

Department of Motor Vehicles—Continued

tion Code). Discussion of this activity is included in our analysis of the Department of Motor Vehicles, Item 238.

We recommend approval.

DEPARTMENT OF MOTOR VEHICLES

ITEM 240 of the Budget Bill

**FOR PAYMENT OF DEFICIENCIES IN APPROPRIATIONS
FOR THE DEPARTMENT OF MOTOR VEHICLES
FROM THE MOTOR VEHICLE FUND**

Amount requested	\$500,000
Amount allocated to date for the 1967-68 fiscal year	None
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS AND RECOMMENDATIONS

The Department of Motor Vehicles receives its support from special funds, and therefore, it cannot obtain money from the Emergency Fund when a deficiency occurs in the appropriation. Because the department is prohibited by statute from creating a deficiency, the Legislature, since 1948, has provided an annual appropriation to cover any unforeseen circumstances which can occur in an agency of this size. Payment for deficiencies may be authorized by the Director of Finance, with the consent of the Governor, pursuant to Section 1106 of the Government Code.

We recommend approval of the item as budgeted.

DEPARTMENT OF VETERANS AFFAIRS

ITEMS 241 and 242 of the Budget Bill

Budget page 1077

**FOR SUPPORT OF THE DEPARTMENT OF VETERANS AFFAIRS
FROM THE GENERAL FUND AND THE VETERANS FARM
AND HOME BUILDING FUND**

Amount requested	\$874,449
Estimated to be expended in 1967-68 fiscal year	899,577
Decrease (2.8 percent)	\$25,128
TOTAL RECOMMENDED REDUCTION	\$16,054

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
1 Deputy director	\$16,054	1078	26

GENERAL PROGRAM STATEMENT

The principal objective of the department is to contribute to the general welfare, economic well-being and rehabilitation of the veteran by assisting him to obtain those benefits authorized by state and federal legislation and to assist dependents of veterans in obtaining those benefits which are provided by state and federal laws because of the death or disability of the veteran.

The organization of the Department of Veterans Affairs is composed of the following divisions.

Department of Veterans Affairs—Continued**Division of Administration**

The objectives of this division are to carry out the policies determined by the Veterans Board, coordinate all programs of the department, provide fiscal and personnel management, and general supervision of all activities of the department.

To accomplish these objectives there is (1) a seven-man board appointed by the Governor which determines policy for all operations of the department, (2) a director who is head of the department, (3) a medical deputy director, (4) an administrative deputy director and (5) seven technical and clerical personnel.

The Veterans' Home is under the general supervision of the Administration Division. However, it is a separate budget item which will be discussed hereafter.

Division of Veterans Services

The Divisions of Educational Assistance and Service and Coordination were combined in 1966-67 to form this division.

The principal objective of this division is to assist veterans and dependents in obtaining the privileges, preferences and benefits provided by the laws of the United States or the State of California. The division administers the following programs.

Educational Assistance for California Veterans and Their Dependents

The purpose of this program is to assist qualifying veterans and their dependents to continue their education and reach their occupational, educational or professional goals (Sections 981.8 and 890-899 of the Military and Veterans Code). Applications are reviewed to determine the eligibility of the veteran or dependent as provided by law. Applicants are checked to determine need for training and the ability to successfully pursue the educational course required. Educational plans are checked to insure that the selected plans are financially sound and that sufficient funds are available in the budget. Applicants whose federal benefits have not been exhausted are not accepted. Periodic review of students' grades are made to determine progress and only those maintaining satisfactory grades are continued in the program.

Veterans Claims and Rights

The principal objectives of this program are to (1) assist veterans and their dependents in the preparation of claims for benefits to which they may be entitled under federal, state or local laws; (2) assist veterans in establishing veteran eligibility status for Cal-Vet farm and home loans; and (3) verify eligibility of veterans and widows for veterans' preference on state civil service examinations.

Division of Farm and Home Purchases

This division administers the Farm and Home Loans to Veterans program. The principal objective of this program is to finance the purchase of homes and farms by eligible California veterans at low interest rates on a self-supporting basis without expenditures from the General Fund. The legal authority for this program which began in 1921, is

Department of Veterans Affairs—Continued

found in the California Constitution, Article 13, Section 25, and the California Military and Veterans Code, Division 4, Chapter 6, Articles 3 through 7.

Following World War I public opinion favored rewarding native Californians who had served in the armed forces during the war. As an alternative to a bonus, the Legislature provided a method to obtain capital for loans by guaranteeing the repayment of bonds issued. From 1921 to June 30, 1967, the department purchased 236,881 properties at a cost of \$2,500,561,000. Of the total of 236,881 contracts to purchase homes or farms, 108,382 have been paid in full and 128,499 are outstanding with a total obligation of \$1,329,167,000. As of June 30, 1967, there was \$75 million in authorized but unsold bonds. It appears that the sale of these bonds will be necessary to process requests for loans. Present law provides that the cost to the department of a home cannot exceed \$15,000 and a farm \$80,000. The current interest rate on loans is 3.75 percent.

To provide a better understanding of the programs and the budget request of the Department of Veterans Affairs our office requested information regarding organizational units of the department, number of positions by units, status and funding of these positions, workloads, description of processing steps, copy of reports and other pertinent data. To date we have not received all of the information desired and the budget request does not coincide with some of the information furnished to us. The budget request states that the department proposes a reorganization of its executive structure at both the departmental headquarters office and the Veterans' Home. We understand that the reorganization has not been completed and more changes will be made that are not reflected in this budget request. All programs are not clearly defined and costs related thereto are not readily identifiable.

ANALYSIS AND RECOMMENDATIONS

The amount requested for support of the department for fiscal year 1968-69 is \$874,449 which is a decrease of \$25,128 from the amount of \$899,577 estimated to be expended in the 1967-68 fiscal year. The request of 1968-69 consists of \$734,426 from the General Fund and \$140,023 from the Veterans Farm and Home Building Fund of 1943. The amount from this fund is a pro rata charge for administrative services to the Division of Farm and Home Purchases.

The decrease of \$25,128 is due principally to the elimination of positions in the Division of Administration and the Division of Veterans Services which is discussed under these divisions.

Division of Administration

The total expenditure proposed for this division for the 1968-69 fiscal year is \$197,993 which is \$6,744 less than the amount estimated to be expended in the current fiscal year. There are 11 authorized positions in this division. The elimination of the medical deputy director at a salary of \$25,944 is proposed and a new position of deputy director at a salary of \$16,054 is added.

We repeat our recommendation made in the previous analysis that the proposed new position of deputy director be disallowed.

Department of Veterans Affairs—Continued

The duties for this position overlap those of the administrative deputy director. When the position of administrative deputy director was created, the staff recommendations to the State Personnel Board that substantiated establishment of the administrative deputy director position contended that the position is unique in that it carries out many of the policy formulation and program coordination responsibilities normally associated with a deputy director position. It also noted that the administrative deputy director position will act for the director in the absence of the director. The position of deputy director was abolished July 1, 1967, by legislative action on the budget. An exempt position of special consultant was established administratively for the period July 1 through August 30, 1967, and a classification of special assistant to the director was established administratively effective August 31, 1967. The authorization for this position to be exempt from civil service provisions is based on the "confidential position" entitlement of a director under the provisions of the State Constitution, Article XXIV, Section 4(a) (5).

The position of special consultant for the period July 1 to August 30, 1967, the current position of special assistant to the director, and the position of deputy director that was abolished by the Legislature have all been filled by the same person.

We are informed that the medical deputy director position was abolished because the duties assigned to this position apparently duplicated the duties of the general manager and the chief medical officer at the Veterans' Home.

Division of Veterans Services

The total expenditure proposed for this division for 1968-69 is \$676,456 which is a decrease of \$18,384 from the amount estimated to be expended in the current fiscal year. The department proposes the elimination of four positions at a savings of \$29,952 in salaries and wages. This reduction is the result of a reorganization of the department.

1 Supervising veterans representative (budget page 1079, line 12) -----	\$10,860
1 Veterans representative (budget page 1079, line 13)-----	9,612
2 Intermediate typist-clerks (budget page 1079, line 14)---	9,480

Division of Farm and Home Purchases

The proposed expenditure for fiscal year 1968-69 is \$2,582,369 which is a decrease of \$2,088,799 from the amount of \$4,671,168, estimated to be expended in the current fiscal year. Funds for this program are obtained from the interest on loans and are not in the Budget Act. This is a continuing appropriation and is not subject to legislative action each fiscal year.

The major items showing decreases are salaries and wages, reduced by \$362,106 plus related expenses by eliminating 2 assistant manager positions, 1 accounting officer and 5 clerical positions in headquarters, and 16 property agents and 8 clerical positions in district offices. Some of these positions are also shown as abolished in the current year. Our information indicates that all of these positions were unfilled except

Item 243**Veterans Affairs****Department of Veterans Affairs—Continued**

the 2 assistant manager positions. Reduced workload is the basis for these reductions.

Operating expenses show a decrease of \$1,823,946. The significant items reduced are communications \$72,722, rent for district offices \$60,388, life insurance premiums \$800,000, and disability insurance premiums \$900,000. It is our understanding that the payment of these insurance premiums is not mandatory.

We are informed that this program is being carefully reviewed by the director and a reorganization of the functions and staff is in process.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 243 of the Budget Bill

Budget page 1081

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

Amount requested	-----	\$2,353,325
Estimated to be expended in 1967-68 fiscal year	-----	2,352,900
Increase	-----	\$425

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

The objective of this program is to provide educational assistance to the eligible dependents of deceased or totally disabled veterans. Section 896.1, Division 4, of the Military and Veterans Code prohibits state contributions to a dependent of a veteran during the time he is entitled to receive federal educational benefits under Chapter 35, Title 38, of the United States Code or duplicate assistance from any other government source. The state program to provide educational assistance to veterans was terminated as of June 30, 1965, by the Legislature's decision not to appropriate funds for this purpose. World War II veterans were the last to receive this assistance. State law regarding educational assistance to veterans does not specify a termination date. Federal law terminates this assistance ten years after the veteran has completed his service duty. Legislation was passed at the 1967 session to permit the eligible veterans of the Vietnam conflict and their dependents to obtain educational assistance from the state after federal benefits have terminated. It is not known when these veterans or dependents of veterans will apply for such assistance from the state.

The maximum allowance for living expenses is \$50 per month for students of postgraduate, collegiate, junior college, business or trade school rank. For students of high school rank, the amount shall not exceed \$20 per month. The amount for tuition and fees for postgraduate, college or professional rank cannot exceed \$1,600 per school year.

ANALYSIS AND RECOMMENDATIONS

The amount requested for fiscal year 1968-69 is \$2,353,325 which is \$425 over the amount requested for the current year. This amount is based on the maximum monthly allowance for subsistence and a yearly average for tuition for nine months as follows.

Department of Veterans Affairs—Continued

Educational Assistance to Veterans' Dependents

1968-69 Budget

4,200	Continuing high school	-----	× \$180 (9 months)	=	\$756,000	
1,200	New applications—fall	-----	× \$180 (9 months)	=	216,000	
800	New applications—spring	-----	× \$80 (4 months)	=	64,000	
<u>6,200</u>	Total	-----			<u>\$1,036,000</u>	
	Less 5 percent dropouts	-----			51,800	
	Total high school maintenance	-----				\$984,200
1,300	Continuing college	-----	× \$450 (9 months)	=	\$585,000	
500	Graduating from high school	-----	× \$450 (9 months)	=	225,000	
300	New applications—fall 1968	-----	× \$450 (9 months)	=	135,000	
100	New applications—spring 1969	-----	× \$225 (4½ months)	=	22,500	
<u>2,200</u>	Total	-----			<u>\$967,500</u>	
	Less 5 percent dropouts	-----			48,375	
	Total college maintenance	-----				\$919,125
	Total maintenance (high school and college)	-----				\$1,903,325
	Tuition (college)	-----				450,000
	Total	-----				<u>\$2,353,325</u>

We recommend approval as budgeted.

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

ITEM 244 of the Budget Bill

Budget page 1083

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

Amount requested	-----	\$4,927,798
Estimated to be expended in 1967-68 fiscal year	-----	4,983,388
Decrease (1.1 percent)	-----	\$55,590

TOTAL RECOMMENDED REDUCTION----- **None**

Summary of Policy Options

Charging members for care they receive in relation to their ability to pay could produce \$1 million a year in additional revenue	-----	752
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Analysis page

GENERAL PROGRAM STATEMENT

Care of Sick and Disabled Veterans

The objective of this program is to lessen the incidence of substandard living and physical and mental hardship, and to add to the dignity of the individual by accepting into the Veterans' Home of California for unlimited periods the aged and disabled California veterans who are unable to provide for their own care in other facilities. The authority for this care is provided in Sections 1010-1049 of the Military and Veterans Code, in Title XII, Chapter 2, of the administrative rules of the California Administrative Code, and in directives of the Director of Veterans Affairs and the rules and regulations of the U.S. Veterans Administration.

The home, located at Yountville, was founded in 1883 by the Grand Army of the Republic and Associated Veterans of the Mexican War

Veterans' Home of California—Continued

and was taken over by the State of California in 1897. The home's facilities include a fully accredited modern medical and surgical hospital of 450 beds and a 26-bed receiving ward. The home also includes one domiciliary unit of 55 beds for women veterans, a recreation center and various specialized buildings, including home employee housing.

The hospital staff consists of 23 full-time physicians, 109 registered nurses and 193 geriatric nursing assistants and hospital aides. Convalescent hospital cases and some chronic ambulatory patients are assigned to the convalescent barracks near the main hospital. Members placed in this facility are usually able to take care of themselves and go to meals in their own dining room.

The home is composed of eight domiciliary units. Approximately 51 percent of the present membership live in domiciliary sections, six of which are for male veterans and one for women veterans.

The present authorized staff consists of 683 civil service employees and 75 member employees whose principal function is maintenance of the home.

The total bed capacity of these eight domiciliary units is 1,492. The general medical and surgical hospital has 450 beds and two hospital annexes have 425 beds. There are also the nursing quarters, sewage disposal plant, domiciliary kitchen, 840-seat dining room, hospital kitchen and three dining rooms with a seating capacity of 340, a laundry, recreation center and other small supporting activities. The home is located on 700 acres of which 200 are landscaped and 500 are undeveloped.

The home accepts for membership aged and disabled war veterans with an honorable discharge who have been California residents for over five years immediately prior to admission and who are also eligible for admission to the U.S. Veterans Administration facilities.

At present the federal government pays to the State of California \$2.50 per day for support of each hospital and domiciliary member and \$3.50 per day for long-term nursing care patients. Bills before Congress would increase these per diem rates of federal payments for domiciliary members from \$2.50 to \$3.50, nursing home care from \$3.50 to \$5, and hospital care from \$2.50 to \$10. The budget shows estimated revenues for 1967-68 in the amount of \$826,375, and for fiscal year 1968-69, \$893,125. The amounts are payments by the federal government for its share of care of members at the home who qualify for Medicare.

ANALYSIS AND RECOMMENDATIONS

The budget request for fiscal year 1968-69 is \$4,927,798, a decrease of \$55,590 from the amount estimated to be expended in the current fiscal year. The federal contribution for member care is estimated to be \$1,235,525. This amount is not included in the overall budget totals.

There is a reduction of 20.4 positions for a saving of \$113,274 and three positions are reclassified and downgraded for a saving of \$12,150 for the 1968-69 budget year. Of the 20.4 positions, 9.4 positions were unfilled. Some of these positions are shown as deletions in the current year. These reductions are a result of a decrease in member population

Veterans' Home of California—Continued

which is estimated at 1,284 for the 1968-69 fiscal year or 248 less than the actual count for the 1966-67 fiscal year.

The proposed budget shows a new reimbursement item in the amount of \$163,200. Public Law 90-77 increases benefits by \$100 per month to certain veterans who require additional care. There are approximately 138 veterans in this category. Since these increased benefits will be paid directly to the veterans, legislation will be proposed to authorize the department to use these funds.

As the population goes down and more members require hospital care, the cost per member will increase. The actual member population in 1965-66 was 1,653 and the cost per member was \$3,435. The estimated or proposed average member population for 1968-69 is 1,284 at a cost per member of \$4,800. Comparing these two fiscal years, we have a decrease of 369 members and an increased cost per member of \$1,365.

We recommend approval of this item as budgeted. However, we believe that serious consideration should be given to the policy option which follows.

POLICY OPTION

We have recommended in the past that there should be some charge for care, support and medical attention to those veterans who are able to pay. The Department of Finance published a survey in 1960 that recommended that a system of charges for services to veterans be established at the Veterans' Home. Public Law 86-211 provides that no pension of over \$30 per month shall be paid a veteran without dependents who is furnished hospital or domiciliary care in a Veterans Administration facility.

The average income received by veterans at the home for the past two years has been \$149 per month. Additional revenue to the state could be in the neighborhood of \$1 million per year if an average of \$75 per member was assessed.

There are 28 states that have veterans' homes. Nine, including California, collect nothing from the veterans receiving care. The 19 remaining states collect various amounts. The following table shows the monthly maximum which the home in these states may collect and the detail of the method of collection.

State	Income Exempt	Monthly	
		Maximum Home May Collect	Detail
California -----	All	None	None
Connecticut -----	"	"	"
Georgia -----	"	"	"
New Jersey -----	"	"	"
North Dakota -----	"	"	"
Ohio -----	"	"	"
Pennsylvania -----	"	"	"
Washington -----	"	"	"
Massachusetts, Chelsea and Holyoke -----	"	\$100	For providing unusual extra care, federal government increases allowance by \$100.

Item 244

Veterans Affairs

Veterans' Home of California—Continued

<i>State</i>	<i>Income Exempt</i>	<i>Monthly Maximum Home May Collect</i>	<i>Detail</i>
Colorado, Home Lake	Comp. & pension	\$36	\$36 a month maximum from other income. None from compensation and pension income.
Idaho, Boise -----	\$65	\$36	Above \$65 to maximum of \$40 per month. Income over \$105 per month not disturbed.
South Dakota, Hot Springs -----	\$40	\$75	Nothing to \$40, \$5 from \$50 to \$59, \$10 to \$69, \$17.50 to \$79, maximum \$75 on \$150 or more a month.
Kansas, Fort Dodge---	--	\$120	Maximum of \$120 a month. Minimum of \$35 for comfort items. If hospitalized 60 days or more, \$35 reduced to \$15 a month.
Nebraska, Grand Island	\$40	\$125	Maximum of \$125 per month. Women must pay \$14 minimum. \$40 allowed for personal needs by state law.
Michigan, Grand Rapids	\$60	\$126	Over \$60 to maximum of \$126 per month.
Illinois, Quincy -----	--	\$150	Graduated scale from \$5 to \$150 per month.
Wyoming, Buffalo ----	\$50	\$200	Not to exceed \$200, but in all cases veteran retains \$50 per month.
Indiana, Lafayette ---	\$30	\$248	\$248 per month. Less if income not adequate. First \$30 of compensation and pension exempt; 80 percent of balance collected.
Iowa, Marshalltown --	\$20	Total support	If personal estate \$1,500 or more and no dependents, he pays total support. If \$500 or less, charges as follows: 1st \$20, none; \$30, 40 percent; \$70, 75 percent.
Minnesota, Minneapolis	\$30	\$46 + 90% of income over \$100	First \$30 exempt; \$2 of \$35; \$10 of \$50; \$30 of \$80; over \$100, \$46 plus 90 percent.
Rhode Island, Bristol	\$45	Not yet known	None presently, but planning to collect percentage in excess of \$45 monthly.
Montana, Columbia Falls----	--	20%	Approximately 20 percent.
Missouri, St. James--	--	50%	From \$2 to \$200 graduated scale of 17 to 45.5 percent. Over \$200 per month, 50 percent.
Oklahoma, Norman, Ardmore and Sulphur	\$64	50%	If veteran has dependent, no charge regardless of income. If no dependent, no charge if income \$64 or less per month. In excess of \$64, charge varies from 1.2 percent to maximum of 50 percent depending on income per month.

Veterans' Home of California—Continued

State	Income Exempt	Monthly Maximum Home May Collect	Detail
Wisconsin, King	\$20	100%	First \$20 exempt; \$30, 40 percent; \$50, 60 percent; \$70, 75 percent. Over \$70, 100 percent. If pension payments suspended due to excess assets, per diem cost may be charged to estate.
New York, Oxford	\$30	Full cost over \$30 per month	All income in excess of \$30 per month.
Vermont, Bennington	\$100	Full cost over \$100 per month	All over \$100 if single and no dependent, otherwise none.
New Hampshire, Tilton	\$115	Full cost over \$115 per month	Income from all sources in excess of \$115 per month.

We recommend approval of this item as budgeted and repeat our recommendation contained in the policy option that the department provide a schedule of charges based on the income and the ability of each member to pay and that this schedule be presented to the Legislature for review and determination.

Department of Veterans Affairs

UNITED SPANISH WAR VETERANS COMMISSION

ITEM 245 of the Budget Bill

Budget page 1086

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

Amount requested	\$3,600
Estimated to be expended in 1967-68 fiscal year	3,600
Increase	None
TOTAL RECOMMENDED REDUCTION	\$3,600

Summary of Recommended Reductions

	Amount	Budget Page	Line
Abolish commission	\$3,600	1086	5

PROGRAM ANALYSIS AND RECOMMENDATIONS

The United Spanish War Veterans Commission was created by Chapter 430 of the Statutes of 1957. The commission consists of five members appointed by the Governor. The members receive no compensation for their services but are allowed their actual and necessary expenses incurred in the performance of their duties. The duty of the commission is to promote and provide for the welfare of Spanish War veterans and to assist in the maintenance of headquarters of the Department of California, United Spanish War Veterans, as an active unit of the National Encampment of the United Spanish War Veterans.

We repeat our recommendation made in past years that the commission be abolished and its duties be absorbed by the Department of Veterans Affairs.