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CITIZENS' ADVISORY COMMITTEE ON AGING
 ITEM 251 of the Budget Bill Budget page 569

**FOR SUPPORT OF CITIZENS' ADVISORY COMMITTEE ON AGING
 FROM THE GENERAL FUND**

Amount requested	\$35,537
Estimated to be expended in 1958-59 Fiscal Year	34,353

Increase (3.4 percent)	\$1,184
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

An Interdepartmental Co-ordinating Committee on Aging was established by the Governor in 1951. In 1953, an executive secretary position was established on a full-time basis and supported by the participating departmental budgets. In 1955, a Citizens' Advisory Committee on Aging was established and in 1956 participation of legislators on this committee was provided by Chapter 59, First Extraordinary Session, Statutes of 1956. The interdepartmental committee has continued as a co-ordinating body for state agencies.

The statute provides that the Citizens' Advisory Committee is solely advisory in character and is to advise the Governor on the needs and problems of the aging. The committee and staff's stated objectives include: (1) studying all aspects of aging and reporting to the Governor; (2) maintaining an information center and publishing a quarterly newsletter; and (3) assisting in establishing and informing local community groups in order to utilize and develop local resources to cope with the local problems. The committee feels that it is desirable to devote time to local groups on aging because it is thought that they are effective in solving local problems.

ANALYSIS

The budget of this agency represents the same level of service. Cost increases result from salary and other recognized increases and amount to 3.3 percent. The amount estimated to be expended for the current year is \$346 more than approved by the Legislature in 1958. Since the Legislature has approved this agency's program, and the level of service remains the same, we recommend approval, although this represents the type of state advisory activity which should not, we believe, be provided on a continuing basis and could well be eliminated.

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DEPARTMENT OF VETERANS AFFAIRS
 ITEM 252 of the Budget Bill Budget page 570

**FOR SUPPORT OF DEPARTMENT OF VETERANS AFFAIRS
 FROM THE GENERAL FUND**

Amount requested	\$237,061
Estimated to be expended in 1958-59 Fiscal Year	315,100

Decrease (24.8 percent)	\$78,039
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TOTAL RECOMMENDED REDUCTION	\$9,852
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Department of Veterans Affairs—Continued

GENERAL SUMMARY

The Department of Veterans Affairs is currently comprised of five divisions as follows: Farm and Home Purchases, Educational Assistance, Service and Co-ordination, Veterans Home and Administration. The department receives general policy directions from the State Veterans Board in administering and implementing the various programs authorized by law.

ANALYSIS

Summary of Reductions

	Amount	Budget Page	Line
Deputy director -----	\$9,852	570	35

The \$237,061 requested for the administration of the Department of Veterans Affairs is \$78,039 less than the anticipated expenditure for the current year of \$315,100. This reduction is brought about since it is proposed to eliminate the veterans claims and rights service in the current fiscal year which will permit the abolishment of 11 positions in the service and co-ordination division. This will also permit the abolishment of the division, as such, whereby the remaining functions carried by service and co-ordination currently will be absorbed by departmental administration. A portion of the reduction noted can also be attributed to increased reimbursements for departmental activities performed for special fund financed programs. Our detailed analysis of the individual programs involved appears under the items that follow which provide for their specific support and consequently will not be dealt with in detail under this item. The Department of Veterans Affairs as proposed in the 1959-60 Fiscal Year will be divided into four divisions; these divisions being delineated clearly so that the area that each covers differs substantially from that of the others. This being the case, especially with only four divisions being involved, less co-ordination is necessary between divisions than would be required in departments where divisional responsibilities are similar enough to cause the programs to overlap.

Since the department has a director, deputy director and an administrative service officer, it would appear that there is more supervisory personnel available than necessary, especially when the department's workload overall is in a stabilized condition and facing curtailment in the 1959-60 Fiscal Year.

In view of the fact that the department has not required the position of deputy director in the past, and only recently filled it during the 1955-56 Fiscal Year, it would seem logical that this would be the position to eliminate. This position has been used largely for public relations functions, which should be adequately performed by the director. *Consequently, we recommend that the deputy director position be abolished at a savings of \$9,852 in salaries and wages plus operating expenses attendant thereto.* We recommend approval of the balance of the item as requested.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 253 of the Budget Bill

Budget page 570

FOR ADDITIONAL SUPPORT OF THE DEPARTMENT OF VETERANS AFFAIRS FROM THE VETERANS DEPENDENTS EDUCATION FUND

Amount requested ----- \$46,129

Estimated to be expended in 1958-59 Fiscal Year ----- 45,440

Increase (1.5 percent) ----- \$689

TOTAL RECOMMENDED REDUCTION ----- None

ANALYSIS

This item provides the amount necessary from the Veterans Dependents Education Fund to pay the pro rata administrative overhead charges that accrue as a result of certain services being provided by the General Fund portion of the budget of the department. We recommend approval of the item as requested.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 254 of the Budget Bill

Budget page 570

FOR ADDITIONAL SUPPORT OF DEPARTMENT OF VETERANS AFFAIRS FROM THE VETERANS FARM AND HOME BUILDING FUND OF 1943

Amount requested ----- \$99,445

Estimated to be expended in 1958-59 Fiscal Year ----- 103,949

Decrease (4.3 percent) ----- \$4,504

TOTAL RECOMMENDED REDUCTION ----- None

ANALYSIS

The amount provided by this item covers the administrative expenses of the Divisions of Administration and Service and Co-ordination that benefit the Division of Farm and Home Purchases. The Division of Farm and Home Purchases is a special fund operation which is supported from a portion of the interest rate charged veterans who carry farm and home loans with the department. The pro rata provided by this item has increased considerably since Chapter 507, Statutes of 1957, provides that the California Veterans' Board, its secretary, the director of the department and the deputy directors' salaries and expenses shall be paid from the Farm and Home Building Fund of 1943.

We recommend approval of the item as requested.

Department of Veterans Affairs
EDUCATIONAL ASSISTANCE TO VETERANS

ITEM 255 of the Budget Bill

Budget page 572

FOR SUPPORT OF EDUCATIONAL ASSISTANCE TO VETERANS FROM THE GENERAL FUND

Amount requested ----- \$2,970,000

Estimated to be expended in 1958-59 Fiscal Year ----- 2,970,000

Increase (0 percent) ----- None

TOTAL RECOMMENDED REDUCTION ----- \$450,000

Educational Assistance to Veterans—Continued

GENERAL SUMMARY

The Department of Veterans Affairs has conducted a program of assisting veterans in pursuing educational opportunities since World War I and as of August 31, 1958, 64,885 veterans had obtained assistance through this medium. The program, which is commonly known as "California G. I. Bill" is set forth in Sections 981 through 981.8 of the Military and Veterans Code which also stipulates the maximum allowable entitlement as \$1,000 total per veteran. The above amount may be used for the payment of living expenses at a maximum of \$40 per month and instructional materials at \$10 per month. This is in addition to tuition.

Currently administrative policy of the Department of Veterans Affairs requires the veteran to exhaust any federal entitlement he might have available for similar benefits prior to qualifying under the state program.

ANALYSIS

The current educational assistance program is composed of approximately 60 percent Korean War veterans and 40 percent World War II veterans. It is assumed that even greater emphasis will be placed on the Korean veterans next fiscal year as it is estimated that World War II veteran applications will continue to decrease percentagewise as has been the case over the past two years. World War II veterans will undoubtedly continue to apply, however, since no termination date has been established in connection with the state educational assistance program even though their federal educational benefits expired on July 25, 1956.

It would appear that the State should also establish a cutoff date in the accepting of applications for the "California G. I. Bill" similar to the federal law. Since World War II veterans have had at least 11½ years to complete their education through both state and federal entitlements, it is our recommendation that legislation be enacted to provide that applications for educational assistance not be accepted from World War II veterans after July 25, 1959, and Korean veterans after January 31, 1967. This would allow veterans of either war a full 12 years to avail themselves of the program's benefits. It is estimated by the educational assistance division of the Department of Veterans Affairs that approximately 2,500 new World War II applications would be approved during the 1959-60 Fiscal Year which would represent \$450,000 or 15.2 percent of the total program based on past experience on average costs.

The Legislature has complete control over the fiscal scope of this program without further legislation, as provided in Section 981.2 of the Military and Veterans Code, and the Veterans Board has further administrative control through Section 981.4 as follows:

"§ 981.2. Expenses of Education and Living Expenses. The department, insofar as the funds permit, may provide:

"(a) For the payment of tuition and other fees other than for individual instruction or private lessons.

Educational Assistance to Veterans—Continued

“(b) A monthly payment of an allowance for the living expenses of the student in an amount not exceeding forty dollars (\$40) per month for the time the student is in satisfactory and actual full time attendance at a day school, absence during the month on account of illness to be included as a part of such attendance.

“(c) For the student’s book and supply requirements, the department may, at the student’s request, increase the allowance provided under subdivision (b) of this section by an amount not to exceed ten dollars (\$10) in any one month. (Added Stats. 1943, c. 627, p. 2247, § 1, as amended Stats. 1951, c. 424, p. 1402, § 1.)”

“§ 981.4. Order of Admission of Applicants. The board shall consider the application of veterans for admission to the institute in the order in which they are received. If the funds available are insufficient to meet the obligations which would arise from the guardianship of all worthy applicants, the board shall assume wardship over such veterans as are most urgently in need of further education. (Added Stats. 1943, c. 627, p. 2247, § 1.)”

Consequently, we recommend that this item be reduced by \$450,000 which would be the immediate savings to the General Fund. Further reductions would appear in future fiscal years by enacting the proposed legislation referred to above until 1967 when the program would be eliminated.

Department of Veterans Affairs

EDUCATIONAL ASSISTANCE TO VETERANS' DEPENDENTS

ITEM 256 of the Budget Bill

Budget page 572

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

Amount requested	\$301,000
Estimated to be expended in 1958-59 Fiscal Year	293,000
Increase (2.7 percent)	\$8,000

TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS

This item supports an educational assistance program for veterans' dependents which is somewhat similar to the educational program provided by the State for veterans. A veteran's dependent may qualify for this program if his guardian or parent died as a result of war service. The legal citation for this function is Sections 890 to 899 of the Military and Veterans Code which provides that a maximum of \$400 per year may be expended for the subsistence of a dependent while in attendance at a college operating under the semester system and a maximum of \$480 per year when attending a college that operates under the quarter system. Veterans' dependents also may attend high schools under the program but must have reached the age of 16 to qualify. The 2.7 percent increase, or \$8,000, is due to an estimated increase in the number of enrollments for the 1959-60 Fiscal Year.

Educational Assistance to Veterans' Dependents—Continued

While we recommend approval of the item it is pointed out that savings of \$70,000 per year are possible by amendments to the law. At the present time certain war orphans have elected to take advantage of the state program rather than a similar federal program provided by Public Law 634 to keep from losing their death compensation payment from the Federal Veterans Administration. We recommend that a section be added to the Military and Veterans Code that would provide that no dependent of a veteran can be eligible to receive the benefits of the State's program while he still has federal entitlement available to him. We understand that the Department of Veterans Affairs is sponsoring such a bill and in the event of its passage the State will save approximately \$70,000 a year.

We recommend approval of the item as requested.

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Department of Veterans Affairs	
VETERANS HOME	
ITEM 257 of the Budget Bill	Budget page 574
FOR SUPPORT OF VETERANS HOME FROM THE GENERAL FUND	
Amount requested	\$2,960,867
Estimated to be expended in 1958-59 Fiscal Year	2,869,056
Increase (3.2 percent)	\$91,811
TOTAL RECOMMENDED REDUCTION	None

GENERAL SUMMARY

The California Veterans Home has been operated by the State since 1897; the legal basis for its operation is contained in the Military and Veterans Code, Chapter 1, Division 5. As of December 6, 1958 the home had 2,044 members housed in modern facilities comprising eight domiciliary barracks, a modern recreation center and a medical-surgical hospital containing 464 beds. Currently a new chapel is under construction on the site and an intermediate care wing is planned to be added to the hospital in the 1960-61 Fiscal Year. One of the current requirements for a veteran to obtain admission to the home provides that he must have been a bona fide resident of the State for the 10 years immediately prior to the date of application. In addition, he must meet the requirements of the United States Veterans Administration for admission to a federal facility of a like nature. It is provided in part that the veteran to be eligible must be unable to pay the cost of his hospital or domiciliary care. While an eligible applicant must wait approximately one year to be accepted for hospital care due to crowded conditions, space is available for those seeking domiciliary care.

The Federal Government participates in the support of the home to the extent of \$700 per year per member. This amount is theoretically 50 percent of the per capita cost while in actuality per capita costs exceed three times this amount at the estimate of \$2,228 for the current year and \$2,276 for the budget year. While the per capita cost compares favorably with other institutions operated by the State, it would be considerably lower if the population of the home were predominately

Veterans Home—Continued

domiciliary. As we have pointed out in our previous analyses of the Veterans Home budget request, the hospital population has been increasing while the domiciliary population has been declining.

During the 1958 budget hearings before the Assembly Ways and Means Committee, certain questions were posed by our office concerning the pensions received by veteran members of the home while receiving free care from the State as indigents. As a result of discussions at the budget hearing, a subcommittee of the Ways and Means Committee was appointed which has made an interim investigation and report on this and other matters. The recommendations of the subcommittee may be summarized as follows:

1. The policies adopted by the veterans' board should be on the basis of sound business management practices without awaiting the prompting of veterans' organizations. If, after a policy has been adopted by the board, a veterans' organization might have objection to the policy thus adopted, it could be amended if such is justified.

2. Section 1012 of the Military and Veterans Code should be amended to provide that only California veterans be allowed to seek admission to the Veterans Home, i.e., veterans who entered the service from California or were bona fide residents of California at the time of their entry into the service.

3. A veteran applicant to the home should be required to have 90 days wartime service on his record unless a service-connected disability is involved whereby he would be permitted to gain admission with only one day's service.

4. It is recommended that legislation be enacted that would allow the Department of Veterans Affairs to investigate beyond the mere statement of a veteran that he is indigent and that his assets only amount to a certain figure. Further the committee found it unjustifiable to provide free hospitalization and domiciliary care for veteran members having considerable assets. However, allowance would be made for veteran members having dependents.

5. It is recommended that legislation be enacted to provide that all but \$30 of a veteran members compensation, pensions, retirement and social security payments be applied to help defray the costs of operating the Veterans Home and hospital. However, in this case as with recommendation four, exceptions would be provided for veteran members having dependents.

We believe that if legislation is passed in compliance with the above recommendations considerable savings can be made to the relief of the General Fund. We would not attempt, however, to estimate the savings at this time since there are so many variable factors involved that only actual operating experience will prove the amount of savings that will accrue. We feel it safe to assume, however, that savings will be substantial.

ANALYSIS

The 3.2 percent, \$91,811 increase, requested by the Veterans Home over the current year's estimate is primarily the result of merit salary adjustments. Operating expenses have been increased by \$36,855 due

Veterans Home—Continued

to increases in costs of commodities and services, while equipment has decreased \$20,907.

We have examined the budget detail and feel that the request is reasonable to carry out the current level of service and to continue it in the budget year. Consequently, we recommend approval of this item as requested.

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Department of Veterans Affairs
WOMAN'S RELIEF CORPS HOME

ITEM 258 of the Budget Bill

Budget page 577

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

Amount requested	\$20,500
Estimated to be expended in 1958-59 Fiscal Year	20,500
Increase	None
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS

The Woman's Relief Corps Home dates back to 1897, when it was established to care for Army nurses, wives and destitute unmarried daughters of Union veterans who served honorably during the Civil War. Admissions to the Woman's Relief Corps Home ceased in 1947 by act of the Legislature. Subsequently, the number of surviving members has been decreasing, so that at the present time only five are being cared for. The 1953 Legislature authorized the State's facilities to be leased to a private contractor who, in turn, contracted with the State to care for the remaining population. Under the terms of the contract, the State pays \$275 per month per member, plus providing for major hospitalization, medical care, and major maintenance of the physical facilities. The State in turn receives \$1,000 per month for the leasing of the facilities. We recommend approval of the item as requested.

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Department of Veterans Affairs
UNITED SPANISH WAR VETERANS COMMISSION

ITEM 259 of the Budget Bill

Budget page 577

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

Amount requested	\$3,400
Estimated to be expended in 1958-59 Fiscal Year	5,500
Decrease (38.2 percent)	\$2,100
TOTAL RECOMMENDED REDUCTION	\$3,400

GENERAL SUMMARY

Chapter 430 of the Statutes of 1957 created the United Spanish War Veterans Commission as a five-member, nonsalaried commission, the members of which are appointed by the Governor to promote and provide for the welfare of the Spanish War veteran. The \$3,400 requested would be used to maintain the headquarters of the organization and provide for general expenses and traveling of commission members.

United Spanish War Veterans Commission—Continued

ANALYSIS

The decrease noted in the budget request is a result of actual experience in the operation of the commission's activities and due to the fact that the commission is receiving certain endowments from outside sources.

In our analysis of the 1958-59 Budget Act, we pointed out this item as one of the areas for policy reappraisal, in that it had not been the policy of the State in the past to subsidize any veterans organization to the extent of providing it with a headquarters office, and since the subsidizing of veterans organizations cannot be considered an essential state service, we recommend deletion of this item from the budget.

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DEPARTMENT OF WATER RESOURCES
ITEM 260 of the Budget Bill

Budget page 579

FOR SUPPORT OF DEPARTMENT OF WATER RESOURCES
FROM THE GENERAL FUND

Amount requested	\$5,700,222
Estimated to be expended in 1958-59 Fiscal Year	5,456,784
Increase (4.5 percent)	\$243,438

TOTAL RECOMMENDED REDUCTION **\$486,000**

GENERAL SUMMARY

The Department of Water Resources was established in July, 1956, by the consolidation of several independent water agencies. Its principal organization structure consists of the Director's Office, the Divisions of Administration, Resources Planning, Design and Construction and the Southern California District Office. Besides certain statutory responsibilities, such as providing watermaster service, supervision of safety of dams, licensing weather modification projects, gathering data on ground water levels and streamflow, flood project operations and flood control emergency operations, etc., the department prepares plans for new water resource projects and is currently authorized to design and construct the Feather River Project, the five Upper Feather River Projects and the North Bay Aqueduct. In addition, the department is constructing the Whale Rock Project in San Luis Obispo County, the Upper San Joaquin River Flood Control Project and smaller works under reimbursable contracts from other state agencies.

ANALYSIS

Summary of Reductions

	Amount	Budget Page	Line
Operating expenses:			
General expense	\$120,000	589	60
Printing expense	90,000	589	60
In-state travel	100,000	589	60
Out-of-state travel	15,000	589	60
Equipment	161,000	589	62
Total recommended reduction	\$486,000		

(Note: Some of the above recommendations, although being itemized for reduction in the support budget, will actually reduce the California Water Development Planning Program. For this reason, the recommended reductions in the California Water Development Planning Program should be made first.)