

Department of Motor Vehicles
FOR PAYMENT OF DEFICIENCIES IN APPROPRIATIONS
Item 285 from the Motor Vehicle Fund

| | |
|-----------------------------------|-----------|
| Requested 1969-70 | \$500,000 |
| Total recommended reduction | None |

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item as budgeted.

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 its 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 might occur. 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.

DEPARTMENT OF VETERANS AFFAIRS

Items 286 and 287 from the General Fund and the Veterans Farm and Home Building Fund

| | |
|---|-----------|
| Requested 1969-70 | \$900,238 |
| Estimated 1968-69 | 904,059 |
| Actual 1967-68 | 854,220 |
| Requested decrease \$3,821 (-0.4 percent) | |
| Total recommended reduction | None |

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 department is organized to include the veterans home and the divisions of administration, veterans services and farm and home purchases. The functions of each are discussed briefly below.

Division of Administration

A seven-man board appointed by the Governor determines policy for all operations of the department.

The objectives of the Division of Administration 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.

Department of Veterans Affairs—Continued

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 the Division of Veterans Services.

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 pursue successfully the educational course required. Educational plans are reviewed 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 is 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 found in the California Constitution, Article 13, Section 25 and the California Military and Veterans Code, Division 4, Chapter 6, Articles 3 through 7.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item as budgeted.

The department proposes to offer essentially the same level of services contemplated in the current year. Only two changes are significant. First, the medical deputy director position is transferred to the Veterans' Home budget item to be consistent with the actual assignment of the position. Second, the reduction in Division of Farm and Home

Department of Veterans Affairs—Continued

Loan positions is reaffirmed in this budget. The 1968-69 budget proposed a reduction of from 239.7 to 203.7 authorized positions. The Legislature further reduced the level by five positions in 1968. The current budget proposes to retain the level of 198.7 positions. There has been a corresponding plan to reduce the number of offices from 13 to 8.

Department of Veterans Affairs

EDUCATIONAL ASSISTANCE

Item 288 from the General Fund

| | |
|---|-------------|
| Requested 1969-70 | \$2,378,325 |
| Estimated 1968-69 | 2,353,325 |
| Actual 1967-68 | 2,352,900 |
| Requested increase \$25,000 (1.1 percent) | |
| Total recommended reduction | None |

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 similar 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. Federal law terminates this assistance 10 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. These veterans and dependents have not yet applied 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 in high school, 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

We recommend approval as budgeted.

The amount requested is \$25,000 greater than appropriated for the current year because the department expects a slightly greater demand for aid and an increased cost of tuition.

**Department of Veterans Affairs
VETERANS' HOME**

Item 289 from the General Fund

| | |
|--|-----------|
| Requested 1969-70 (Augmentation) ----- | \$407,345 |
| Total recommended reduction ----- | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**1. Future Plans for the Home**

We recommend that the department be directed to develop a plan for the disposition of land and facilities no longer required for the operation of the home. (Analysis page 843)

2. Member Contributions

Income and ability to pay should provide the basis for a schedule of charges, particularly to finance improved care. This would be consistent with state policy relative to mental patients and to federal Veterans Administration policy. In addition, the department has advised such charges must be made in order to qualify members of the home for Medical payments estimated to be from \$1.5 to \$2 million per year. (Analysis page 844)

ANALYSIS AND RECOMMENDATIONS

The trend from the past concept of the Veterans' Home as a place of retirement and care for aging veterans to the present use as a medical facility has been evident for some time. The current budget reveals the result of that trend in projecting only 506 domiciliary residents for 1969 compared to over 1,000 in 1963. At the same time, there is a wait-list for hospital beds at the home.

A medical deputy director was created administratively in 1961-62 and authorized by the Legislature in the 1962 Budget Act because of the increasing emphasis on medical needs at the home. A medical intensive care program augmentation of \$125,783 was approved by the Legislature in the 1966 Budget Act.

This budget proposes \$184,967 for an intensive care and coronary unit, \$169,447 for additional nurses in other acute treatment wards, and \$52,931 for additional nursing supervision in the hospital annexes. The Capital Outlay Budget proposes \$18,479 to make minor improvements needed in the intensive care ward.

We recommend approval of the item. We have two reservations however.

First, we believe the department needs to evaluate the underlying reasons for the decreased demand for domiciliary housing and for the continued demand for hospital and nursing home care in order to plan for the future of the home. The facilities and land once required to support the extensive domiciliary demand are no longer necessary and plans should be made for alternative uses. In addition, there should be a planned phase out of nonhospital staff to accompany the dwindling domiciliary population of the home. These changes should be anticipated and planned for in an orderly way.

Department of Veterans Affairs—Continued

Second, the rising cost per patient makes it even more necessary to consider the patient's ability to pay for a part of the cost of his care. We have previously recommended such charges and suggested that the revenue derived be used to insure adequate medical treatment. The department has provided our office with a list of members which shows that very few have dependents and that many have sufficient income to at least help pay the cost of their care. This policy is consistent with that employed by the state relative to operation of state mental hospitals and by the federal Veterans Administration. In addition, we have been advised by the department that the state's failure to levy such charges is a crucial factor delaying the possibility of qualifying for medical payments of from \$1.5 to \$2 million per year. The fact that the residents are not paying precludes their eligibility for the medical program because federal and state laws require a financial contribution by recipients if income is received.

Department of Veterans Affairs

VETERANS' HOME

Item 290 from the General Fund

| | | |
|--|-------|-------------|
| Requested 1969-70 | ----- | \$4,582,386 |
| Estimated 1968-69 | ----- | 4,813,920 |
| Actual 1967-68 | ----- | 4,813,311 |
| Requested decrease \$231,534 (4.8 percent) | | |
| Total recommended reduction | ----- | None |

GENERAL PROGRAM STATEMENT

The Veterans' Home located at Napa, California has been operated by the State of California since it was deeded to the state in 1897. The three major objectives of the home are (1) to provide a facility for disabled California war veterans where they can be housed and receive medical care, (2) to provide medical-surgical care for those who have more serious disabilities and (3) to provide a rehabilitation program for members in domiciliaries and hospitals. Prior to the admission of a veteran to the home, or at any time he is a member of the home, the department may investigate his financial status to determine if he is able to pay for hospital or domiciliary care outside of the home. The average population was 1,469 for the fiscal year 1967-68 and is estimated at 1,294 for 1969-70.

The needs of the members have changed considerably over the years. Originally the facility was primarily a home for the homeless veteran but it is now fundamentally a medical institution. All of the present membership have impaired health or a degree of disability. This condition has caused a decrease in domiciliary care and an increase in need of hospital care. We are advised that there is a waiting list of disabled veterans who have applied for admission directly to the hospital.

Department of Veterans Affairs—Continued
ANALYSIS AND RECOMMENDATIONS

We recommend approval of this item as budgeted.

This item proposes to finance the home at the same staff level as for the current year, except that the medical deputy director is proposed to be financed by this item instead of in the department's general administration budget.

A separate Item 289 requests an augmentation of \$407,345. The augmentation is required because of the changing purpose served by the Veterans' Home. We discuss the relevance of these changes in our analysis of that item.

Department of Veterans Affairs
UNITED SPANISH WAR VETERANS COMMISSION

Item 291 from the General Fund

| | | |
|--|-------|---------|
| Requested 1969-70 | ----- | \$3,600 |
| Estimated 1968-69 | ----- | None |
| Actual 1967-68 | ----- | 3,407 |
| Requested increase \$3,600 | | |
| Increase to improve level of service \$3,600 | | |
| Total recommended reduction | ----- | \$3,600 |

SUMMARY OF RECOMMENDED REDUCTIONS

| | Amount | |
|-----------------|---------|----|
| Delete the item | \$3,600 | -- |

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of the item.

The Legislature originally created this commission to promote the welfare of Spanish War veterans and to assist in the maintenance of a headquarters of the Department of California, United Spanish War Veterans.

We have recommended deletion of state support for this commission in our past several analyses because the Department of Veterans Affairs is staffed to assist this special group of veterans on the same basis that it serves all other veterans. We continue to question the policy of the state financing two separate agencies which are responsible for the welfare of a single group. The Legislature adopted our recommendation and deleted the item from the last budget, and we recommend that it do so again.

CALIFORNIA ARTS COMMISSION**Item 292 from the General Fund**

| | | |
|--|-------|-----------|
| Requested 1969-70 | ----- | \$167,330 |
| Estimated 1968-69 | ----- | 161,709 |
| Actual 1967-68 | ----- | 146,999 |
| Requested increase \$5,621 (3.4 percent) | | |
| Total recommended reduction | ----- | None |

GENERAL PROGRAM STATEMENT

The California Arts Commission was established by Chapter 1742, Statutes of 1963. Its purpose is to stimulate initiative and interest in establishing art programs and activities at both state and local levels and to assist local communities in initiating and developing their own cultural programs by providing technical advice and support when requested.

The commission represents all fields of the performing and visual arts. It is composed of 15 members appointed by the Governor, plus two Assemblymen and two Senators appointed by their respective bodies, and has a staff of seven permanent positions.

During the past two years, the commission has provided consultative services to 120 local art councils and commissions, many of which it helped to establish. It plans to continue this program in the budget year with a projected goal of promoting the establishment of 33 new local councils and 15 new regional councils. The commission also conducts an annual statewide conference on the arts and holds regional conferences in communities throughout the state.

The commission's program budget statement indicates that 96 performing arts events tentatively have been scheduled for the current and budget years, but the commission recently has reduced this estimate to 88 events. These will consist of 18 stage performances by the American Conservatory Theater at two junior college campuses and 70 performances of the opera "Gianni Schicchi" to be held on various junior college campuses by the Western Opera Theater. Both of these theater groups are private, nonprofit associations, but the actors are paid for their services.

The commission's role in scheduling these and other events consists of (1) providing liaison between various art groups and institutions having facilities in which the groups can perform or exhibit their work, (2) providing technical assistance and guidance in the development and staging of arts projects, and (3) providing specified amounts of financial support to assist financially burdened arts groups in extending their performances and exhibits to larger segments of the public. This financial assistance is in the form of a guarantee against operating deficits up to a specified limit, and the money is reimbursed to the commission from admission revenues if the shows are financially successful.

The commission in 1967-68 initiated a total of 14 projects, 7 of which will involve a total state contribution of \$67,550. A major portion of

California Arts Commission—Continued

that amount—\$22,500—has been contributed to the Western Opera Theater for the purpose of hiring two opera singers and assisting in the production costs of the 70 scheduled performances of “Gianni Schicchi.”

Included in the \$67,550 sum mentioned above is an expenditure of \$28,880 under a contract with the American Film Institute (a nonprofit organization) for the preparation of a movie film on the life of film director and actor John Ford. This film, which will be owned by the commission, will be available for showing at high schools and colleges throughout the state. The commission anticipates that the film will return the costs of its production and perhaps a profit through commercial distribution. Any profits earned on the film will be shared with the American Film Institute. This expenditure would appear to represent a departure from the established functions of the commission, particularly in view of the current availability of material on John Ford. In view of the very limited resources of the commission, such production expenditures would seem to be of low priority in relation, for example, to use of funds to encourage distribution of already available materials on the art of the film.

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted.

The commission has proposed a total expenditure program of \$211,830, which is an increase of \$19,212 or 10 percent over estimated expenditures of \$192,618 in the current year. The program for the budget year will be funded by \$167,330 from the General Fund and a projected federal grant of \$44,500 from the National Endowment of the Arts. However, the commission recently has informed us that the federal contribution will be in the range of \$27,000 to \$31,000 instead of the \$44,500 indicated in the budget.

COMMISSION OF THE CALIFORNIAS

Item 293 from the General Fund

| | |
|--|----------|
| Requested 1969-70 | \$35,530 |
| Estimated 1968-69 | 34,917 |
| Actual 1967-68 | 31,095 |
| Requested increase \$613 (1.8 percent) | |
| Total recommended reduction | None |

GENERAL PROGRAM STATEMENT

The Commission of the Californias is responsible for promoting better understanding between the State of California and the Mexican State of Baja California and the Mexican Territory of Baja California Sur.

The commission is composed of three delegations, one for each of the three governmental entities represented. Each delegation consists