THE GENERAL FUND**

Amount requested	\$120,000
Estimated to be expended in 1967-68 fiscal year	120,943
Decrease (0.8 percent)	\$943

TOTAL RECOMMENDED REDUCTION None

GENERAL PROGRAM STATEMENT

The California Commission on Aging formerly known as the Citizens Advisory Committee on Aging was established in 1956 and advises the Governor on the needs of California's senior citizens. In 1965 the Legislature added Section 18357 to the Welfare and Institutions Code which authorized the commission to act as the administrative agency for the implementation of Title III (Community Grants) of the Older Americans Act, Section 303 (a) of Public Law 89-73. There are now 29 Older Americans Act projects in existence and 40 projects estimated to be in existence by the end of June 1968.

California Commission on Aging—Continued
ANALYSIS AND RECOMMENDATIONS

Staff and Expenditures, 1965-66—1968-69

<i>Fiscal year</i>	<i>Staff</i>	<i>State</i>	<i>Federal</i>	<i>Total</i>
1965-66 (actual) -----	4.8	\$53,869	\$13,396	\$67,265
1966-67 (actual) -----	9.1	92,457	532,904	625,361
1967-68 (estimated) -----	11.5	120,943	298,800	419,743
1968-69 (proposed) -----	12.5	120,000	528,555	648,555

There are 12.5 positions requested for 1968-69, which is an increase of an additional authorized position over the number authorized in 1967-68. The estimated cost of \$648,555 for fiscal year 1968-69 is composed of \$120,000 from the General Fund which is the state's share of cost for the 12.5 positions, and \$528,555 in federal funds for the actual local projects. This budget request will support an estimated 65 older persons community projects in 1968-69. This is an anticipated increase of 25 Older American Act projects between June 1968 and June 1969. The new projects will be similar to existing projects except they will be located in areas which do not presently have such projects. Projects consist of local committees on aging, senior citizens clubs and centers instigated by the local public entity and the many nonprofit voluntary agencies serving the aged.

Included in total expenditures, classified as operating expenses, budget page 599, line 35, are the following amounts for "Older American Projects:"

1966-67 actual -----	\$491,670
1967-68 estimated -----	268,920
1968-69 proposed -----	475,699

These are further classified for 1967-68 and 1968-69 on budget page 599, lines 5 to 10 as follows:

	1967-68	1968-69
Community planning and development -----	\$143,920	\$286,000
Multipurpose centers -----	50,000	114,699
Information and referral centers -----	40,000	
Training of community leaders -----	35,000	75,000
Total -----	\$268,920	\$475,699

All of the expenditures involved are made from federal grants.

The federal government, through the California Commission on Aging, grants local public or private agencies administering the projects federal funds as follows:

<i>Period covered</i>	<i>Federal share</i>	<i>County share</i>
First year -----	75%	25%
Second year -----	60	40
Third year -----	50	50
Over three years -----	0	100

We recommend approval of this item as budgeted.

STATE AIR RESOURCES BOARD

ITEM 126 of the Budget Bill

Budget page 600

FOR SUPPORT OF THE STATE AIR RESOURCES BOARD
FROM THE GENERAL FUND

Amount requested	\$594,715
Estimated to be expended in 1967-68 fiscal year	549,918
Increase (8.1 percent)	\$44,797
TOTAL RECOMMENDED REDUCTION	None

GENERAL PROGRAM STATEMENT

The Air Resources Board is the state agency which is responsible for providing a coordinated effort to meet the problems occasioned by air pollution. The board is responsible for establishing ambient air quality standards for each basin as well as statewide compliance with motor vehicle emission standards and control of emissions from non-vehicular sources.

The program of the board to carry out these responsibilities contemplates:

- (1) Divide the state into air basins by January 1, 1969.
- (2) Adopt ambient air quality standards for each basin.
- (3) Adopt standards for emissions of motor vehicles.
- (4) Adopt rules and regulations as required.
- (5) Adopt emission standards for all air pollution sources.

This will require studies of the effects of air pollution on human plant and animal life as well as study of the factors causing air pollution. It will require, after establishment of air basins, that each will be inventoried for sources of air pollution. Monitoring of pollutants will be a continuing responsibility.

The State Air Resources Board was created effective December 1, 1967, by Chapter 1545, Statutes of 1967. This statute authorized the board to coordinate administration, research and air conservation activities within the state and to succeed to the duties and responsibilities of the former Motor Vehicle Pollution Control Board which ceased to function upon the effective date of Chapter 1545. The Air Resources Board consists of 14 members, including 9 members appointed by the Governor and 5 ex officio members who are directors of state departments.

ANALYSIS AND RECOMMENDATIONS

The Air Resources Board proposes total support of \$2,005,709, including \$594,715 in General Fund support from this item, \$1,082,997 in Motor Vehicle Fund support from Item 127, and \$327,997 in federal funds for special project activities which is scheduled in the budget on page 603.

The Air Resources Board inherited the fiscal and staff resources of the Motor Vehicle Pollution Control Board and State Vehicular Pollution Laboratory as of December 1, 1967. In addition, support of related activities was transferred to it from the Department of Public Health's Bureau of Air Sanitation, the air segment of the Air and Industrial Hygiene Laboratory, and administration services.

Health and Welfare

Items 127, 128

State Air Resources Board—Continued

The following comparison of estimated current year and proposed budget year Air Resources Board expenditures reflects the aforementioned transfers of duties and responsibilities:

	1967-68	1968-69
Chapter 1545, Statutes of 1967, appropriation-----	\$100,000	
Above appropriation extended to budget year-----		\$100,000
Transfer balance of Motor Vehicle Pollution Control Board appropriation, Item 131, Budget Act of 1967 (7 months)-----	278,791	
Above appropriation extended to budget year-----		477,525
Transfer balance of State Vehicular Pollution Laboratory appropriation Item 128, Budget Act of 1967, (7 months)-----	171,127	
Above appropriation extended to budget year-----		223,331
Transfer of related functions from Department of Public Health to Air Resources Board:		
Bureau of Air Sanitation-----		541,542
Air segment of Air and Industrial Hygiene Laboratory Administration-----		222,023
		57,913
Increased Motor Vehicle Fund support for two additional vehicle coordinators and one clerk-----		55,378
Federal support of special project research activity--	362,237	327,997
 Total Air Resources Board Program Level-----	 \$912,155	 \$2,005,709
General Fund-----	(549,918)	(594,715)
Motor Vehicle Fund-----		(1,082,997)
Federal funds-----	(362,237)	(327,997)

We recommend approval.

STATE AIR RESOURCES BOARD

ITEM 127 of the Budget Bill

Budget page 600

FOR ADDITIONAL SUPPORT OF THE STATE AIR RESOURCES BOARD FROM THE MOTOR VEHICLE FUND

Amount requested----- \$1,082,997
Estimated to be expended in 1967-68 fiscal year----- None

TOTAL RECOMMENDED REDUCTION----- None

ANALYSIS AND RECOMMENDATIONS

This item represents additional support for the State Air Resources Board from the Motor Vehicle Fund and is included in our analysis of Item 126.

We recommend approval.

OFFICE OF ATOMIC ENERGY DEVELOPMENT AND RADIATION PROTECTION

ITEM 128 of the Budget Bill

Budget page 604

FOR SUPPORT OF THE OFFICE OF ATOMIC ENERGY DEVELOPMENT AND RADIATION PROTECTION FROM THE GENERAL FUND

Amount requested----- \$55,414
Estimated to be expended in 1967-68 fiscal year----- 55,003

Increase (0.7 percent)----- \$411

TOTAL RECOMMENDED REDUCTION----- \$55,414

Office of Atomic Energy Development and Radiation Protection—Continued

Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
Delete Item -----	\$55,414	604	5

GENERAL PROGRAM STATEMENT

The Office of Atomic Energy Development and Radiation Protection has an advisory and coordinative responsibility for atomic energy development and radiation protection in California. This activity is carried out by the coordinator who advises the Governor and the Legislature and coordinates the activities of various public agencies within California as well as with other states and the federal government.

ANALYSIS AND RECOMMENDATIONS

The budget proposes General Fund support of \$55,414 for this office. This is \$411 more than the \$55,003 which is estimated to be expended during the current year.

In our 1967-68 Analysis of the Budget Bill we concluded that the Department of Public Health's radiological health unit and radiation laboratory had the competence to carry on the limited number of functions, duties and responsibilities remaining with the Office of Atomic Energy Development and Radiation Protection and recommended that the office be abolished.

The budget does not include a proposal to integrate the Office of Atomic Energy Development and Radiation Protection with another agency. However, we understand that the Resources Agency element of the Proposed Executive Reorganization Plan proposes to transfer the Office of Atomic Energy Development and Radiation Program from the Health and Welfare Agency to the Resources Agency in order to permit the Resources Agency Office to coordinate all resource aspects of the agency with regard to each new use of atomic energy and each public and private project utilizing such material.

Pending receipt of information on the reorganization proposal we have no alternative but to repeat our previous recommendation that support for the agency be deleted and activities be assumed by the Department of Public Health.

Department of Mental Hygiene

SUMMARY

Budget page 605

EXPENDITURES FOR MENTAL HYGIENE

Amount proposed to be expended -----	\$254,910,185
Estimated to be expended in 1967-68 fiscal year -----	243,083,096
Increase (4.6 percent) -----	\$11,827,089

The expenditure program of the Department of Mental Hygiene, which totals \$254,910,185, is financed in part by General Fund appropriations, in part by federal grants, in part by reimbursements and in part by local participation. This is summarized in Table 1 by activity as presented in the budget document.

Table 1
Department of Mental Hygiene
Summary of Activities, 1968-69 and Change From 1967-68

<i>Budget page</i>	<i>Activity</i>	<i>Budget Bill item number</i>	<i>General Fund</i>	<i>1968-69</i>			<i>Change from 1967-68</i>	
				<i>Federal funds</i>	<i>Reimbursements</i>	<i>Total¹</i>	<i>Amount</i>	<i>Percent</i>
617	Departmental administration -----	130	\$5,484,325	\$524,250	\$361,270	\$6,369,845	\$-62,661	-0.9
624	Special project activities -----			5,813,323 ²	223,672	5,536,995	+113,775	+2.1
628	Neuropsychiatric institutes -----	132	9,850,205			9,850,205	+572,020	+5.8
635	Hospitals for the mentally ill -----	133	117,817,764	175,012	476,808	118,469,584	-3,510,077	-3.0
638	Hospitals for the mentally retarded -----	134	57,064,100		102,589	57,166,689	+2,178,916	+3.8
613	Program augmentations -----	129	3,109,832			3,109,832	+3,109,832	
619	Research programs -----	131	1,203,097	250,000		1,453,097	-39,488	-2.7
	Total Support -----		\$194,529,323	\$6,262,585	\$1,164,339	\$201,956,247	\$+2,362,317	+1.2
1162	Local assistance—Short-Doyle -----	288	27,500,000		25,453,938 ³	52,953,938	+9,464,772	+17.9
	Total -----		\$222,029,323	\$6,262,585	\$26,618,277	\$254,910,185	+\$11,827,089	+4.6

¹ Does not agree with amounts shown on budget page 605 because reimbursements have been included.

² Shown in budget as a reimbursement, page 624, line 68.

³ Includes local participation and other adjustments, budget page 1162.

Table 2
Average Population Trend 1959-60—1968-69

<i>Patient category</i>	<i>Actual</i>								<i>Estimated</i>	
	<i>1959-60</i>	<i>1960-61</i>	<i>1961-62</i>	<i>1962-63</i>	<i>1963-64</i>	<i>1964-65</i>	<i>1965-66</i>	<i>1966-67</i>	<i>1967-68</i>	<i>1968-69</i>
Mentally ill -----	36,207	35,584	34,745	34,191	32,927	30,518	27,517	23,527	19,836	17,148
Mentally retarded -----	10,879	11,427	11,561	11,910	12,579	12,893	13,081	13,096	13,319	13,609
Total pop- ulation -----	47,086	47,011	46,306	46,101	45,506	43,411	40,598	36,623	33,155	30,757

Summary—Continued

The Department of Mental Hygiene carries out its responsibility through five programs:

1. Departmental administration which includes the executive function and the various bureaus responsible for budget planning and analysis, departmental accounting, legal, data processing, nutrition, personnel, facilities planning, management analysis, patient's benefits, general services, and insurance development and coordination services.
2. Research into the cause, nature, prevention and treatment of mental disorder and mental retardation at the state hospitals and headquarters and at the neuropsychiatric institutes.
3. Ten hospitals for care and treatment of the mentally ill throughout the state.
4. Four hospitals for care and treatment of the mentally retarded throughout the state.
5. Assistance to community mental health services in which it proposes to provide community psychiatric (Short-Doyle) services in 46 local jurisdictions.

Total mental health expenditures of \$254,910,185 are proposed in 1968-69 to implement the five mental health programs. This is \$11,827,089 or 4.6 percent more than the \$243,083,096 which is estimated to be expended for this purpose during the current year.

The budget provides for the receipt of \$949,262 in federal funds for the support of departmental operations and \$5,313,323 in federal reimbursements for research and special project activities.

The remaining source of reimbursement in the budget year is the estimated \$1,164,339 which will be received from such sources as services to employees and other agencies and surplus product sales.

The central issue in our Mental Hygiene Analysis will continue to revolve around the fact of and effect of the dramatic decline in our mentally ill population and the growth in community based care. Table 2 illustrates the decline in the average mentally ill population from 36,207 in 1959-60 to a projected 17,148 in 1968-69, a decline of 19,059 or 53 percent, over this 10-year period. The mentally retarded population, however, has gradually increased from 10,879 in 1959-60 to a projected 13,609 in 1968-69, an increase of 2,730 or 25 percent, over this same 10-year period. The mentally retarded population thus utilizes an increasing proportion of the direct services of the department. On the basis of the recent departmental projections, the mentally retarded hospital population should exceed the mentally ill hospital population at some point during the 1970-71 fiscal year.

Among the more important causes in this continuing decline in the mentally ill population are the increased use of social assistance programs to support released patients, increased use and effectiveness of tranquilizing drugs, extension of positive treatment attitudes among the hospitals, and the development of community based psychiatric programs. The challenges posed by this continued decline in our mentally ill population are assessed in our Analysis of Hospitals for the Mentally Ill (Item 133).

Summary—Continued

State Mental Hospitals

The department operates the following fourteen hospitals for the mentally ill and mentally retarded, including six hospitals where the entire patient population is mentally ill, four hospitals with a mixed population of mentally ill and mentally retarded, and four hospitals where the entire patient population is mentally retarded:

Hospitals for Mentally Ill

- | | |
|-----------------|-------------|
| 1. Atascadero | 4. Modesto |
| 2. Mendocino | 5. Napa |
| 3. Metropolitan | 6. Stockton |

Hospitals for Mentally Ill and Mentally Retarded

- | | |
|--------------|------------|
| 7. Agnews | 9. DeWitt |
| 8. Camarillo | 10. Patton |

Hospitals for Mentally Retarded

- | | |
|--------------|-----------------|
| 11. Fairview | 13. Porterville |
| 12. Pacific | 14. Sonoma |

Farming

The department currently maintains farming operations at the following five hospitals:

<i>Hospital</i>	<i>Swine</i>	<i>Dairy</i>	<i>Field crops</i>
Agnews -----	yes	no	yes
Camarillo -----	no	yes	yes
Mendocino -----	yes	yes	yes
Patton -----	yes	yes	yes
Sonoma -----	yes	yes	no
Totals -----	4	4	4

The support budgets for the mentally ill and mentally retarded hospitals indicate that farming operations not providing products with a value in excess of costs will be phased out of operation in 1968-69 and that Correctional Industries will thereafter provide these products. Surplus land is to be sold as determined appropriate.

This budget proposal should be encouraged in view of the questionable therapeutic value of farming as a treatment technique, the rapid decline in patient population, the reduced availability of patient help and the reduced food requirements of the state hospitals.

Hospital Acreage

The Department of Mental Hygiene currently controls over 11,000 acres of land surrounding the 14 hospitals for the mentally ill and mentally retarded and a 208-acre site in San Fernando. Table 3 shows the utilization of this acreage by hospital location.

Table 3
Utilization of Hospital Acreage

<i>Hospital</i>	<i>Total acreage</i>	<i>Buildings, streets and landscaped area</i>	<i>Crops</i>	<i>Pasture</i>	<i>Forest or brush</i>	<i>Other</i>
AGNEWS—West Area -----	320.87	150	170 ¹	0	0	0
AGNEWS—East Area -----	387.06	137	250 ¹	0	0	0
ATASCADERO -----	1,187.64	80	0	400 ¹	708	0
CAMARILLO -----	1,648.67	260	690	300	400	0
DE WITT -----	225.11	150	0	0	75	0
MENDOCINO -----	1,281.40	141	500 ²	0	640	0
METROPOLITAN -----	181.69	160	22 ³	0	0	0
MODESTO -----	220.66	120	0	0	0	100
NAPA -----	1,519.92	220	200 ⁴	200	900	0
PATTON -----	634.23	204	300	100	30	0
STOCKTON—South Area -----	100.00	100	0	0	0	0
STOCKTON—North Area -----	155.60	80 ⁵	0	0	0	76
FAIRVIEW -----	389.72	140	0	0	0	250 ¹
PACIFIC -----	494.75	175	200 ¹	0	120	0
PORTERVILLE -----	668.26	168	0	0	0	500
SONOMA -----	1,685.03	200	385 ⁶	0	1,100	0
SAN FERNANDO (Site) -----	208	0	0	208 ¹	0	0
TOTALS -----	11,308.61	2,484	2,717	1,208	3,973	926

¹ Leased to others.

² Includes irrigated pasture 200+ acres.

³ Leased to others for nursery.

⁴ Orchard.

⁵ Includes 67 acres declared surplus.

⁶ Includes 100+ acres orchard leased to others.

Summary—Continued

We recommend that the Legislature direct the Department of Mental Hygiene to review the utilization of all hospital acreage and submit a recommendation to the Department of General Services and the Legislature as to that acreage which is surplus to the needs of the hospitals. This report to be made to the 1969 Session of the Legislature.

A review of the acreage on a hospital-by-hospital basis would appear to indicate that it is presently far in excess of any projected need. On the average, approximately only 21 percent of the land area is being directly utilized.

Judicious disposal of surplus acreage could result not only in economies associated with the elimination of existing fire protection, security and maintenance costs, but also in more effective use for either public or private purposes.

Sick Leave

The latest available figures indicate that the sick leave rate for the Department of Mental Hygiene has again increased over the prior year. Table 4 compares statewide sick leave and the department's sick leave rate over the past 10 fiscal years:

Table 4
Average Number of Days of Sick Leave per Year per Employee

<i>Fiscal year</i>	<i>State average *</i>	<i>Mental Hygiene average</i>	<i>No. days above state average</i>
1956-57	6.4	8.2	1.8
1957-58	6.9	8.2	1.3
1958-59	7.1	8.8	1.7
1959-60	7.4	9.0	1.6
1960-61	7.0	9.1	2.1
1961-62	7.4	9.1	1.7
1962-63	7.5	8.8	1.3
1963-64	7.8	8.7	0.9
1964-65	7.6	8.6	1.0
1965-66	7.9	9.0	1.1
1966-67	7.7	9.1	1.4

* Rate includes Mental Hygiene, which employs approximately 20 percent of the state's full-time employees and is adjusted to exclude the state colleges.

We recommend that the Legislature direct the Department of Mental Hygiene to develop and implement a workable program for the reduction of sick leave which has the support of top management and the full participation of supervisory personnel in all departmental facilities and report the details of this program to the 1969 Session of the Legislature.

The control of sick leave should receive immediate attention from top management and supervisory personnel of the Department of Mental Hygiene.

During 1965-66, the last year for which detailed information is available, 193,239 days of sick leave were used. This was equivalent to having 814 employees off work for the entire year and represents approximately \$4½ million which the state paid in wages and salaries for

Summary—Continued

services which were not rendered. Because the average Mental Hygiene employee took 1.1 more days of sick leave than the average state employee in that year, Department of Mental Hygiene costs attributable to this excess exceeded \$600,000.

This department's immediate goal should be to bring its sick leave rate in line with the 1966-67 statewide average of 7.7 days per employee. This is a realistic objective in view of the fact that the Department of Corrections and the California Youth Authority, which are large state institutional agencies, both have sick leave rates which were 1.0 and 1.1 days respectively below the 1966-67 state sick leave average of 7.7 days per employee.

DEPARTMENT OF MENTAL HYGIENE

ITEM 129 of the Budget Bill

Budget page 610

IN AUGMENTATION OF THE DEPARTMENT OF
MENTAL HYGIENE FROM THE GENERAL FUND

Amount requested ----- \$3,109,832

TOTAL RECOMMENDED REDUCTION ----- None

ANALYSIS AND RECOMMENDATIONS

The budget proposes a program augmentation in the amount of \$3,109,832 from the General Fund to support the mental retardation program at the Neuropsychiatric Institute—UCLA and additional nursing and treatment staff for the hospitals for the mentally ill and mentally retarded. Because these program augmentations will not be fully implemented during the budget year the full year's General Fund cost will total approximately \$5,900,000, as estimated by the Department of Finance.

Mental Retardation Program—Research and Training—

*Neuropsychiatric Institute—UCLA (budget page 612,
line 43) -----*

\$1,354,153

The program augmentation proposes \$1,354,153 as the initial support of a 250.8-man mental retardation research staff at the Neuropsychiatric Institute—UCLA. The full year's cost of this augmentation, if approved, will be \$2,400,000 (Department of Finance estimate). The mental retardation program staff is proposed to be housed in a mental retardation addition to the Neuropsychiatric Institute—UCLA which is under construction and should be completed and ready to accept in-patients by April 1969.

The mental retardation research program will provide training in the problems of mental retardation for psychiatric residents physicians, nurses and other professional disciplines.

This program, which should hopefully provide long-term answers to the causes and prevention of mental retardation, includes a mental retardation post-hospitalization unit to evaluate the long-term effectiveness of various treatment approaches.

We recommend approval.

Department of Mental Hygiene—Continued

Hospital Services

Additional nursing staff—Hospitals for the mentally retarded (budget page 612, line 84)----- \$1,062,485

The program augmentation proposes \$1,062,485 for the initial support of 312 psychiatric technicians to provide increased nursing services at Fairview, Pacific, Porterville and Sonoma State Hospitals for the Mentally Retarded. The full year's cost of this augmentation will be \$2,120,000.

The augmented staff is proposed to provide a more effective level of care for a patient population which is becoming increasingly difficult to treat. The continuing increase in our mentally retarded population and an increase in the number of profoundly retarded who are being admitted to our mentally retarded hospitals provides justification for an augmented staff of psychiatric technicians in mentally retarded hospitals.

We recommend approval.

Additional nursing staff—Mental retardation units—Hospitals for the mentally ill (budget page 613, line 44)---- \$91,946

The program augmentation proposes \$91,946 for the initial support of 27 psychiatric technicians to provide increased nursing services in the mental retardation units which are located at Agnews, Camarillo, DeWitt and Patton State Hospitals for the Mentally Ill. The full year's cost of this augmentation will be \$180,000.

This augmentation is proposed to enrich the treatment staff in these mental retardation units in recognition of the potential for improvement or rehabilitation of a substantial number of the mentally retarded who are resident in these units.

The potential for the transfer of a substantial number of these mentally retarded to community care facilities or rehabilitation to the point of gainful employment provides some justification for an augmented staff of psychiatric technicians in mental retardation units in mentally ill hospitals.

We recommend approval.

Additional treatment staff—Hospitals for the mentally ill (budget page 613, line 54)----- \$601,248

This program augmentation proposes \$601,248 for the initial support of a 148-man treatment staff in the hospitals for the mentally ill to provide the concentrated nursing and professional care needed for staffing for the intensive short-term treatment patients and to remotivate the chronic patients and prepare them to function outside the hospital. The full year's cost of this augmentation, if approved, will be \$1,200,000.

This is a very difficult area for evaluation, in which results can be measured, in input-output terms, with only a limited degree of precision. However, we know from experience that as levels of service go up in such treatment areas the livelihood of the hospital patients and the results in terms of reduced population have been good. In such treatment areas we believe that a sound basic policy is to support ade-

Item 130**Mental Hygiene****Department of Mental Hygiene—Continued**

quately practices which are generally considered to represent the highest state of the art.

We recommend approval as budgeted.

This recommendation is not inconsistent with that we have made under Item 133 for the reduction in capacity of three hospitals which would have no effect on treatment levels or patients welfare but would simply eliminate excessive overhead.

DEPARTMENT OF MENTAL HYGIENE**ITEM 130 of the Budget Bill**

Budget page 614

**FOR SUPPORT OF DEPARTMENTAL ADMINISTRATION
FROM THE GENERAL FUND**

Amount requested -----	\$5,484,325
Estimated to be expended in 1967-68 fiscal year -----	5,577,088

Decrease (1.7 percent) -----	\$92,763
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TOTAL RECOMMENDED REDUCTION -----	None
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GENERAL PROGRAM STATEMENT

Departmental administration is responsible for formulating overall policy and administering the statewide activities of the department. Departmental administration contains the following five functional areas:

1. Executive, which includes the office of director, public information, program review and planning.
2. State services, which provides the policy formation and administration of the care and treatment activities of the 14 hospitals for the mentally ill and mentally retarded.
3. Research and training, which is responsible for the research, training and educational activities including state fund research at state hospitals, the two neuropsychiatric institutes, the two training centers for community psychiatry and the Bureau of Biostatistics.
4. Local programs, which administers the state-local financed Short-Doyle program and licenses those private care institutions which accept placements of state hospital patients.
5. Administration, which is responsible for such central departmental support services as fiscal, legal and personnel.

Research and training, which is within departmental administration, is treated separately inasmuch as research is proposed to be supported from Research (Item 131).

ANALYSIS AND RECOMMENDATIONS

Departmental administration proposes total support of \$6,008,575 including \$5,484,325 from the General Fund and \$524,250 from federal funds for the budget year. This is \$92,763 less than the \$6,101,338 which is estimated to be expended during the current year including \$5,577,088 from the General Fund and \$524,250 from federal funds.

The 1967-68 year's current budget includes a General Fund appropriation of \$5,089,374, an allocation of \$318,225 from the Emergency

Department of Mental Hygiene—Continued

Fund, and an allocation of \$186,171 from the Salary Increase Fund. The unexpended balance, i.e., savings, for the current year is estimated at \$16,682 and actually was \$339,742 in 1966-67. The relatively large 1966-67 unexpended balance can be largely explained by a spending freeze which was imposed by the new administration during the last six months of 1966-67.

Departmental administration proposes a total of 406.3 positions. This is a decrease of 28 positions or 6 percent from the 434.3 positions which are included in the budget re-estimate for the current year. This includes eight Bureau of Patients' Account positions which are proposed to be continued during the budget year to perform billing work to meet the requirements of Title XVIII and Title XIX of the Social Security Act. During the current year 43 positions (budget page 615, lines 31 to 45) were added to provide services to patients who are eligible for health care services under financing from the Health Care Deposit Fund. The budget proposes to continue 27.5 of these positions. (budget page 616, lines 13 to 20) These positions will be assigned to hospitals for the mentally ill and the mentally retarded.

Office of Planning

The Office of Planning was first established as a General Fund support program in 1965-66. Previous to this time, the federal government had provided the support for the mental planning studies which were carried on by the Department of Mental Hygiene.

The first area plan, in response to a directive by the 1966 session of the Legislature to prepare as part of its long-term planning program plans which would specify the ultimate size and purpose of each state hospital, was a report on "Mental Health Services in the Upper San Joaquin Valley." This was issued by the Office of Planning in December 1966, and represented the first intensive study of services to the mentally ill to be undertaken by this office. Stockton State Hospital is the only state hospital which is located within the Upper San Joaquin Valley planning region.

This report included the information that "planning was initiated concurrently for the Sacramento Valley and the De Witt State Hospital service area. This latter region will be the subject of the next study to be completed. Planning will proceed to other regions until the entire state is covered." We understand, as of the date of this analysis, that the planning report on the Sacramento Valley is in preparation and will be issued in the near future. The state presently administers 14 hospitals for the mentally ill and the mentally retarded located in numerous regions throughout the state and we question whether we can allow ourselves the luxury of issuing a planning report on a region by region basis every 15 months "until the entire state is covered." We are currently faced with planning problems occasioned by a rapidly declining average mentally ill population which is projected to shrink by 52.6 percent from 1959-60 through 1968-69 and by an additional 32.6 percent by 1972-73. The present schedule for issuance of planning reports will make the earlier studies obsolete long before the entire state is covered.

Department of Mental Hygiene—Continued

Other recently issued reports such as "Mental Health Problems of Public Assistance Clients," June 1967, and "Mental Health Manpower—Volume II," June 1967, a compilation of articles, surveys and a review of applicable literature may be scholarly in nature but deal in peripheral areas which contribute little to meeting the presently acute planning needs of the Department of Mental Hygiene.

We recommend that activities of this office be directed to give primary emphasis to problems and organization changes related to the continuing reduction of the mentally ill hospital population and changing treatment and hospital concepts.

Department of Mental Hygiene

RESEARCH

ITEM 131 of the Budget Bill

Budget page 619

FOR SUPPORT OF RESEARCH
FROM THE GENERAL FUND

Amount requested -----	\$1,203,097
Estimated to be expended in 1967-68 fiscal year -----	1,243,822
Decrease (3.4 percent) -----	\$40,725

TOTAL RECOMMENDED REDUCTION -----	None
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GENERAL PROGRAM STATEMENT

This program conducts state and federally financed research into the cause, nature, prevention and treatment of mental disorder and mental retardation, as follows:

1. Continuing research through established research positions in the state, hospitals and at departmental headquarters.

2. Special projects, which are in large part supported by federal funds, including research which can be classified as basic, clinical, operational or socio-cultural and projects in the hospital improvement, training, mental retardation planning and compensatory education areas. This is carried out at the neuropsychiatric institutes, hospitals for the mentally ill and mentally retarded and departmental headquarters.

ANALYSIS AND RECOMMENDATIONS

Research proposes total support of \$6,990,092 including \$1,203,097 from the General Fund and \$5,786,995 from federal funds. This is \$74,287 more than the \$6,915,805 which is estimated to be expended for the support of research during the current year, including \$1,243,822 from the General Fund and \$5,671,983 from federal funds.

The 1967-68 budget provided a General Fund appropriation of \$1,169,989, plus an allocation of \$73,833 from the Salary Increase Fund (research). Federal funds provide 83 percent of the total support of research.

Research—Continued

Table 5 shows the growth in the research for the six-year period 1963-64 through 1967-68:

Table 5
Research Costs by Type, 1963-64 to 1968-69

Program Category	Actual				Estimated	
	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69
Continuing						
Research						
General Fund	\$1,042,929	\$1,104,913	\$1,714,824	\$1,273,471	\$1,243,822	\$1,203,097
Federal funds	--	179,020	198,490	277,700	248,763	250,000
Special Projects						
Federal funds	1,495,464	2,337,571	2,530,879	3,580,051	5,423,220	5,536,995
Total -----	\$2,538,493	\$3,621,504	\$4,444,193	\$5,131,222	\$6,915,805	\$6,990,092
General Fund	1,042,929	1,104,913	1,714,824	1,273,471	1,243,822	1,203,097
Federal funds	1,495,464	2,516,591	2,729,369	3,857,751	5,671,983	5,786,995

We recommend approval as budgeted.

Department of Mental Hygiene
NEUROPSYCHIATRIC INSTITUTES

ITEM 132 of the Budget Bill

Budget page 626

**FOR SUPPORT OF NEUROPSYCHIATRIC INSTITUTES
FROM THE GENERAL FUND**

Amount requested -----	\$9,850,205
Estimated to be expended in 1967-68 fiscal year -----	9,221,439
Increase (6.8 percent) -----	\$628,766

TOTAL RECOMMENDED REDUCTION ----- None

GENERAL PROGRAM STATEMENT

The Department of Mental Hygiene administers two neuropsychiatric institutes including Langley Porter in San Francisco and the Neuropsychiatric Institute on the campus of the University of California at Los Angeles Medical School.

These institutes have three major programs:

1. Research into all aspects of mental illness and mental retardation. The proposed mental retardation program at the Neuropsychiatric Institute—UCLA is discussed under Program Augmentations (Item 129).
2. Training in psychiatry, psychology, social work, nursing and related mental health fields.
3. Hospital and clinical services to the extent that they provide the necessary framework for quality research and training.

ANALYSIS AND RECOMMENDATIONS

These neuropsychiatric institutes propose support of \$9,850,205 for 1968-69 from the General Fund. This is \$628,766 more than the \$9,221,439 which is estimated to be expended during the current year.

The 1967-68 budget provided a General Fund appropriation of \$8,619,175, plus an allocation of \$3,876 from the Emergency Fund and an allocation of \$601,288 from the Salary Increase Fund. The unexpended balance for the current year is estimated at \$2,900.

Item 133

Mental Hygiene

Neuropsychiatric Institute—Continued

The following shows the substantial growth of state support of the neuropsychiatric institutes for the six-year period, 1963-64 to 1968-69.¹

	Actual				Estimated	
	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69 ²
General Fund	\$6,817,528	\$7,440,215	\$7,727,047	\$8,316,360	\$9,221,439	\$9,850,205
Other -----	179,621	89,981	46,658	44,375	56,746	
Total ---	\$6,997,149	\$7,530,196	\$7,773,705	\$8,360,735	\$9,278,185	\$9,850,205

² Does not include mental retardation program—UCLA, proposed in Program Augmentation (Item 129).

We recommend approval as budgeted.

Department of Mental Hygiene HOSPITALS FOR THE MENTALLY ILL

ITEM 133 of the Budget Bill

Budget page 629

FOR SUPPORT OF HOSPITALS FOR THE MENTALLY ILL FROM THE GENERAL FUND

Amount requested -----	\$117,817,764
Estimated to be expended in 1967-68 fiscal year -----	121,350,267
Increase (2.9 percent) -----	\$3,532,503
TOTAL RECOMMENDED REDUCTION -----	\$110,669

Summary of Recommended Reductions

	Amount	Budget Page	Line
Decrease traveling in-state -----	\$7,469	634	6
Decrease special repairs and maintenance -----	103,200	664	31

Other Recommendation

Close or reduce capacity of hospitals for the mentally ill.

GENERAL PROGRAM STATEMENT

The largest single program in the department is still the care and treatment of mentally ill. However, on the basis of the latest available population estimates it should be noted that the average mentally retarded population should exceed the average mentally ill population at some point during the 1970-71 fiscal year. Services for the mentally ill are offered at the following 10 hospitals: Agnews, Atascadero, Camarillo, DeWitt, Mendocino, Metropolitan, Modesto, Napa, Patton, and Stockton.

ANALYSIS AND RECOMMENDATIONS

Hospitals for the mentally ill propose total support of \$117,992,776 including \$117,817,764 from the General Fund and \$175,021 from federal funds. This is \$3,526,509 less than the \$121,519,285 which is estimated to be expended during the current year. This reduction in total expenditures can be largely attributed to the continued decline in the population of the mentally ill hospitals and the budget proposal

¹ Expenditures for research, other than two relatively small Army and Navy research programs, are included in Research (Item 131).

Hospitals for the Mentally Ill—Continued

to maintain the July 1, 1966, level of care in 1968–69. It should be noted, however, that the proposed July 1, 1966, level of care has been substantially modified by the mentally ill hospital treatment staff proposals which were discussed in our analysis of Program Augmentations, Department of Mental Hygiene (Item 129).

The admission, aftercare and day treatment centers are being phased out as state operations during the current year. They are proposed to be funded during the budget year from the Assistance to Local Agencies for Local Mental Health Services (Short-Doyle) subvention program (Item 288). Outpatient services, however, will continue to be available for those mentally ill patients on leave who reside within a reasonable distance of a hospital for the mentally ill.

The budget proposes a total of 11,334.5 positions. This is a net reduction of 1,037 positions or 8 percent from the 12,371.5 positions included in the budget reestimate for the current year. Significant changes involved in this net reduction are as follows:

(1) A net reduction of 939 positions which are directly related to the decline in patient population after an offsetting increase in the staffing standards to reflect an anticipated increase in admissions in the budget year over the current year.

(2) Seventy food service positions which were abolished during the current year and the budget year to reflect the abolition of employee feeding operations. (Part of the net reductions of —25 and shown on budget page 632, line 37.)

(3) The abolition of the 114 positions, as of June 30, 1968, which are related to the aforementioned preadmission and aftercare screening units, day-treatment centers and geriatric screening units which are being phased out as state operations.

(4) The budget provides for 21 new positions including 10 clerical positions related to the cost reporting system which were administratively established during the current year and are proposed to be continued during the budget year and 11 food service positions which are requested to staff a recently constructed patients dining room at Atascadero State Hospital.

We recommend approval of these 21 new positions.

Reduction in Hospital Overhead Expenses

California's 1959–60 average resident population of 36,207 mentally ill patients has declined to a projected 17,148 in the budget year. This population will decline to 11,557 by 1972–73, according to existing departmental projections.

The budget proposes that the mentally ill population of 17,148 for the budget year be housed in the same 10 hospitals which housed the 1959–60 population of 36,207 in spite of the 52.6 percent decrease since that time.

We recommend that the Department of Mental Hygiene either close three state hospitals for the mentally ill and transfer patients and related treatment staff to hospitals with available bed capacity or reduce capacity of the most inadequate hospitals and redesign them to serve

Hospitals for the Mentally Ill—Continued

limited regional needs. We estimate that savings in overhead expenses of up to approximately \$4.5 million could result.

California's mentally ill population has been as high as 37,000 resident patients. A number of factors have operated in concert to substantially affect both hospital commitment rates and length of treatment. The result has been significantly reduced resident population, and this trend will continue in the immediate future. Under these circumstances, it is costly and inefficient for California to operate 10 large hospitals with grossly reduced populations. The closing of three hospitals with a total population of approximately 4,300 patients would still provide the remaining seven hospitals with a per-hospital resident population substantially less than 1959-60. Each year that the resident population continues to decline and the state continues to maintain this reduced population in the same number of hospitals, substantial amounts of money will be spent for overhead expenses which contribute little or nothing to the quality of patient care and dilute the effectiveness of our scarce funds for this purpose.

Both California's educational system and penal system need and will continue to need land and facilities in order to meet their current rates of growth. The state should consider, in this respect, the efficiencies inherent in converting available resources to meet these needs, rather than continuing a costly system that could be revised in accordance with the decline in workload and still maintain a high quality of service in the hospitals for the mentally ill.

Table 6 illustrates population changes of the mentally ill by hospital from 1959-60 through 1968-69 and as projected to 1972-73:

Table 6
Average Mentally Ill Population
1959-60 Through 1968-69 and 1968-69 Through 1972-73

	Population			Population est. 1972-73	Percent change from 1959-60	Percent change from 1968-69*
	Actual 1959-60	Est. 1968-69*	Percent change			
Agnews -----	4,012	1,750	-56.4	1,073	-73.3	-38.7
Atascadero -----	1,280	1,540	+20.3	1,323	+3.3	-14.1
Camarillo -----	6,361	2,650	-58.3	1,545	-75.7	-41.7
DeWitt -----	2,342	533	-77.2	428	-81.7	-19.7
Mendocino -----	2,366	1,419	-40.0	1,192	-49.6	-16.0
Metropolitan -----	3,852	2,346	-39.1	1,885	-51.1	-19.7
Modesto -----	2,502	1,108	-55.7	623	-75.1	-43.8
Napa -----	5,277	2,547	-51.7	1,508	-71.4	-40.8
Patton -----	4,271	1,474	-65.5	852	-80.1	-42.2
Stockton -----	3,944	1,781	-54.8	1,128	-71.4	-36.7
Total -----	36,207	17,148	-52.6	11,557	-68.1	-32.6

* Estimated.

Hospitals for the Mentally Ill—Continued

It should be noted that four of these hospitals also house mentally retarded patients, estimated to average as follows during 1968-69:

<i>Hospitals</i>	<i>Mentally retarded patients</i>
Agnews -----	513
Camarillo -----	488
DeWitt -----	1,028
Patton -----	492
TOTAL -----	2,521

As indicated in Table 7, per capita treatment costs for the mentally ill have increased from \$2,149 in 1959-60 to an estimated \$6,015 in 1968-69, an increase of \$3,866 or 179.9 percent. It appears to us that this increase is substantially in excess of increases in the level of care and treatment which have been authorized during this nine-year period including appropriate adjustments for price increases.

Another factor which may tend to accelerate the decline in patient population is the potential impact of Chapter 1652, Statutes of 1967, the Lanterman-Petris-Short Mental Health Act of 1967. This act, which will become effective during 1968-69, amended the commitment process to apply to only those individuals "who are of such mental condition that they are dangerous to themselves or the person or property of others, are in need of supervision, treatment, care, or restraint." The actual experience under this act could accelerate the rate of population decline in our mentally ill hospitals.

Table 7
Mentally Ill Per Capita Costs
1959-60 — 1968-69

	1959-60	1968-69	Percent change
Agnews -----	\$2,255	\$6,659	+195.3
Atascadero -----	2,478	4,951	+ 99.8
Camarillo -----	1,872	6,068	+224.1
DeWitt -----	1,941	5,294	+172.7
Mendocino -----	2,232	6,102	+173.4
Metropolitan -----	2,010	5,667	+182.0
Modesto -----	2,196	6,314	+187.5
Napa -----	2,016	6,270	+211.0
Patton -----	2,229	6,554	+194.0
Stockton -----	2,263	6,275	+177.3
Average -----	\$2,149	\$6,015	+179.9

In-State Travel

Traveling—in-state (budget page 634, line 6) ----- \$93,358

Hospitals for the mentally ill request \$93,358 for traveling in-state.

We recommend a reduction of \$7,469 for this purpose.

The budget proposes an increased amount for instate travel despite an 8-percent decrease in the number of positions for hospitals for the mentally ill. Our recommendation provides for a reduction of \$7,469 or 8 percent in traveling instate from the budget proposal to reflect an 8-percent reduction in the number of positions in the hospitals.

Hospitals for the Mentally III—Continued

Special Repairs and Maintenance

We recommend a total reduction in special repairs and maintenance of \$103,200, budget page 634, line 31, as summarized by hospital and amount in the following tabulation:

1. Agnews -----	\$4,000
2. Agnews -----	4,000
3. Atascadero -----	6,100
4. Atascadero -----	1,500
5. Camarillo -----	10,000
6. Camarillo -----	10,000
7. Metropolitan -----	17,500
8. Metropolitan -----	14,600
9. Modesto -----	5,000
10. Napa -----	18,000
11. Napa -----	5,000
12. Patton -----	7,500
Total -----	\$103,200

The explanation of each item and our reasons for recommended deletion are given in the following numbered paragraphs.

Agnews

1. Agnews requests \$4,000 to replace lighting fixtures in dayroom and office areas and ward buildings.

Our recommendation is based on the rapidly declining mentally ill population of Agnews and the potential closing of hospital units which would be served by this project.

2. Agnews requests \$4,000 to replace bit key locks with newer type locks.

This request should be considered as part of future environmental improvement proposals.

Atascadero

3. Atascadero requests \$6,100 to replace vegetable storage racks and vegetable peelers.

The justification for this request is lacking inasmuch as the use of fresh vegetables has been all but replaced by frozen prepared or canned vegetables.

4. Atascadero requests \$1,500 to repair and replace 200 plug-in amplifier and preamplifier units for security monitoring.

This system was under study as of the date of this Analysis, and no justification has been made for its installation.

Camarillo

5. Camarillo requests \$10,000 to repair and replace existing incandescent lighting fixtures in 26 dormitories.

This proposal largely involves dormitories that now house mentally retarded patients and in the current year \$500,000 was allocated for the purpose of remodeling these units at Camarillo. It is our understanding that this lighting work will be done when these units are remodeled and is provided for in the \$500,000 allocation.

Hospitals for the Mentally Ill—Continued

6. Camarillo requests \$10,000 for the first increment of an eight increment program to replace bit key operated dead bolt locks with cylinder operated snap locks.

This proposal would replace 3,000 dead bolt locks over an eight-year period. In view of a declining mentally ill population at Camarillo and the possible closing of certain buildings within the foreseeable future, it appears unwise to initiate an eight-year program with a potential cost of over \$80,000.

Metropolitan

7. Metropolitan requests \$17,500 for the first increment of a six-increment program to replace ward dishwashers.

The proposal is not justified due to a declining patient population and the possible closing of wards which would reduce the need to replace dishwashing machines. It does not justify initiating a program that would cost in excess of \$105,000 over the next six years.

8. Metropolitan requests \$14,600 for the first increment of a three-increment program to replace waterlines in three groups of ward buildings.

Because the newest of these buildings was constructed in 1927 and the oldest in 1917, it does not appear advisable to expend in excess of \$43,800 over the next three years on buildings that may be demolished in the near future.

Modesto

9. Modesto requests \$5,000 for repair and replace evaporative coolers.

As patient population declines and as wards are closed, Modesto should obtain an added increment of replacement coolers from among its existing 1,100 evaporation coolers.

Napa

10. Napa requests \$18,000 to replace incandescent lighting in T-units.

This request should be included as part of a future environmental improvement proposal.

11. Napa requests \$5,000 to repair, replace, level and replant walks, curbs, roads and lawns.

This is the continuation of a program which was initiated in the 1965-66 fiscal year, and should now be deferred and reviewed inasmuch as the current budget proposal appears to be more in the nature of landscaping than actual repair work.

Patton

12. Patton requests \$7,500 to continue a program of termite eradication and repairs.

This proposal is based on the results of a termite survey which was undertaken in 1966. At that time the eventual total cost of the project was placed at \$33,113 based on 1966 prices. We suggest a careful review of the need to prolong the life of many of these structures, especially residences, and the feasibility of deactivating these structures.

Hospitals for the Mentally Ill—Continued

Equipment—Hospitals for the Mentally Ill

A total of \$832,717 is being requested for 1968-69 for equipment for hospitals for the mentally ill. In view of the declining population in these hospitals, as indicated in Table 1, and in view of the fact that we believe three of these should be closed, with patients and equipment being redistributed among the remaining hospitals, as recommended in our analysis of Item 133, we believe the equipment requests are deserving of special consideration by the Department of Finance at the time of actual purchase.

We are not recommending any specific reductions in equipment at this time as we have not had an opportunity to evaluate the need for the equipment by actual field inspections nor can we anticipate the action which will be taken by the Legislature in adjusting hospital capacities to declining patient population. However, we have received in detail the written justification submitted for each individual item. In the course of this review we have attempted to evaluate the need for the items to the extent possible, in the light of the following criteria:

1. Needed to replace an existing and necessary piece of equipment which is worn beyond the point of economical repair or renovation. This should be supported by data on actual repair experience during the life span of the equipment. Bona fide repair estimates and life expectancy, after any repairs, should be compared to the average life of a requested new piece of equipment on an amortized basis.
2. Needed for a new position which has been justified on a workload basis.
3. Needed to perform a life-saving function based on actual experience or a new scientific development or opinion.
4. Needed to perform an existing function at a faster rate which will result in direct budgetary savings. Such savings should at least equal the amortization of the initial cost of the equipment during its normal life expectancy, including annual cost of repairs and maintenance.
5. Needed to materially reduce any substantial risk or hazard which, if allowed to continue, would result in annual losses in an amount greater than the initial cost, plus maintenance, of the equipment during its normal life span.

The Department of Mental Hygiene has a good procedure for developing complete information in justification of each item of equipment through use of a checklist type form. We noted in the course of our review that in many instances certain types of information called for by the form had not been supplied, and as a consequence many of the items which we have questioned represent instances where supporting information was incomplete.

Strictly on the basis of such a review, serious questions as to the need for a number of the items appear to exist.

Mental Hygiene

Item 134

Hospitals for the Mentally Ill—Continued

Total equipment requested for each hospital, and the total which we question, classified as between replacements and additional are summarized in Table 8.

Table 8

<i>Hospital</i>	<i>Total amount requested</i>	<i>Total questioned</i>			
		<i>Replacements</i>		<i>Additional</i>	
		<i>Amount</i>	<i>No. of items</i>	<i>Amount</i>	<i>No. of items</i>
Agnews -----	\$107,854	\$74,489	34	\$10,057	19
Atascadero -----	49,271	13,751	12	18,195	36
Camarillo -----	155,597	62,743	37	—0—	
DeWitt -----	51,963	8,428	29	15,085	38
Mendocino -----	49,136	26,515	14	4,408	15
Metropolitan -----	104,680	45,509	10	48,618	50
Modesto -----	39,530	16,125	9	11,255	13
Napa -----	121,360	30,871	44	50,001	69
Patton -----	73,753	38,832	26	5,675	13
Stockton -----	79,573	22,818	16	26,517	13
Total -----	\$832,717	\$340,141	231	\$189,811	266

Department of Mental Hygiene HOSPITALS FOR THE MENTALLY RETARDED

ITEM 134 of the Budget Bill

Budget page 636

FOR SUPPORT OF HOSPITALS FOR THE MENTALLY RETARDED

FROM THE GENERAL FUND

Amount requested -----	\$57,064,100
Estimated to be expended in 1967-68 fiscal year -----	54,879,641

Increase (4.0 percent) -----	\$2,184,459
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TOTAL RECOMMENDED REDUCTION -----	\$5,000
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Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
Decrease special repairs and maintenance -----	\$5,000	638	16

GENERAL PROGRAM STATEMENT

The care and treatment of the mentally retarded utilizes an increasing portion of the direct service resources of the Department of Mental Hygiene. The mentally retarded average population has increased by some 25 percent from 10,879 in 1959-60 to an estimated 13,609 in 1968-69 and should exceed that of the mentally ill during 1970-71. Care and treatment of the mentally retarded is provided at Fairview, Pacific, Porterville, and Sonoma State Hospitals, which are exclusively for the mentally retarded, and four mentally retarded units in the Agnews, Camarillo, DeWitt, and Patton Hospitals for the mentally ill.

ANALYSIS AND RECOMMENDATIONS

Hospitals for the mentally retarded propose support of \$57,064,100 from the General Fund. This is \$2,184,459 more than the \$54,879,641 which is estimated to be expended during the current year and can be largely attributed to an increased mentally retarded population in the

Hospitals for the Mentally Retarded—Continued

budget year over that of the current year. The four hospitals for the mentally retarded also provide preadmission and diagnostic services in satellite clinics which are located in large population centers.

The most significant development in mental retardation services during the current year was the opening of a 500-bed unit for the mentally retarded unit at Camarillo. The patients in this unit were transferred from Fairview and Pacific which were able to accept 500 patients from the waiting list for admission into a hospital for the mentally retarded. These same hospitals also provide aftercare to patients in leave programs.

No federal funds are proposed for hospitals for the mentally retarded. Reimbursements for services to employees, services to other agencies and miscellaneous are estimated at \$102,589 in the budget year.

The budget proposes a total of 6,365.4 positions or the same number of positions as are included in the current year's budget reestimate. This includes six positions added as workload and administrative adjustments which are proposed to be continued during 1968-69. This includes two supervising social workers who in the first instance were erroneously deleted in the current year due to a misinterpretation of the supervising social worker staffing standards. The remaining four positions are clerical positions which are related to the cost reporting system.

Special Repairs and Maintenance

Special repairs and maintenance (budget page 638, line 16) \$192,960

Hospitals for the mentally retarded propose \$192,960 for special repairs and maintenance. In particular Sonoma requests \$20,000 to repair existing roofs on various ward buildings and farm and dairy buildings.

We recommend that this item be reduced by \$5,000 to eliminate cost of repairs to farm and dairy buildings.

Although repairs to the roofs of the ward structures is justified, repairs to buildings which are related to the farm and dairy operations should be withheld pending a determination as to which of those farming operations are to be continued during the budget year.

DEPARTMENT OF PUBLIC HEALTH

ITEM 135 of the Budget Bill

Budget page 639

**FOR SUPPORT OF THE DEPARTMENT OF PUBLIC HEALTH
FROM THE GENERAL FUND**

Amount requested	\$10,905,116
Estimated to be expended in 1967-68 fiscal year	11,608,321
Decrease (6.1 percent)	\$703,205
TOTAL RECOMMENDED REDUCTION	\$81,693

Summary of Recommended Reductions

	Amount		Budget	
	General Fund	Federal	Page	Line
Delete Bureau of Disaster Health Services ..	\$59,007	\$59,006	654	75
Not Identifiable by Program				
Reduce in-state travel	18,914			various
Reduce equipment	3,772		656	23

Department of Public Health—Continued

Additional Recommendation

Transfer administration of regional centers for the mentally retarded to departmental administration, Department of Mental Hygiene, (Item 130).

GENERAL PROGRAM STATEMENT

The Department of Public Health has the continuing responsibility of working with local health departments in the prevention of disease and the provision of a healthful environment for the people of California. To meet this responsibility the department maintains what we regard as five major public health programs which include environmental control, preventive medical services, medical care, health facilities and services, and general assistance and services to other agencies and individuals. These are not identified as such in the budget document.

These programs are further subdivided into what we regard as 19 subprograms which include alcoholism, chronic diseases, communicable diseases, crippled children services, disaster health services, dental health, health facilities and services, maternal and child health, mental retardation, other specialized medical care, air sanitation, food and drug inspection, occupational health, radiological health, vector control, water sanitation, assistance to local health departments and other community agencies, vital statistics registration, and general services to other agencies.

Total public health expenditures of \$83,644,862, as shown in Table 1, are proposed for fiscal 1968-69. This is \$17,035,904 or 18 percent less than the \$100,680,766 which is estimated to be expended for this purpose during the current year:

Table 1
Public Health Expenses

	1967-68	1968-69	Changes from 1967-68
Departmental Support (Item 135)			
General Fund -----	\$11,608,321	\$10,905,116	\$-703,205
Federal funds -----	4,431,888	4,630,228	+198,340
Reimbursements			
Federal -----	1,116,846	1,187,495	+70,649
Other -----	2,000,109	2,570,744	+570,635
Federal funds for special project ----	9,676,467	14,873,912	+5,197,445
Total Support -----	\$28,833,631	\$34,167,495	\$+5,333,864
Handicapped Persons Project, General Fund (Item 136) -----	\$161,752	\$163,173	\$+1,421
Dialysis Centers, General Fund (Item 137) -----	275,611	302,939	—27,328
Public Health Subventions (Items 289 to 295)			
General Fund -----	44,739,541	23,225,069	—21,514,472
Federal funds -----	26,615,972	25,786,186	—829,786
TOTALS -----	\$100,680,766	\$83,644,862	\$-17,035,904

Department of Public Health—Continued

The decrease in expenditures in the budget year over the current year is largely attributable to the budget proposal to terminate General Fund support for the assistance to local and nonprofit agencies for hospital construction program which is estimated to expend \$22,874,271 from the General Fund during the current year.

ANALYSIS AND RECOMMENDATIONS

The Department of Public Health proposes total support of \$34,167,495. This includes a General Fund appropriation of \$10,905,116 and additional support of \$23,262,379 from federal funds, privately financed foundations and reimbursements.

The budget indicates that \$23,262,379 or 68 percent of departmental support is proposed to come from what is largely federal funds as opposed to only \$10,905,116 or 32 percent from the General Fund. We caution against this extensive reliance on funds which are subject to modification or withdrawal as federal financial conditions dictate. Depending on the nature of such programs this could have an adverse impact on the state's public health program.

The proposed General Fund support is \$703,205 less than the amount estimated to be expended in the current year. However, the budget year transfer of \$1,024,047 for air pollution activity to the support of the Air Resources Board more than accounts for this decrease.

The budget proposes a total of 1,259.8 authorized positions, a decrease of 40.2 positions from the 1,300 positions included in the budget reestimate for the current year.

The total authorized positions for 1968-69 includes 13.5 additional federally funded positions for the comprehensive health planning unit which is attached to the Executive Office. This unit, which is to carry out comprehensive health planning under Section 314 of Public Law 89-749 and Chapter 1597, Statutes of 1967, will plan for health services, health facilities and health manpower at every level of government. The budget includes a reduction of 22 positions transferred to the Office of Health Care Services as of September 30, 1967, and 35.5 positions which were transferred to the Air Resources Board effective as of November 30, 1967.

The budget also proposes to add 10 federally funded positions in the environmental sanitation consultation surveillance, animal care, hospital licensing upgrading and laboratory certification (Medicare) areas.

Disaster Health Services

Bureau of Disaster Health Services (budget page 654, line 75) ----- \$59,007

The budget proposes \$118,013 to support the Bureau of Disaster Health Services, including \$59,007 from the General Fund and \$59,006 from federal funds.

This bureau is responsible, in cooperation with federal, state, regional and local agencies, for directing the state's program to ensure

Department of Public Health—Continued

preparedness to cope with the medical and health aspects of extreme emergencies.

These functions, which were formerly located within the California Disaster Office, were transferred to the Department of Public Health during the current year by Executive Order No. R7-67. This order requires the department to assume "all the currently prescribed responsibilities and functions of the Medical and Health Division of the California Disaster Office, effective January 1, 1968." The budget advises that the funding of these positions is offset by a reduction of funds from the budget of the California Disaster Office.

We recommend that the Bureau Disaster Health Services be deleted for a General Fund savings of \$59,007 and a federal fund savings of \$59,006.

This recommendation would provide for the termination of nine disaster health positions which were transferred from the California Disaster Office to the Department of Public Health during the current year and are proposed to be continued during the budget year. Another four positions were administratively added during the current year and are proposed for continuance during the budget year.

The role of state agencies under the provisions of the California Disaster Act is (1) to designate key people in their agencies who would act in various capacities in the event of any kind of disaster, (2) to develop a master plan for the activities of the agency in the event of a major disaster, and (3) to provide a certain amount of inservice training for the key people who are presumably to perform these services in the event of a disaster. The performance of these services is entirely possible within the structure of existing organizations without the necessity for providing for specialized people who would spend full-time in such activities.

We believe that Public Health assumption of this function may establish a pattern of organization which acts to separate rather than integrate civil defense and disaster responsibilities in state agencies.

The budget proposal represents a decentralization as among state disaster and civil defense activities. However, the major tasks in civil defense can only be accomplished efficiently at the local level and, therefore, the maintenance of local governmental disaster services is a vital necessity. Such ongoing local capabilities are in our opinion not really enhanced significantly by the availability of program advisors, consultants and coordinators at the state level.

We should also point out that the 1963 session of the Legislature refused to establish an Emergency Health Services unit in the Department of Public Health, whereas the present Disaster Health Services unit was established by executive order during the current year.

Mental Retardation

Salaries and wages—Bureau of Mental Retardation (budget page 652, line 52)-----\$115,428

The budget proposes to continue the support of the 10-man staff of the Bureau of Mental Retardation which is responsible for adminis-

Department of Public Health—Continued

tering the provisions of Chapter 1242, Statutes of 1965, which established the regional centers for the mentally retarded program.

We recommend approval of the budget proposal.

We also recommend the transfer of the responsibility for administering the regional centers for the mentally retarded to departmental administration, Department of Mental Hygiene, Item 130.

This recommendation is based on the concept that a savings of one-half, \$57,714, of the amount proposed for support could be realized if this transfer is effected because of the economies inherent in the utilization of the existing mental retardation resources of the Department of Mental Hygiene. This recommendation is conditioned on legislative approval of our recommendation for transfer of the assistance to local agencies for mental retardation centers subvention program (Item 295) from the Department of Public Health to the Department of Mental Hygiene. We believe that the responsibility for administering the regional centers for the mentally retarded program is properly that of the Department of Mental Hygiene. Our recommendation would be a step toward the consolidation of program administration of the state supported mentally retarded programs into one state agency. The transfer of administration from Public Health to Mental Hygiene presumably would require revisions in Chapter 1242, Statutes of 1965, which assigned to Public Health the responsibility for contracting with the appropriate agencies for the administration of these centers.

Not Identifiable by Program

	In-State Travel	1967-68	1968-69	Increase
<i>Traveling in-state (budget page 643, line 43)</i>		\$87,214	\$87,214	--
<i>(budget page 645, line 46)</i>		37,941	37,941	--
<i>(budget page 647, line 33)</i>		244,583	251,783	\$7,200
<i>(budget page 649, line 79)</i>		48,532	50,932	2,400
<i>(budget page 651, line 53)</i>		167,314	172,114	4,800
<i>(budget page 653, line 28)</i>		1,824	1,824	--
<i>(budget page 655, line 64)</i>		8,308	8,308	--
TOTAL		\$595,716	\$610,116	\$14,400

The Department of Public Health's divisions of administration, community health services, environmental sanitation, laboratories, patient care, facilities and services, preventative medical services, and research are requesting \$610,116 for instate travel for the budget year.

We recommend a reduction of \$18,914 and approval of the remaining \$591,202 for instate travel.

The budget proposes an increased amount of support for instate travel in the budget year over the current year despite a 3.1 percent reduction in the number of positions for these seven divisions. Our recommendation for a reduction of \$18,914 in traveling instate from the budget proposal reflects the proposed 3.1 percent reduction in the number of positions in the Department of Public Health divisions during the budget year.

Department of Public Health—Continued

Equipment

Equipment (budget page 656, line 22)----- \$135,236

The Department of Public Health is requesting \$135,236 for equipment in the budget year all of which is replacement.

We recommend reduction of \$3,772 and approval of the remaining \$131,464 for equipment.

The department is requesting replacement of two four-wheel-drive vehicles. These vehicles, the department advises, are not used generally but are assigned to individual employees. They are therefore kept in a better state of repair than the usual pool-type vehicle.

Mileage and condition indicates that one vehicle intended to be replaced is able to function for another year without the necessity for major repairs or lost time malfunctions.

For this reason we are recommending that the department replace only one four-wheel-drive vehicle this year for a savings of \$3,772.

Special Projects Program

The budget proposes to continue the special projects program which involves assistance to support health services, training, services and demonstrations, and special investigations.

The budget proposes an expenditure of \$14,873,912, all of which is from federal grants to support the special projects program during fiscal 1968-69. This is \$5,197,445, or 34.9 percent more than is estimated to be expended in the current year. At \$14,873,912 the support for special projects in 1968-69 far exceeds the General Fund budget proposal of \$10,905,116 to support the Department of Public Health.

Two basic types of special projects are included in the budget proposal. In the first category are included administered or "pass through" special projects and in the second category are included departmental staffed special projects including training, services and demonstrations, and special investigations. The budget proposes \$9,595,963 for "pass through" special projects or funds which the Department of Public Health largely passes on to local agencies and whose acceptance is left to the determination of these local agencies. The balance of the budget proposal includes \$5,277,949 to support special projects which are to be staffed by 316 employees of the Department of Public Health.

Departmental staffed special projects have had a substantial growth in the last four years. The budget proposal still leaves unresolved the issue of the impact of this activity on departmental operations and the appropriateness of the location of an extensive research program in the State Department of Public Health rather than in the University where the research serves to meet instructional needs which would otherwise require some duplicate financing.

The future of federal support for any special project activities is by no means assured and is only available on a year-to-year basis. In view of the uncertainties which are associated with the special projects program:

We recommend that the Legislature direct the Department of Public Health, by including limiting language in the Budget Act, to limit ex-

Department of Public Health—Continued

penditures for departmental staffed special projects to the budgeted amount of \$5,277,949. This limitation should not apply to federal funds which flow through the department to local agencies.

**Department of Public Health
HANDICAPPED PERSONS PILOT PROJECT**

ITEM 136 of the Budget Bill

Budget page 657

**FOR SUPPORT OF THE HANDICAPPED PERSONS PILOT
PROJECT FROM THE GENERAL FUND**

Amount requested -----	\$163,173
Estimated to be expended in 1967-68 fiscal year -----	161,752
 Increase (0.9 percent) -----	 \$1,421

TOTAL RECOMMENDED REDUCTION ----- None

ANALYSIS AND RECOMMENDATIONS

The budget proposes a net General Fund appropriation of \$163,173 for support of the Handicapped Persons Project. This is an increase of \$1,421 over the estimated current year expenditures.

The Handicapped Persons Pilot Project was authorized by Chapter 1419, Statutes of 1965, to initiate and carry out a pilot project in two areas of the state for the purpose of determining the extent of the needs of severely handicapped persons of normal mentality for residential care and how to meet those needs.

In conducting the project, the department provides necessary medical and social evaluations, coordinated residential care, treatment, and training services. The department also encourages and assists handicapped individuals to achieve their maximum potential for independence and personal development. These services are provided under contract to a total projected caseload of 100 handicapped individuals.

The department has been directed to report its findings and evaluations with regard to this program to the 1969 session of the Legislature and the project will terminate as of June 30, 1969.

We recommend approval.

**Department of Public Health
REGIONAL DIALYSIS CENTERS**

ITEM 137 of the Budget Bill

Budget page 656

**FOR SUPPORT OF REGIONAL DIALYSIS CENTERS—
FROM THE GENERAL FUND**

Amount requested -----	\$302,939
Estimated to be expended in 1967-68 fiscal year -----	275,611
 Increase (9.9 percent) -----	 \$27,328

TOTAL RECOMMENDED REDUCTION ----- None

GENERAL PROGRAM STATEMENT

Chapter 1988, Statutes of 1965, authorized the Department of Public Health to establish two regional dialysis centers, one to be located in

Regional Dialysis Centers—Continued

the northern, and one in the southern part of the state. These centers are for the treatment of persons suffering from chronic uremia (kidney disease).

The two centers have been established and each is designed to provide lifesaving dialysis services to approximately 30 patients and to develop services for dialyzing patients in their homes. The centers also provide training to medical and nursing personnel who will carry out dialysis services in other areas of the state. The State Department of Public Health acts only as a granting agency for state funds which are appropriated for the establishment of and the continuation of the two centers.

ANALYSIS AND RECOMMENDATIONS

The department proposes a net General Fund appropriation of \$302,939 for support of the regional dialysis centers. This is an increase of \$27,328 above the \$275,611 which is estimated to be expended by these centers during the current year.

The budget anticipates that any further expansion of this program will be met in part through application of a uniform and equitable fee schedule for services rendered by the program and from some portion of the \$175,000 which is proposed to be included in Assistance to Counties for Care of Cripple Children (Item 289) for the treatment of chronic kidney conditions through renal dialysis.

We recommend approval of the amount as budgeted.

DEPARTMENT OF REHABILITATION

ITEM 138 of the Budget Bill

Budget page 671

**FOR SUPPORT OF DEPARTMENT OF REHABILITATION
FROM THE GENERAL FUND**

Amount requested	\$4,778,700
Estimated to be expended in 1967-68 fiscal year	4,776,588
Increase	\$2,112
TOTAL RECOMMENDED REDUCTION FROM GENERAL FUND	\$6,874

Summary of Recommended Reductions

	<u>Amount</u>			<u>Budget</u>	
	<u>General fund</u>	<u>Federal funds</u>	<u>Total</u>	<u>Page</u>	<u>Line</u>
Division of Management Services:					
Equipment	\$86	\$604	\$690	673	67
Vocational Guidance and Placement:					
Equipment	1,936	5,810	7,746	677	73
1 Intermediate typist-clerk	1,402	4,208	5,610	677	50

Item 138

Rehabilitation

Department of Rehabilitation—Continued

Summary of Recommended Reductions—Continued

	Amount			Budget	
	General fund	Federal funds	Total	Page	Line
Special Programs:					
Vocational Rehabilitation					
Project for Economically					
Depressed Areas of Los					
Angeles County -----		\$1,008,550	\$1,008,550	683	63
Opportunity Work Centers for					
the Blind:					
Equipment -----	3,450	1,550	5,000	694	73
Total -----	\$6,874	\$1,020,722	\$1,027,596		

NOTE: The distribution between General Fund and federal funds shown in the foregoing is based upon the average ratio for the unit indicated.

GENERAL PROGRAM STATEMENT

The State Department of Rehabilitation is primarily responsible for assisting and encouraging handicapped individuals to prepare for and to engage in gainful employment to the full extent of their capabilities. Secondary objectives of the department are to increase the handicapped individual's social and economic well-being. The department's general program areas relate to: vocational rehabilitation of the handicapped; cooperative rehabilitation services; prevocational and personal adjustment; training and employment; disability determination and special rehabilitation services.

ANALYSIS AND RECOMMENDATIONS

Total expenditures of \$39,133,952 are proposed for the fiscal year 1968-69, of which \$32,968,121 or 84.2 percent represents federal funds. This is \$834,056 or 2.2 percent more than the \$38,299,896 which is estimated to be expended during the current year.

The proposed support from the General Fund for 1968-69 of \$4,778,700 is included in this single appropriation item whereas for 1967-68 the corresponding amount was included in four separate items. Not included in the \$4,778,700 is a separate appropriation to the Department of Rehabilitation for \$863,429, Item 139. This represents the rehabilitation element in the Service Center Program and is reported upon in our analysis of that program, Item 140.

The corresponding amount for the current year, \$846,063, shown on budget page 701, line 72, was included in Item 133, Budget Act of 1967, for support of special rehabilitation services in the Department of Rehabilitation.

Table 1 summarizes total expenditures for 1968-69 by organizational unit and fund and follows the format for budget presentation shown at the top of budget page 671.

Department of Rehabilitation—Continued

Table 1. Department of Rehabilitation
Proposed Expenditures, 1968-69 by Organizational Unit and Fund

<i>Organizational Unit</i>	<i>Total</i>	<i>General Fund</i>	<i>Federal funds</i>	<i>Other¹</i>
Departmental Administration ---	\$639,575	\$85,041	\$554,534	—
Division of Vocational Rehabilitation:				
Administration -----	501,614	120,583	381,031	—
Vocational Guidance and Placement -----	14,655,374	3,619,357	11,036,017	—
Special Programs -----	3,653,883	56,533	3,597,350	—
Cooperative Rehabilitation Services -----	9,829,201	—	9,829,201	—
Total -----	\$28,640,072	\$3,796,473	\$24,843,599	—
Division of Rehabilitation of the Blind:				
Administration -----	\$69,762	\$33,137	\$36,625	—
Prevention of Blindness Program -----	72,909	18,227	54,682	—
Business Enterprise Program for the Blind -----	375,956	93,989	281,967	—
Field Rehabilitation Services for the Blind -----	418,630	211,408	207,222	—
Opportunity Work Centers for the Blind -----	110,100	76,244	33,856	—
Orientation Center for the Blind -----	437,865	109,466	328,399	—
Industries for the Blind -----	1,741,846	354,715	—	\$1,387,131
Total -----	\$3,227,068	\$897,186	\$942,751	\$1,387,131
Division of Disability Determination -----	\$6,627,237	—	\$6,627,237	—
Grand total -----	\$39,133,952	\$4,778,700	\$32,968,121	\$1,387,131

¹ California Industries for the Blind Manufacturing Fund.

Our analysis follows the same format as that used in the printed budget.

The most significant increase in total expenditures for 1968-69 occurred in the Division of Disability Determination with a proposed increase of \$490,784, or 8 percent. This is a federally funded program.

Programs in the Division of Vocational Rehabilitation are joint state-federal programs and are generally financed on a 75 percent federal—25 percent state funds basis.

In terms of man-years, total positions in the department as shown in the Summary on budget page 701, line 36, are as follows:

<i>Fiscal year</i>	<i>Total</i>	<i>Change from prior year</i>
1966-67 (actual) -----	1,803.1	—
1967-68 (estimated) -----	1,950.8	+147.7
1968-69 (proposed) -----	1,928.4	—22.4

In terms of authorized positions, there is a net decrease of 21 in 1968-69 from 1967-68 as shown in the same summary after disregarding

Department of Rehabilitation—Continued

estimated salary savings. This decrease took place in the following organizational units:

<i>Unit</i>	<i>Budget page</i>	<i>Number</i>
Vocational Guidance and Placement-----	677	—14
Special Programs:		
Psychiatric Follow-up Study-----	680	—4
Planning Improvement of Workshops on Rehabilitation Facilities-----	682	—3
Total -----		—21

Departmental Administration

The objective of the departmental administration activity is to provide centralized overall planning, management and supporting functions to assure that the department meets its objectives. The division provides centralized activities of program planning, direction and administration and includes the office of the director; the Statewide Planning Unit; and the Division of Management Services.

Division of Management Services

General Fund amount requested 1968-69 ----- \$51,223

This division is responsible for the development and execution of fiscal and administrative policies and for the provision of management services in support of the mainstream operations of the department. These services include: fiscal and budgetary management, personnel management, the department's research program; collection and analysis of statistical data; management analysis; development of administrative reporting and control systems; and centralized data processing systems. The program is supported from two sources: appropriations from the General Fund and from federal funds. In 1966-67 General Fund expenditures amounted to \$36,563 and federal fund expenditures \$224,688.

We recommend a reduction of \$690 for additional equipment, budget page 673, line 67, of which \$86 is General Fund and \$604 federal funds.

An amount of \$390 is proposed to purchase a visible index file and is justified on the basis that an additional card file will be needed in the personnel office to handle the departmental increase in positions to a total of 2,300 positions. Because there is a reduction in authorized positions, there will be no need for this file. The remaining \$300 reduction is recommended because in our judgment the additional miscellaneous equipment is not adequately justified.

Division of Vocational Rehabilitation

The purpose of the program of this division is to provide vocational rehabilitation services to the physically and mentally handicapped, and to reduce dependency through the provision of a wide variety of restorative and retraining services to those handicapped persons in the state who are or would become public charges. The program is carried out by the following units: Administration, Vocational Guidance and Placement, Special Programs, and Cooperative Rehabilitation Services.

Department of Rehabilitation—Continued
Vocational Guidance and Placement

General Fund amount requested 1968-69 ----- \$3,619,357

Counselors throughout the state make available diagnostic services, vocational training, medical or psychiatric treatment and other services which may be necessary for the disabled to rehabilitate themselves to a level where they can engage in employment. Counselors are also responsible for assisting disabled clients to secure suitable employment. The vocational guidance and placement function comprises the main body of the vocational rehabilitation program. It is divided into 19 districts and 27 branch offices. The program is supported from two sources: appropriations from the General Fund and federal funds. In 1966-67 General Fund expenditures amounted to \$2,623,016 and federal fund expenditures \$8,051,485.

We recommend a total reduction of \$7,746 for additional and replacement equipment, budget page 677, line 73, General Fund \$1,936, federal funds \$5,810.

An amount of \$2,709 is requested for the purchase of dictation machines to improve the ratio of one dictation machine for, at most, two counselors. In our opinion the ratio of one dictation machine for every two counselors is adequate and should not be increased. Also the amount of \$4,739 is requested for additional and replacement equipment in the downtown Los Angeles office. We reduced the budget by this amount because of the discontinuance of the EYOA project in the Los Angeles area. The project contained 109 rehabilitation department positions and facilitating equipment. Of these positions, 48, and presumably their equipment, will be assigned to service centers with the resulting net reduction of 61 positions due to the elimination of the project. Although not all the remaining equipment freed by the elimination of the project belongs to the Department of Rehabilitation, we estimate that enough of the equipment will be made available to satisfy the equipment needs of the downtown Los Angeles office. The remaining \$298 reduction for miscellaneous equipment was recommended because of a lack of adequate justification for the addition or replacement of such items.

We recommend deletion of one intermediate typist-clerk (budget page 677, line 50), \$5,610, General Fund, \$1,402, federal funds, \$4,208.

An intermediate typist-clerk position is presently authorized to serve the Sacramento District Office of Rehabilitation. This position has been on loan to the health and welfare agency since April 26, 1967.

The department has received authorization for this position which has not been utilized for at least the past nine months. The clerk who is physically located in the health and welfare agency was technically assigned to the cooperative welfare program from April through September 1967. Since October 1, 1967, the clerk has been technically assigned to the Sacramento District Office of Rehabilitation. Our recommendation would abolish the position in the department and free related space and equipment, if any, for other utilization.

Department of Rehabilitation—Continued
 Special Programs—Vocational Rehabilitation Project for
 Economically Depressed Areas of Los Angeles County

This project is designed to demonstrate that a comprehensive program of rehabilitation service can improve the vocational, economic, and social status of those persons who are unemployed or underemployed for a variety of reasons associated with disability.

We recommend that the budget reflect the termination of the project, as indicated below, for a total federal fund reduction of \$1,008,550, (budget page 683, line 63).

The major portion of this project is part of the Economic and Youth Opportunities Agency Project which has been terminated by the federal government. We are informed that the department intends to phase out this program by June 30, 1968. However, the 1968-69 budget does not reflect the termination of the EYOA project. Fifty-five of the 109 EYOA positions are in this special project and will be eliminated.

This reduction does not affect the \$15,000 in General Fund support for this project and leaves \$75,000 in federal funds still available, or a total of \$90,000 for the 13 remaining authorized positions shown in the budget, page 683, for this project.

Division of Rehabilitation of the Blind

This division includes programs which provide training and actual work experience and placement in outside jobs for blind persons.

The Division of Rehabilitation of the Blind also includes a program for prevocational and personal adjustment to assist blind persons to become more self-sufficient, and to make them ready to undertake vocational preparation services. The program is administered by the Field Rehabilitation Services for the Adult Blind Section and the Orientation Center for the Blind.

Opportunity Work Centers for the Blind

*General Fund amount requested 1968-69 (budget page 694,
 line 79) ----- \$76,244*

The Opportunity Work Centers for the Blind provide training and work experience within shops located in San Jose, Berkeley and Los Angeles. Instruction is provided in various crafts and articles produced in each center are sold by the local community sponsoring organization, which is a local community organization in the areas where the centers are located. The program is supported by two sources: appropriations from the General Fund and federal funds. In 1966-67 General Fund expenditures amounted to \$69,586 and federal fund expenditures \$30,899.

We recommend a reduction of \$5,000 requested to replace equipment, budget page 694, line 73, General Fund \$3,450, federal funds \$1,550.

The department requested \$5,000 to purchase an electric forklift truck for their San Jose shop. Justification is made on the basis of an anticipated contract which is under bid consideration requiring loading and unloading of semitractors. It has been determined that due to the limited capacity of the shop in San Jose they will not get the contract and thus will not need the capabilities of the requested truck.

Rehabilitation

Items 139-140

Department of Rehabilitation—Continued

Orientation Center for the Blind

General Fund amount requested 1968-69 ----- \$109,466

The center provides training in travel, physical conditioning, braille, typing, activities of daily living, home economics, shop, and business methods. The program is supported from two sources: appropriations from the General Fund and from federal funds. In 1966-67 General Fund expenditures amounted to \$79,580 and federal fund expenditures \$238,742.

We recommend approval of the total proposed budget, increasing the cost per student to \$4,170 for the budget year.

During the 1967-68 fiscal year the stated intent of the Legislature was that expenditures from state and federal funds shall be limited to \$4,100 for each student served. In our judgment this limit should not be applied in the 1968-69 fiscal year.

The primary reason for the increase in cost per student above the \$4,100 limit is the \$8,800 one-time cost for special repair of a wall at the center. Increases in salaries and wages also help to push the proposed expenditures past the \$4,100 limit set by the Legislature for 1967-68. We will review the operations of the center during the next interim to determine if the \$4,100 limit should be recommended to the Legislature for 1969-70.

POVERTY REDUCTION AND PREVENTION PROGRAM

ITEMS 139 and 140 of the Budget Bill

Budget page 702

FOR SUPPORT OF THE SERVICE CENTER PROGRAM FROM THE GENERAL FUND AND THE DEPARTMENT OF EMPLOYMENT CONTINGENT FUND

Item 139 Requested from the General Fund (Rehabilitation Element)	\$863,429
Item 140 Requested from the General Fund	3,771,696
Requested from the Department of Employment Contingent Fund	286,870

Total Amount Requested	\$4,921,995
Estimated to be expended in 1967-68 fiscal year	4,423,425

Increase (11.3 percent)	\$498,570
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TOTAL RECOMMENDED REDUCTION ----- None

GENERAL PROGRAM STATEMENT

The Service Center Program was created by executive order of the Governor and a Budget Act appropriation during the 1966 legislative session. Initially 13 centers were established throughout the state. However, due to budgetary restrictions, the number was reduced to six. Service centers are presently located in East Los Angeles, South Central Los Angeles (Watts), San Diego, Venice, San Francisco and Richmond.

The executive element of the program has been placed administratively in the Governor's office with the Director of the Service Center Program responsible directly to the Governor's cabinet secretary. Each center is headed by a manager who reports to the director of the program.

Poverty Reduction and Prevention Program—Continued

The main objective of the program is to help individuals establish economic independence through a coordinated effort and utilization of state and nonstate services and programs.

ANALYSIS AND RECOMMENDATIONS

The budget proposes appropriations amounting to \$4,921,995, an increase of \$498,570 or 11.3 percent above estimated expenditures for the current year. The increase is a result of merit salary increases and additional rent costs. The anticipated move of the East Los Angeles and South Central Los Angeles Service Centers to permanent locations during the budget year results in an increase in rent costs of \$310,032.

The requested appropriation would continue the Service Center Program at approximately the same level as the current year. *We recommend approval of the budget as submitted.*

The Service Center Program is supported from a variety of sources as shown in the following table.

Table 1

	1967-68	1968-69	Percentage Increase
Federal funds -----	\$6,608,821	\$6,841,795	3.5%
General fund			
Department of Rehabilitation (Item 139) -----	846,063	863,429	2.1
Management, Intake and remaining elements (Item 140) -----	3,339,928	3,771,696	12.9
Total General Fund -----	\$4,185,991	\$4,635,125	10.7
Department of Employment Contingent Fund (Item 140) -----	237,434	286,870	20.8
	<u>\$11,032,246</u>	<u>\$11,763,790</u>	6.6

The proposed appropriations provide for the continuation of the present six centers. The distribution of authorized personnel per element and center are shown below plus the population of the target area served (1960 census).

Table 2

Staffing of Six State Service Centers

	South Central Los Angeles	East Los Angeles	Venice	San Diego	San Francisco	Richmond	Total
Population of area served by center (1960 census) --	542,200	227,900	36,600	98,000	83,000	21,200	
Program element							
Executive (Sacramento) --							21
Management ---	8.5	8	4	7	7	6	40.5
Intake -----	83	65	21	38	42	19	268
Rehabilitation --	61	58.5	14	25.6	25.7	11.3	196.1 ¹
Employment ----	48	38	10	23	21	8	148 ²
Social Welfare --	1	1	--	1	1	1	5 ³

Poverty Reduction and Prevention Program—Continued

Table 2
Staffing of Six State Service Centers

	<i>South</i>						
	<i>Central</i>	<i>East</i>		<i>San</i>	<i>San</i>		
	<i>Los</i>	<i>Los</i>		<i>San</i>	<i>San</i>		
	<i>Angeles</i>	<i>Angeles</i>	<i>Venice</i>	<i>Diego</i>	<i>Francisco</i>	<i>Richmond</i>	<i>Total</i>
Public Health ⁴ ---	---	---	---	---	---	---	3
Mental Hygiene ⁴ ---	---	---	---	---	---	---	2
Corrections ⁴ ---	---	---	---	---	---	---	3
Youth Authority ⁴ ---	---	---	---	---	---	---	2
Fair Employment Practices -----	1	1	---	---	---	---	2
Apprenticeship Standards -----	1	1	---	1	1	1	5
	208.5	172.5	49	95.6	97.7	46.3	695.6

¹ The budget shows 205.6 rehabilitation positions in the center program; however, during the current year 0.5 positions have been transferred back to the Department of Rehabilitation.

² During the current year 6 positions were transferred to the executive element to form an evaluation team.

³ Two positions assigned to the center program are located in the Department of Social Welfare.

⁴ These positions are used in a liaison and consultant role as such are not assigned permanently to any one center.

Program and Procedure of State Service Centers

The Service Center Program is attempting to apply the shopping center concept to accomplish its objective. An effort is made to bring together available services and programs in anticipation of the needs of its clientele and place these services in one centrally located facility in a target area population. To the extent possible, the greatest number of different services are gathered in each center to enable them to satisfy the needs of its clientele on a "one stop" basis. This gathering of services includes federal, state and nonstate programs and is meant to eliminate, as much as possible, rereferral of clients from one office to another and the duplication of forms.

An attempt to reach the target population is augmented by an outreach program conducted by the centers to inform the people of the availability of services. The centers are nonselective and attempt to serve those who come for help. Thus, with the acceptance of the centers in the community, the workload of the program is rapidly increasing. In six months the number of people coming into the centers seeking assistance has gone from approximately 37,000 for June, 1967 to 57,700 in December, 1967.

All participating agencies within a center are served by a common intake unit composed of people indigenous to the community served by the center. The needs of the client are identified within this unit and a preliminary file is begun. Forms are kept to a minimum and a central case file for each center is the goal. The intake interviewer is responsible for assigning the client to either the employment or rehabilitation elements, depending upon the primary need, which is then responsible for resolving the client's problems.

At this point, a functional team is organized by the responsible element in an attempt to relate and utilize pertinent services to fill the client's needs. This is in contrast to a specialty approach where only one isolated need of the client might be met without regard to an individual's total problem. This functional team is responsible for determining the kind, extent and quality of services needed by the

Poverty Reduction and Prevention Program—Continued

individual. The agencies involved in the center must be coordinated fully at this point to insure the greatest benefit to the client.

A further function of the intake unit is a followup of the individual after he leaves the influence of the center. This is to insure that all needs have been met by the participating agencies and that if possible the person is economically independent.

Executive Element and Evaluation

The executive element proposes an increase of six positions to augment the evaluation of the program. The six positions have been transferred from the employment element and reclassified.

The evaluation of the program is still in the formation stages with the gathering of data the chief concern at this time. Sources of data are available in the following areas: (1) the number of people coming to the center, (2) the number of job placements per month, (3) the major problems of people coming to each center (three-fourths of major problems were employment related), and (4) the public assistance status of clients per center (about one out of five clients are receiving some type of public assistance at intake and about one out of seven clients are receiving public assistance at closure). During a three-month period, three times as many people were taken off welfare rolls as were put on. The data does not show if those removed have remained off the welfare rolls.

The evaluation unit proposes the following activities: (1) the development of a data system on client characteristics, (2) a random sample study of the population served with a followup three months after critical contact with the center to see how their situation has changed, (3) gathering of information as to what services have been utilized within each center, and (4) a compilation of information on the indigenous aides after they leave the center.

Reception (Intake) Element

The reception or intake element was increased by 54 positions during the current year. These positions were part of the federal Concentrated Employment Program and are financed solely with federal funds. The intake element conducts the interviewing and selection of trainees in addition to supplying openings within its operations. These positions are requested again for the 1968-69 fiscal year and will continue to be financed by federal funds. The 54 positions are composed of 48 training slots, three training officers and three clerical positions. Fifteen of the slots will be delegated to East Los Angeles, 15 to South Central Los Angeles and 18 to San Francisco. The six remaining positions will report to the executive element while working with the respective centers.

The indigenous intake aides are used primarily for interviewing and referring clients to agencies within the center. They are also used for outreach and followup activities in addition to receiving training which will enable them after nine months to leave the center and become economically independent.

**Poverty Reduction and Prevention Program—Continued
Rehabilitation Element**

During the 1968-69 fiscal year the rehabilitation element will be reduced by 53.5 positions and \$1,491,199 due to nonrenewal of a federal Office of Economic Opportunity grant. Personal services account for \$373,125 of this amount while the remaining \$1,118,074 will be taken from case services. The budget does not show this reduction because notification of not refunding the grant was not received by the director of the center program until after the budget was in print.

The grant in question was issued to the Economic and Youth Opportunities Agency, the Community Action Agency for Los Angeles County, as the prime sponsor. The Economic and Youth Opportunities Agency contracted with the Department of Rehabilitation to conduct a demonstration project applying the department's one-to-one case relationship in its disabled program to the hard core unemployed. The grant was issued in February 1966, became operational in May 1966 and will terminate before the end of the current fiscal year. The federal Office of Economic Opportunity is satisfied that the project has clearly demonstrated that the Department of Rehabilitation's one-to-one case relationship method can be applied to the hard core unemployed, and has thus determined not to extend the demonstration project.

The remaining money in case services will allow the continuation of rehabilitation's regular program with the disabled in the service centers. Federal support of this element is estimated at \$2,428,740 to be matched by \$863,429 in General Fund money.

Employment Element

The employment element does not involve the expenditure of General Fund money. Support for the element comes from the Department of Employment Contingent Fund in the amount of \$227,496 and federal funds amounting to \$1,425,376.

Social Welfare Element

A total expenditure of \$892,186 is proposed for the 1969 fiscal year. Federal funds are provided on both a matching and a fully funded basis. Child welfare services in the amount of \$772,000 are 100 percent federally supported. The remaining \$120,186 is provided for administrative expenses and is funded on a 50-50 sharing basis. Social welfare personnel are located in five of the six centers and have two of their positions in the Sacramento office of the Department of Social Welfare. No increase in personnel is requested.

Liaison Personnel

Positions in the Departments of Public Health, Mental Hygiene, Corrections, Youth Authority, Fair Employment Practices and Apprenticeship Standards have been filled and are being used as consultants rather than having specific case responsibility as do those employees in the employment element. The agency personnel have been paired in functional teams and encouraged to acquaint themselves with the programs of the other. Thus, public health learns the programs of mental hygiene and vice versa. This is an attempt to provide services to all centers in these program areas although the number of positions

Summary

Social Welfare

Poverty Reduction and Prevention Program—Continued

filled is as follows: Public Health 3, Mental Hygiene 2, Corrections 3, Youth Authority 2, Fair Employment Practices 2, and Apprenticeship Standards 5.

Participation of Nonstate Agencies

A number of city, county, federal, private and community services have been brought into the service centers, primarily in the southern California locations. The agencies provide personnel and the state provides space in the center. There are approximately 30 of these agencies and organizations in the centers.

SOCIAL WELFARE

General Summary

Social Welfare has as its objectives providing money for food, clothing, and housing; certification for medical care and food stamps; and rendering social services to dependent persons so that they may become more self-sufficient and independent. Total Social Welfare expenditures in California, including State Operations discussed in item 141, are proposed to be \$1,406,915,755 in 1968-69. This is an increase of \$145,531,779, or 11.5 percent over the estimated expenditures for 1967-68.

The total of \$1,406,915,755 as set forth in the table on budget pages 1201-1202 is summarized by funds as to the Assistance and Specialized Social Service Programs, as follows:

<i>Source of funds</i>	<i>Total</i>	<i>Assistance</i>	<i>Specialized social service program</i>
State General Fund -----	\$487,361,061	\$459,573,765	\$27,787,296
Federal funds -----	684,531,883	658,157,001	26,374,882
County funds -----	235,022,811	233,475,900	1,546,911
Total -----	\$1,406,915,755	\$1,351,206,666	\$55,709,089

The total of \$1,351,206,666 for Assistance by program is as follows:

Aid to the Blind, including self-supporting -----	\$22,890,232
Aid to needy disabled -----	260,092,953
Aid to families with dependent children -----	674,916,144
Old age security -----	418,307,337

Total program expenditures -----	\$1,376,206,666
Less program savings -----	25,000,000
Net expenditures -----	\$1,351,206,666

The total of \$55,709,089 for Specialized Social Service programs, is as follows, by program:

Specialized social service in public assistance -----	\$5,740,000
Specialized social service for children -----	30,642,697
Local inspection and licensing programs -----	3,184,569
Social services administration improvement program -----	2,709,257
Division of Protective Social Services -----	13,432,566
Total -----	\$55,709,089

Social Welfare

Summary

General Summary—Continued

The state General Fund expenditures, which total \$487,361,061 are as follows, by source of appropriation:

<i>Source of appropriation</i>	<i>Total</i>	<i>Assistance</i>	<i>Specialized social service programs</i>
Continuing appropriations ---	\$456,048,100	\$456,048,100	---
Item 141 -----	15,332,453	3,525,665	\$11,806,788
Item 296 -----	15,980,508	---	15,980,508
Total -----	\$487,361,061	\$459,573,765	\$27,787,296

The local assistance amount of \$456,048,000 is identified on page A-44 of the Budget Document.

Under the supervision of the Health and Welfare Agency Administrator the State Department of Social Welfare through the 58 counties in California will provide assistance to 1,430,285 persons in 1968-69. Other persons in need and not eligible for these programs are provided assistance under county general relief programs.

In addition the State Department of Social Welfare provides other social services programs as follows: Demonstration and Pilot programs in Public Assistance, Child Development and Protection programs, the Adoption Program, Public Protection programs (licensing of boarding homes and institutions), Public Welfare Manpower program (staff recruitment and training), Administrative Improvement programs. The above Social Service programs are primarily administered through the various counties under the supervision of the State Department of Social Welfare. In addition the department directly administers the Protective Social Services program.

Additional amounts will also be spent to provide health and welfare support and assistance for the people in California in the Office of Health Care Services, Public Health, Mental Hygiene, Rehabilitation, Corrections, Youth Authority, and federal and local Poverty Prevention programs. The upward trend in welfare to needy persons in California is predicted to continue in the 1968-69 fiscal year as indicated in Table 1 which shows the number of welfare and Medi-Cal recipients in California in relation to the civilian population. No attempt has been made to include recipients of Public Health, Mental Hygiene, Rehabilitation or other agencies serving people in California.

Table 1
California Population—Welfare and Medi-Cal Recipients

<i>Fiscal year</i>	<i>Civilian population*</i>	<i>Percentage increase from prior year</i>	<i>Recipients</i>	<i>Percentage increase from prior year</i>	<i>Percent of recipients in civilian population</i>
1960-61 -----	15,865,000	---	601,952	---	3.8%
1961-62 -----	16,450,000	3.7%	638,626	0.6%	3.9
1962-63 -----	17,043,000	3.6	743,168	16.4	4.4
1963-64 -----	17,625,000	3.4	831,626	11.9	4.7
1964-65 -----	18,159,000	3.0	944,524	13.6	5.2
1965-66 -----	18,604,000	2.5	1,141,863	20.9	6.1
1966-67 -----	18,988,000	2.1	1,298,194	13.7	6.8
1967-68 -----	19,423,000	2.3	1,573,000*	21.2	8.1
1968-69 -----	19,908,000	2.5	1,815,600*	15.4	9.1

* Estimated.

Summary

Social Welfare

General Summary—Continued

Table 2 compares California with New York and the nation as a whole as of June 1967.

Table 2
Comparative Population Recipient Data

	<i>Nationwide</i>	<i>California</i>	<i>New York</i>
Adult Recipients:			
Old Age Security per 1,000			
population aged 65 and over-----	109	176	36
Aid to the Blind per 100,000			
population aged 18 and over-----	66	102	26
Aid to the Disabled per 1,000			
population aged 18-64-----	5.7	10.4	3.7
Aid to Families with Dependent Children Recipients:			
Dependent children per 1,000			
population under age 18-----	52	84	85
Dependent children per 1,000			
population under age 21-----	46	74	75

The following table is a summary of California's estimated assistance recipients and expenditures for 1968-69, excluding administrative cost:

<i>Program</i>	<i>Average monthly recipients</i>	<i>Payments</i>	<i>Average monthly payments</i>
Aid to the Blind-----	12,485	\$20,879,200	\$139.36
Aid to Needy Disabled-----	162,650	221,172,600	113.32
Aid to Families with			
Dependent Children-----	955,100	552,133,000	48.17
Old Age Security-----	300,050	385,556,900	107.08

The 1968-69 budget estimates do not reflect the fiscal results of the 1967 Social Security amendments. The State Department of Social Welfare in cooperation with the State Department of Finance is presently completing a full study of the amendments and preparing a set of legislative proposals regarding their implementation.

Apparently if laws are not changed there will be substantial increases in General Fund expenditures for Aid to Families with Dependent Children, which will not be offset by increased social security income to recipients. We are reserving any recommendation on the public assistance programs pending the receipt of information relative to the impact of the amendments on these programs. Moreover, the Governor's proposal to reduce budgeted expenditures for welfare by \$25 million by means to be disclosed later makes it necessary to withhold final analysis of this program pending receipt of such information.

GENERAL WELFARE ORGANIZATION

California has traditionally administered the welfare function through a state-county system. The State Department of Social Welfare has functioned as the single state agency required by federal law as a condition for receiving grants-in-aid and to meet federal requirements for uniformity in all subdivisions of the state. The state also is required to provide fair hearings to welfare applicants and specific reports to the federal government. The counties are directly responsible for the functions of determining eligibility, paying assistance, providing serv-

General Welfare Organization—Continued

ices and reporting to the state. We believe that this system has developed into a huge, complex organism which devotes excessive amounts of its resources to relatively unproductive functions through which the state and county each attempts to preserve its own identity and to overcome almost unsolvable administrative problems among and between its semiautonomous parts.

The net result of this dual system and the continuing problems that it produces has been that welfare laws are not uniformly applied throughout the state, that it is impossible to locate and assess responsibility for program failure, and that the cost of administration of the program is substantially more than it needs to be. The most expensive single function performed by the state department is its relatively fruitless effort to write and interpret rules, regulations and explanatory materials for 58 semiautonomous county welfare departments. The county welfare departments in turn expend much time and effort attempting to comply and at the same time preserve their local autonomy and to respond to local demands which are frequently incompatible with state requirements. In the end we do not have uniform application of the welfare laws in all jurisdictions. The efforts of dedicated social workers are diverted to endless problems of communication and interpretation, and no real progress is made toward the basic objectives of the system which is the elimination of dependency to the greatest practical extent.

We recommend that the state adopt a system of direct state administration of all categorical aid welfare programs.

Under such a system the state would assume the responsibility for the functions of determining eligibility, paying assistance, and providing services together with the related administrative activities which are currently performed by the counties. The flexibility to take advantage of diverse organizational concepts would be one of the numerous benefits of state administration, providing efficiency in relation to the priority needs of the programs.

Other benefits of centralized state administration would be the uniform administration of the welfare laws as they affect all dependent persons; the opportunity for the Legislature to study the administration of welfare more directly by having one organizational head responsible for all welfare activities, and the ability to direct program changes to attack the massive problem of dependency without the dilution of purpose which presently occurs because of problems of communication and interpretation and the necessity to secure cooperation among separate entities with divergent and frequently conflicting ideas, interests, loyalties, and motivations. Systems and procedural simplification should also result in a substantial reduction in the excessive cost of administering the present system. Administration actually costs 20.5 cents for every dollar of benefits paid to needy individuals in 1966-67. However, it should be noted that along with the application, investigation, payment, reporting and other management costs, the cost of social services is also included as administration.

Summary

Social Welfare

General Welfare Organization—Continued

The following table, derived from data shown on budget pages 1201 and 1202 summarizes total expenditures for 1966-67 with actual welfare payments to recipients shown separately, by funds.

The actual welfare cost for the 1966-67 fiscal year is indicated below:

	<i>State funds</i>	<i>Federal funds</i>	<i>County funds</i>	<i>Total</i>
Expenditures -----	\$382,596,109 (35.35%)	\$527,545,372 (48.74%)	\$172,255,231 (15.91%)	\$1,082,396,712 (100%)
Welfare assistance --	\$357,818,083 (39.83%)	\$424,024,919 (47.21%)	\$116,442,063 (12.96%)	\$898,285,065 (100%)
Administration and special social services -----	\$24,778,026 (13.46%)	\$103,520,453 (56.23%)	\$55,813,168 (30.31%)	\$184,111,647 (100%)
(State operation of \$18,677,231, is included)				

The assumption by the state of the present county share of the cost of administering welfare could be viewed as an effective way of providing substantial local property tax relief which has been under discussion for the past several years. The administrative cost to the counties was \$55,813,168 in 1966-67. The total cost to counties for these aid programs was \$172,255,231 in 1966-67.

The argument most commonly advanced for the retention of the present system on the local administrative level is that local authorities, being closer to the people, can judge need more accurately and therefore prevent the undue enlargement of caseloads. This argument may well have been valid at the time California was more rural in character and when relief was more directly a financial responsibility of local people. However, these conditions no longer prevail in California and in the light of the growth of caseloads and cost which has been experienced in recent years, the effect of such local restraint is not noticeable. Today eligibility and grant levels are prescribed by statewide standards and any significant deviation or difference resulting from local attitudes violates the intention of the law. It is far more likely that realistic welfare programs can develop under a system of state administration, more amenable to direct legislative control on a statewide basis, than from the present unwieldy chaotic structure, which is engrossed with the problems of self preservation and autonomy at the expense of making progress towards its basic objectives.

POLICY OPTIONS

The following policy option relates to the Aid to Families with Dependent Children warrant authorization and payment procedure.

The state presently requires that Aid to Families with Dependent Children be paid twice monthly.

We recommend a change in the wording of Section 11456 of the Welfare and Institution Code to permit the elimination of the cost of providing twice-a-month payments.

Previous to February 1, 1964, all counties in the state mailed warrants out on the last day of the month. This was a far less costly method of making payment to recipients and is still the practice in all other categorical aids.

DEPARTMENT OF SOCIAL WELFARE

ITEM 141 of the Budget Bill

Budget page 711

FOR SUPPORT OF DEPARTMENT OF SOCIAL WELFARE
FROM THE GENERAL FUND

Amount requested	\$15,332,453
Estimated to be expended in 1967-68 fiscal year	14,047,353
Increase (9.1 percent)	\$1,285,100

TOTAL RECOMMENDED REDUCTION..... None

GENERAL PROGRAM STATEMENT

The Department of Social Welfare is responsible for supervising the administration of the categorical aid programs and social service programs mentioned previously. In general, the department is to coordinate and integrate a statewide social welfare program. The department pursues its objectives through a series of programs and functions. These include Public Assistance Categorical Aid and Special Social Service programs which are grouped into five broad categories as follows:

1. Support and Maintenance Programs.
2. Human Resources Conservation Programs.
3. Public Protection Programs.
4. Community and Local Resources Improvement and Support Programs.
5. Systemwide Planning, Management and Supporting Functions.

In terms of man-years, total positions in the department are shown in the summary on budget page 724, line 82, and are as follows:

<i>Fiscal year</i>	<i>Total</i>	<i>Increase from prior year</i>
1966-67 (actual)	1,342.7	
1967-68 (estimated)	1,536.4	193.7
1968-69 (proposed)	1,561.8	25.4

In terms of authorized positions, included in this item, there is a net increase of 21.5 positions in 1968-69 from 1967-68 as shown in the same summary after disregarding estimated salary savings.

The department also has 55.3 positions which do not appear in this item. These positions appear on budget page 1199, line 69 and are discussed under item 296 of this analysis.

The executive agency of state government dealing with these welfare programs is the State Department of Social Welfare, headed by a director and chief deputy director, appointed by the Governor.

The department director is responsible for setting policy, adopting standards that spell out the purposes and responsibilities of state welfare operations, administering welfare programs, and rendering decisions on public assistance appeals cases.

A seven-member State Social Welfare Board, whose members are appointed by and serve at the pleasure of the Governor, functions as an advisory body to the department and is also responsible for broad study in the welfare field. Serving the board is an executive secretary, appointed by the department director with the advice and consent of the board.

Department of Social Welfare—Continued

The department is separated into four organizational units:

(1) Departmental Administration: This unit consists of the Director, a Chief Deputy Director, State Social Welfare Board, Office of Planning, Legal Office, administrative assistant, and staff assistant to the director.

(2) Community Welfare Services: This unit consists of a Deputy Director, Program Operations Division, Southern Region (LA) and Northern Region (SF), three field representative districts servicing the northern mountain counties and the Sacramento and part of the San Joaquin Valleys. The Food Stamp Program, Emergency Welfare Services and service centers functions are also included in the Community Welfare Services branch.

(3) Management Services: This branch of the department performs the housekeeping functions and does statistical research and fiscal auditing of county welfare operations. It includes a Deputy director, Fiscal Division, Departmental Personnel Bureau, County Merit Systems Bureau, Research and Statistics Division, Data Processing Systems Bureau, Training Bureau, and Management Analysis Bureau.

(4) Program Development Branch: This branch provides special projects, develops policy and prepares rules and regulations for the programs administered by the State Department of Social Welfare. Included in this branch are the Protective Social Services Division, Adult Services Division, Division for the Blind, Family and Children Division and medical and special consultants.

Support and Maintenance Programs

The Support and Maintenance programs are designed to enable people to subsist at a level compatible with health and decency. Aid payments are provided through public assistance programs for adults and for children and their families and by certifying eligibility for Medi-Cal benefits and for federal food stamps. The detailed narrative statements and expenditure schedules for these programs will be found in the Governor's Budget under Subventions for Health and Welfare—Public Assistance Programs.

The total state operational cost of the supporting elements of the program are carried in this item of the support budget. Aid payments are made through Aid to Families with Dependent Children, Aid to the Needy Disabled, Old Age Security, and Aid to the Blind programs. These categorical aid programs are sometimes supplemented by county general relief programs which are separate and in addition to the programs mentioned above.

Human Resources Conservation Programs

The Human Resources Conservation programs are designed to strengthen and preserve family life, improve the capabilities of individuals to realize their full potentials for productive, independent living, increase their earning capacity and protect those who cannot effectively protect themselves. The objectives of these programs are met through social service programs which, except for protective services for the mentally handicapped, are described under Subventions for

Department of Social Welfare—Continued

Health and Welfare—Specialized Social Services. The total cost of the protective services for the mentally handicapped is contained in the Support Budget—Division of Protective Social Services. The following five programs are included as human resources conservation programs: (1) The self-support program which is concerned with planning, motivating and preparing the recipient for job training and placement and includes sheltered employment for disabled persons and day care services. (2) The Child Protection program. (3) The adoption program which provides development and support of relinquishment and adoption services, safeguards children in independent adoptions, intercountry adoptions and provides adoption information and control. (4) The Adult Protection and Self-Care program, and (5) The Protective Services for the Mentally Handicapped.

Public Protection Program

The objective of this program is to maintain standards for children's agencies and facilities, facilities for aged persons and life-care contracts. These objectives are met through licensing and inspection programs under the provision of Section 16000-16318, Welfare and Institutions Code. The department reviews and licenses plans for the reception and care of the aged and for the reception and care of children, both directly and through delegation to local agencies. The department licenses public and private adoption agencies and provides reports to the courts on independent adoptions. It issues certificates of authorization for certain institutions for the aged to enter into life-care contracts with aged persons.

Community and Local Resources Improvement and Support Programs

Community and Local Agency Resources Improvement and Support programs are designed to help local agencies and communities develop the resources required to meet the needs of disadvantaged people and to help focus coordinated community efforts and attempts to deal with the problems faced by these people. These specific programs included are: Community, Planning and Development (Support Budget—General Activities); Public Welfare Manpower Program (Merit System—Support Budget and Recruitment and Training—Subventions for Health and Welfare—Specialized Social Services) and Demonstration Projects Program.

Systemwide Planning Management and Supporting Functions

The objective of these functions is to provide the leadership, direction and logistic support required (1) to assure that the state's social welfare system is planned and carried out so as to meet the fast changing social and economic needs of the state, and accomplish the purposes established by the Legislature; (2) to assure that the departments' programs are administered according to modern management principles, methods and techniques with the optimum degree of efficiency and economy.

We recommend approval as budgeted.