

LOCAL ASSISTANCE**EDUCATION****CHILD CARE CENTERS**

ITEM 394 of the Budget Bill

Budget page 877

**FOR SUPPORT OF CHILD CARE CENTERS
FROM THE GENERAL FUND**

Amount requested	\$4,805,574
Estimated to be expended in 1958-59 Fiscal Year	4,688,365
Increase (2.5 percent)	\$117,209

TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

The Child Care Center program was established in 1943 when the Legislature enacted legislation authorizing school districts to establish and maintain child care centers. The legislation was adopted to meet the wartime emergency needs which then existed and was to be effective only for the duration of the war. The Legislature continued support of the Child Care program from 1946 through the 1956-57 Fiscal Year on a one- or two-year terminal basis.

During the 1957 General Session of the Legislature, Chapter 182, Statutes of 1957, was enacted which deleted the termination date of the Child Care program and made it a permanent program.

At present, there are 240 child care centers in 47 school districts which provide care and supervision for approximately 11,700 children. The total hours of enrollment during the past fiscal year amounted to 17,595,000.

ANALYSIS

The amount requested for the State's share in supporting the Child Care program is \$4,805,574, which is \$117,209 or 2.5 percent more than the estimated expenditures of \$4,688,365 for the current fiscal year. The increase is attributable to an anticipated increase of 450,000 hours of enrollment for the 1959-60 Fiscal Year.

Subject to a legislative review of the alternative proposals regarding the future of the child care center program presented on page 25 of this analysis, we recommend approval of the budget request as submitted.

TEACHERS' RETIREMENT SYSTEM

ITEM 395 of the Budget Bill

Budget page 881

**FOR SUPPORT OF TRANSFER TO THE TEACHERS' RETIREMENT
FUND FOR OPERATION OF THE STATE TEACHERS' RETIREMENT
SYSTEM FROM THE GENERAL FUND**

Amount requested	\$40,254,000
Estimated to be expended in 1958-59 Fiscal Year	34,620,000
Increase (16.3 percent)	\$5,634,000

TOTAL RECOMMENDED REDUCTION	None
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Local Assistance

Teachers' Retirement System—Continued

ANALYSIS

Expenditures for 1958-59 were derived from two sources:

General Fund	\$14,455,898
Teachers' Retirement Fund—Restricted Reserve	20,164,102
Total	<u>\$34,620,000</u>

A restricted reserve was established in the Teachers' Retirement System in the year 1944 by transfer of funds from surplus. By June 30, 1957, this fund had been increased through interest earnings to about 39 million dollars. The 1957 Legislature authorized the transfer of \$18,673,000 of this to the General Fund as an offset to the appropriation of that year. The 1958 Legislature authorized transfer of the balance, \$20,164,102, to the General Fund.

It should be pointed out that provision has been made to pay teachers pensions for services performed in past years, without any cash reserves having been created by the State. The last actuarial valuation of this unfunded liability was made as of June 30, 1954, when it was calculated to be 680 million dollars. The present unfunded liability is probably somewhat over twice that sum, due in part to improved benefits effective in 1956.

We recommend approval of the budget item as submitted.

FREE TEXTBOOKS

ITEM 396 of the Budget Bill

Budget page 883

FOR SUPPORT OF FREE TEXTBOOKS FROM THE GENERAL FUND

Amount requested	\$10,378,142
Estimated to be expended in 1958-59 Fiscal Year	9,049,496
Increase (14.7 percent)	<u>\$1,328,646</u>

TOTAL RECOMMENDED REDUCTION

\$10,000

GENERAL SUMMARY

The purpose of the free textbook distribution program is to make available to the school districts and county superintendents of schools all state-adopted elementary textbooks after bids have been called, plates purchased, and printing completed. It is the responsibility of the Bureau of Textbooks and Publications to maintain a supply of these textbooks and distribute them to the school districts and county superintendents of schools.

ANALYSIS

Summary of Reductions

	Amount	Budget	
		Page	Line
Printing textbooks	\$10,000	883	33

The budget request of \$10,378,142 is \$1,328,646 or 14.7 percent greater than the estimated expenditures for the current year of \$9,049,496.

Two new textbook series, amounting to 2,700,000 copies are being considered for adoption. The first is a language series to be distributed as a basic textbook for grades three through eight, and the second is a

Local Assistance

Subventions for Education—Continued

basic textbook music series for grades seven and eight. The cost of royalties and printing for these new series amounts to \$2,427,600.

The budget proposes to reprint 9,577,000 copies of textbooks to fill back orders and replenish inventories for 1959-60. The budget shows the printing and royalty costs of these books is estimated to be \$7,657,982. As a result of either a printing error in the budget item or a calculation error, this amount is \$10,000 more than necessary based on printing cost data supplied our office.

Therefore, we recommend that this item be reduced by \$10,000.

DEPARTMENT OF MENTAL HYGIENE

ITEM 397 of the Budget Bill

Budget page 884

FOR ASSISTANCE TO LOCAL AGENCIES FOR MENTAL HEALTH SERVICES FROM THE GENERAL FUND

Amount requested	\$3,024,700
Estimated to be expended in 1958-59 Fiscal Year	1,230,000
Increase (145.9 percent)	\$1,794,700

TOTAL RECOMMENDED REDUCTION _____ None

GENERAL SUMMARY

The Short-Doyle Community Service Program was established by the 1957 Session of the Legislature. The purposes of the program are to provide psychiatric outpatient and inpatient treatment services at the local level and on a statewide voluntary basis. Provisions of the act are contained in Sections 9000 to 9058 of the Welfare and Institutions Code. The State matches support costs of the facilities with the local jurisdictions which operate them within the provisions of the act and administrative regulations. The Department of Mental Hygiene has established a Community Services Section at Sacramento to provide direction at the state level.

At the present time, 12 local jurisdictions have established two or more of the five services for which the act makes provision. These are shown as follows:

<i>Jurisdiction</i>	<i>Services provided</i>
Alameda County	(1) Education (2) Consultation
Contra Costa County	(1) Inpatient (2) Outpatient (3) Consultation
Kern County	(1) Outpatient (2) Consultation
Monterey County	(1) Inpatient (2) Outpatient (3) Education (4) Consultation
San Francisco City and County	(1) Inpatient (2) Outpatient (3 clinics) (3) Consultation

Local Assistance

Department of Mental Hygiene—Continued

<i>Jurisdiction</i>	<i>Services provided</i>
San Joaquin County -----	(1) Inpatient (2) Outpatient (3) Rehabilitation (4) Education (5) Consultation
San Jose City -----	(1) Education (2) Consultation
San Mateo County -----	(1) Inpatient (2) Outpatient (2 clinics) (3) Rehabilitation (4) Education (5) Consultation
Santa Clara County -----	(1) Outpatient (2 clinics) (2) Education (3) Consultation
Santa Cruz County -----	(1) Outpatient (2) Education (3) Consultation
Sonoma County -----	(1) Outpatient (2) Rehabilitation (3) Consultation
Ventura County -----	(1) Outpatient (2) Education (3) Consultation

ANALYSIS

A total of \$3,024,700 is requested by the department to support the State's share of the program. This is an increase of \$1,794,700 or 145.9 percent over the \$1,230,000 estimated expenditure in the 1958-59 Fiscal Year. The department originally requested \$1,900,000 for the 1958-59 Fiscal Year. This was reduced by the Legislature by \$300,000 to \$1,600,000. It is noted that the latter sum was more than ample. The large increase in funds requested for 1959-60 over 1958-59 indicates the agency is anticipating that Los Angeles County will establish a community services facility in the 1959-60 Fiscal Year. This alone would increase the portion of the state population served by the facilities from about 27 percent at present to about 67 percent.

Only five of the 12 established facilities are providing the inpatient services as part of their program. Preliminary estimates of cost of these inpatient services based on only 146 beds for 1958-59 is \$1,362,566. This compares with \$1,206,448 for all the other services combined in all 12 facilities. This comparison is based on early estimates for the 1958-59 Fiscal Year which probably have been substantially revised. We do, however, believe that the relationship between the cost of inpatient and other services will remain about the same with the inpatient services costing about one-half or more of the total.

We point this out to emphasize that, should the inpatient services be increased significantly, costs to the State could skyrocket for this type service. California does not have a ceiling of \$1 per capita of population within the jurisdiction as the New York program has. This makes the State somewhat vulnerable on costs and the fiscal aspects of the inpatient program should be followed closely. Any savings that might accrue to the State on the basis of the Community Services Program,

Local Assistance

Department of Mental Hygiene—Continued

as compared to the conventional treatment program, will be soon lost if the inpatient costs are not carefully controlled.

In the department's studies of cost factors, seeking to justify on economic grounds a community services program, they assumed a ceiling of \$2 per capita of population (\$1 from the State and \$1 from the local jurisdiction) and, further, that the inpatient costs would be held to 25 percent of this figure. Although per capita costs are not yet near the \$2 figure at this stage, the inpatient costs are probably already in excess of 25 percent of 50 cents per capita of population in several jurisdictions. In fact, the preliminary figures for San Francisco City and County indicate a high proportionate inpatient cost for the 1958-59 Fiscal Year. The state share this year will be less than one-half the total because the State was not involved in the San Francisco program during the whole fiscal year. Based on a theoretical ceiling of \$2 per capita of population, the total costs for San Francisco should not exceed about \$1,600,000 per year at present population levels. (The state's share would be \$800,000.) However, we note that total inpatient costs for 1958-59 are estimated at \$683,185 which is 43 percent of the department's above assumed ceiling. The total estimated budget for San Francisco, based on preliminary figures for 1958-59, is \$1,009,072.

We believe that should Los Angeles County enter the program, it is highly likely that the inpatient services would be included as part of the program. Therefore, there could be a considerable increase in these costs.

The estimated savings which would accrue under the act to the State are based by the department on a carefully prorated share costwise to the various types of treatment. Should the more expensive services be given more emphasis costwise as appears to be the trend this could easily reduce or entirely eliminate any savings which the department has contemplated under the act. Although the above comparisons are based on preliminary estimates, we believe they are valid in indicating that this is a serious situation of which the department should be thoroughly cognizant.

We believe the department should be made to justify these expenditures in view of their previous estimates of savings which would accrue to the State under the program.

We recommend that the amount requested be approved.

We also recommend that positive expenditure control be amended into the statutes by the Legislature.

Department of Public Health LOCAL HEALTH DEPARTMENTS

ITEM 398 of the Budget Bill

Budget page 885

FOR ASSISTANCE TO LOCAL HEALTH DEPARTMENTS FROM THE GENERAL FUND

Amount requested	\$3,771,970
Estimated to be expended in 1958-59 Fiscal Year	3,641,275
Increase (3.6 percent)	\$130,695
TOTAL RECOMMENDED REDUCTION	\$500,000

Local Assistance

Local Health Departments—Continued GENERAL SUMMARY

State and federal funds are allocated to qualified health departments on a population basis to provide local public health services. The funds are subvended to departments which meet minimum standards established by the State Board of Public Health. These funds are distributed in accordance with the formula set forth in Section 1141 of the Health and Safety Code, which provides for a basic allotment of \$16,000 or 60 cents per capita per county, whichever is the lesser, to administrative bodies serving one or more counties. If a county is divided into two or more local health department jurisdictions, the basic allotment is divided in proportion to the population served, except that no funds are available to independent health departments serving cities of less than 50,000 population. The law further provides that after deducting amounts allowed for basic allotments the remainder of the appropriation shall be distributed to each local health department in the proportion that the population of the local health department jurisdiction bears to the population of all qualified local health departments of the State.

ANALYSIS

We recommend a reduction of \$500,000.

The Legislature adopted Section 1141 of the Health and Safety Code described above in 1947. When the section was adopted there was also three million dollars appropriated to the State Department of Public Health for distribution to the qualified health departments under the provision of the code section. After the basic allotment was made the remainder of the appropriation was distributed on a per capita basis. It so happened that the balance of the appropriation amounted to approximately \$0.20 per capita throughout the State. This figure of approximately \$0.20 has been administratively refined to where now after the basic allotment, as prescribed by law, is distributed, \$0.20735401 per capita is distributed to each qualified jurisdiction.

At the time this section of the code was adopted, the health picture of the State was considerably different from what it is today. Many of the counties had no organized health departments and most that did were understaffed and were unable to cope with some of the health problems. It was necessary to immediately combat some of the acute communicable diseases such as venereal disease, tuberculosis, and many others. The purpose of the State subvention was to cover areas of real deficiency and in a measure to provide a stimulus to the local jurisdictions to enrich their programs so that they could more effectively protect the health and safety of the communities. Many of the problems that were so acute at that time have diminished in importance and new problems have arisen. The subvention for mosquito abatement was also established in 1947 because of the fear of the possible spread of malaria from the service personnel returning from the Far East. That threat subsided and a new one in encephalitis appeared and now that too has subsided and the subvention is proposed for curtailment in the budget.

Local Health Departments—Continued

Public health activities have always been recognized as a local responsibility. However, there is clearly a state responsibility and concern to insure that the health and welfare of all the people are properly protected. It was for this reason that the State has historically advised and aided many areas in the traditional fields of public health such as sanitation and disease prevention. In recent years, the local jurisdictions have assumed more responsibility in the administration of various problems. There is greater local activity in the maternal and child health fields, local agencies are adopting industrial health programs, and most of the larger jurisdictions are strengthening their laboratory facilities just to mention a few of the areas in which the local departments have assumed more responsibility. Thus, what has happened is that the counties have been assuming more uniformly that part of this total responsibility that is recognized to be of a local nature.

However, the State has not correspondingly been curtailing its consultative and advisory activities to the counties, and has in addition assumed the administration of programs that are of statewide magnitude.

Problems that many times can not be handled economically on a local level have been assumed by the State. The recent alcoholic rehabilitation program, air pollution program, and the proposed radiological health program are three examples in this category. We believe that the local communities that are benefited by these statewide programs should bear some of the cost. We have estimated that the State administers programs of a statewide nature in excess of one million dollars. It appears to us that a reasonable local share for these programs would be one-half, therefore, we have recommended a reduction of \$500,000 in this subvention item. This reduction would result in approximately \$0.17 per capita above the basic allotment being distributed to the local jurisdictions rather than the budgeted \$0.20735401.

The amount subvented by the State to each local jurisdiction represents a varying percentage of the total amount spent by each jurisdiction for public health purposes. For the 1958-59 Fiscal Year, the State subvention will be only 12.8 percent of the total public health expenditures by all the counties; therefore, any slight reduction of the total appropriation will have little effect upon the individual local programs.

Also, we recommend a complete evaluation of the basis upon which this subvention is distributed by the State Department of Public Health. Such an evaluation should point out those programs that are basically a local health responsibility and develop criteria which would permit a determination as to whether certain funds presently allocated to local health departments would not result in greater statewide benefits if allocated to other statewide programs.

Local Assistance

ASSISTANCE TO COUNTIES WITHOUT LOCAL HEALTH DEPARTMENTS

ITEM 399 of the Budget Bill

Budget page 885

FOR ASSISTANCE TO COUNTIES WITHOUT LOCAL HEALTH DEPARTMENTS FROM THE GENERAL FUND

Amount requested	\$201,416
Estimated to be expended in 1958-59 Fiscal Year	173,925
Increase (15.8 percent)	\$27,491

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

Section 1157 of the Health and Safety Code authorizes the Department of Public Health to furnish services to those counties without recognized local health departments which contributed a minimum of 55 cents per capita. This program now includes Alpine, Colusa, Lassen, Mariposa, Modoc, Mono, Nevada, Sierra, and Trinity Counties.

ANALYSIS

The budget proposes \$201,416 for the operation of this function for the coming fiscal year. This amount is an increase of \$27,491 or 15.8 percent, over the \$173,925 that is estimated to be expended for the current year. The increase is due to the filling of positions by the department that had been vacant the previous year. There is no increase in level of authorized program.

We recommend approval of the request as budgeted.

TUBERCULOSIS SANATORIA

ITEM 400 of the Budget Bill

Budget page 886

FOR ASSISTANCE TO COUNTIES FOR TUBERCULOSIS SANATORIA FROM THE GENERAL FUND

Amount requested	\$3,951,360
Estimated to be expended in 1958-59 Fiscal Year	5,116,905
Decrease (22.8 percent)	\$1,165,545

TOTAL RECOMMENDED REDUCTION..... \$238,700

GENERAL SUMMARY

Division 4 of the Health and Safety Code provides state grants-in-aid to counties, cities, and cities and counties for the treatment and care of persons suffering from tuberculosis. The funds are allocated in accordance with Section 3300 of the code which provides for a graduated subsidy rate of \$2.60 per patient day for the first 36,500 patient days of care, \$2.30 per patient day for the second 36,500 patient days, and \$1.75 for all additional days. The section further states that in addition to the amounts specified for the three categories, there can also be provided any additional amounts specified in any appropriation made therefore. There have been additional amounts added in the budget act each year since 1954.

ANALYSIS

We recommend a reduction in this item of \$238,700, which represents the estimated cost for the inclusion of tuberculosis patients in the medical care program under the aid to needy children category.

Tuberculosis Sanatoria—Continued

An amount of \$3,951,360 is being requested for the budget year. This is a decrease of \$1,165,545, or 22.8 percent, below the \$5,116,905 estimated to be expended during the current year. The current year amount includes the \$546,155 proposed deficiency appropriation needed because of a decision by the California courts. The State Supreme Court upheld a lower court ruling that the State could no longer deduct family reimbursements before computing the state subvention. As a result, the State Board of Control has approved the Los Angeles claims of \$482,367. This and the anticipation of San Diego claims of \$46,838 and others result in the proposed deficiency.

The requested appropriation is based upon the graduated rate in the Health and Safety Code plus an additional \$1.47 per patient day for each category. The additional \$1.47 is \$0.12 above the \$1.35 in the 1958 Budget Act.

Section 3301 of the Health and Safety Code states "It is the intention of the Legislature to adjust from time to time state participation in the care of persons suffering from tuberculosis in accordance with changes in the cost of caring for such patients." Thus, a review of the hospital costs indicate an increase of 12 cents per patient day is warranted.

The total amount of money is decreased by \$260,000, which represents savings now available to counties as a result of not deducting family reimbursements from the state allotment.

We recommend a further reduction of \$238,700.

When the medical care program for public assistance recipients was authorized in 1957 by the Legislature, the State Social Welfare Board excluded four categories of illness from coverage. They were prenatal care, venereal disease, tuberculosis, and mental illness under the theory that generally those services were already available in the community and also because of the limited funds available. Subsequently, in the fall of 1958, three of the four conditions, prenatal, venereal disease, and tuberculosis were included, but only for those eligible under the Aid to Needy Children (ANC) category.

It is estimated that approximately 700 tuberculosis patients who have arrested or noncontagious cases who live at home and are eligible for Aid to Needy Children funds can now receive home or office treatment and it will be paid for from the Aid to Needy Children medical care fund. The estimated cost for this is \$238,700.

In the State Department of Public Health publication dated May, 1957, "A Handbook on Public Health Responsibilities in California, State-Local-Joint," it is specified on pages 52 and 53 that in relation to tuberculosis control, the following things are local responsibilities:

1. Provision of nursing field activities.
2. Maintenance of diagnostic and followup clinics.
3. Maintenance of outpatient therapeutic clinics.
4. Referral of patients to local social welfare agencies.

It appears from the above that the care now provided in the Aid to Needy Children cases of tuberculosis is a county responsibility and was

Local Assistance

Tuberculosis Sanatoria—Continued

previously supplied through county facilities. Now the cost has switched from being paid for out of county funds to being paid for from state funds. Of added importance is the fact that a segment of the population is being set out and declared a responsibility of the State and those who do not fall into the Aid to Needy Children category but are unable to pay for care are still a local responsibility of the county.

In conformity with our recommendation that the State not treat each phase of its medical care responsibility on an individual, isolated basis, we have recommended the reduction of this amount.

CRIPPLED CHILDREN SERVICES

ITEM 401 of the Budget Bill

Budget page 886

FOR ASSISTANCE TO COUNTIES FOR CARE OF CRIPPLED CHILDREN FROM THE GENERAL FUND

Amount requested	\$5,236,895
Estimated to be expended in 1958-59 Fiscal Year	4,264,152

Increase (22.8 percent)	\$972,743
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TOTAL RECOMMENDED REDUCTION	\$5,000
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GENERAL SUMMARY

This item provides funds for a state program for handicapped children, as authorized by Sections 249 through 271 of the Health and Safety Code. The code provides that whenever the parent or guardian of the child is unable to finance necessary care, a designated agency of the county shall request the State to furnish such services. Also, it makes mandatory that each county appropriate not less than one-tenth mill on each dollar of assessed property valuation for the purpose of financing the program.

ANALYSIS

We recommend a reduction of \$5,000 on the basis there is no uniform basis for setting medical fees.

An amount of \$5,236,895 is requested from the General Fund for the 1959-60 Fiscal Year. This represents an increase of \$972,743, or 22.8 percent, over the \$4,264,152 estimated to be expended during the current year.

The increase is due to the growth within the program, particularly in Los Angeles County.

The budget formula for distribution of these funds to the various counties is as follows:

a. Treatment Subvention:

After the county has spent, for treatment of physically handicapped children, the equivalent of one-tenth mill on each dollar of assessed valuation in the county, the State will provide funds sufficient to bring the program up to \$20,000 or the equivalent of three-tenths of a mill, whichever is the greater. Treatment costs beyond that point will be shared in the ratio of \$2 of state funds to \$1 of county funds.

Crippled Children Services—Continued

b. Administrative Allowance:

The State will contribute two-thirds of the expenditures for the administration of each independent county's program, made in accordance with an approved budget; however, the state contribution shall not exceed $6\frac{2}{3}$ percent of the total expenditures for treatment in the preceding fiscal year.

There are no increases in the medical fees for the crippled children program proposed for the budget year. Proposed increases last year were deleted by the Legislature because of the existing variances among the fee schedules used by the several agencies administering medical treatment programs.

The agencies administering the three largest General Fund medical programs are the Departments of Public Health (crippled children program), Social Welfare (medical care program), and Education (vocational rehabilitation). All three make use of the California Medical Association's (CMA) relative value schedule.

The relative value schedule of fees is a system used by the CMA as a guide for establishing fees and for the assistance of doctors who desire to use it. It establishes unit values for many established medical procedures. For example, a routine office visit has a value of 1.0, a complete physical examination has a value of 2.0, and an appendectomy has a value of 35.0, etc. If a \$4 basic unit is established, then the unit value of the procedure is multiplied by \$4 ($35.0 \times \$4 = \140). If the basic unit is \$5 then a value of 35.0, as for an appendectomy, would cost \$175.

The fee schedule sets forth four categories: (1) surgery, (2) medical services, (3) X-ray, and (4) laboratory. Of the four categories, medical services is the only one in which the three agencies pay a common basic unit of \$4. The variances in each of the other three are shown below:

	<i>Medical services</i>	<i>Surgery</i>	<i>X-ray</i>	<i>Laboratory</i>
Crippled children program -----	\$4.00	\$3.50	\$4.00	\$4.50
Social welfare -----	4.00	4.00	4.00	4.00
Vocational rehabilitation -----	4.00	3.50	4.50	4.50

The reason that different amounts are paid is that each agency has negotiated with the medical vendors separately.

Since there had been no uniformity or criteria for judging the various fees, we had recommended a "freeze" on fees at the 1957 levels until such criteria could be established. It was felt that the variances created a tendency for a spiral situation; when one schedule was increased, others would be affected. At the time of the legislative hearings, the Department of Finance stated that it was organizing a committee of representatives from the various agencies that use fee schedules in the administration of their medical programs. The Legislature instructed the Department of Finance to report to the 1959 session upon what basis the fee schedules are adopted.

The committee on fees has held meetings throughout the year. However, no official results or recommendations have been published.

Although we recommended a "freeze" last year in fees, we are recommending a token reduction this year of \$5,000 in the crippled children budget for its laboratory classification. Our recommendation would

Local Assistance

Crippled Children Services—Continued

reduce the \$4.50 basic unit in the laboratory classification to \$4.00 which we estimate would save \$5,000.

Again we must recommend that a method be devised for the establishment of criteria in the setting of fees and until such is the case the higher fees paid should be reduced in order to remove the pressure from any single agency to raise theirs. The reduction in laboratory fees recommended does not amount to a great deal of money for either the vocational rehabilitation program or the crippled children program, since by the nature of their programs they do not make great use of laboratory services; however, an increase in the social welfare laboratory category would entail a great deal of money.

An additional problem in fee setting is the fact that the Legislature has no control over the Medical Care Fund, since it is a continuing appropriation. The fees are set by the State Social Welfare Board. We have recommended that the Legislature direct the Department of Social Welfare to consult with other state agencies offering similar programs, in order to avoid adverse results or conflicting effort.

CRIPPLED CHILDREN SERVICES

ITEM 402 of the Budget Bill

Budget page 887

FOR ASSISTANCE TO SCHOOL DISTRICTS FOR TREATMENT OF CEREBRAL PALSID CHILDREN FROM THE GENERAL FUND

Amount requested	\$1,193,540
Estimated to be expended in 1958-59 Fiscal Year	1,009,428
Increase (18.2 percent)	\$184,112

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

This item provides funds which will permit the Department of Public Health to employ physical therapists or to enter into contracts with local health departments to provide for the employment of therapists for classes for cerebral palsied children.

ANALYSIS

The budget proposes funds for 166 therapists for existing workload and funds for 12 new therapists to meet the anticipated workload.

We recommend approval as budgeted.

MOSQUITO AND GNAT CONTROL

ITEM 403 of the Budget Bill

Budget page 887

FOR ASSISTANCE TO LOCAL AGENCIES FOR MOSQUITO CONTROL FROM THE GENERAL FUND

Amount requested	\$11,370
Estimated to be expended in 1958-59 Fiscal Year	400,000
Decrease (97.2 percent)	\$388,630

TOTAL RECOMMENDED REDUCTION..... None

Local Assistance

Mosquito and Gnat Control—Continued GENERAL SUMMARY

Section 2426 of the Health and Safety Code provides that the State Department of Public Health may enter into co-operative agreements with any local district or public agency engaged in the control of mosquitos or gnats or both, under conditions to be prescribed by the State Board of Public Health. Such agreements may provide for financial assistance by the State but the state total contribution shall not exceed 50 percent of the entire cost of the proposed activity.

ANALYSIS

Section 2302.1 of the Health and Safety Code provides that the maximum rate of the tax for the maintenance of a mosquito abatement district shall not be greater than 40 cents on each one hundred dollars assessed valuation of taxable property of the county. The budget this year proposes that local jurisdictions having a tax rate of less than 40 cents will not participate. It is estimated that two districts will have a tax rate in excess of 40 cents and that \$11,370 will be needed for those districts.

We recommend approval of this item.

HOSPITAL CONSTRUCTION

ITEM 404 of the Budget Bill

Budget page 888

FOR ASSISTANCE TO LOCAL AND NONPROFIT AGENCIES FOR HOSPITAL CONSTRUCTION FROM THE GENERAL FUND

Amount requested	\$8,175,290
Estimated to be expended in 1958-59 Fiscal Year	8,473,858
Decrease (3.5 percent)	\$298,568

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

This item provides for continued participation by the State in the federal hospital construction program (Hill-Burton and Wolverton Acts) on a matching basis. Section 435.6 of the Health and Safety Code provides that the amount of state assistance which shall be provided to any public agency for hospital construction shall be a sum equal to the assistance received by the agency for that hospital under the federal act, but in no event shall the amount of the state assistance exceed one-third of the cost of the construction of the hospital.

ANALYSIS

An amount of \$8,175,290 is requested from the General Fund for this item. This is a decrease of \$298,568, or 3.5 percent, below the amount estimated to be expended during the current year.

The estimated expenditure for the current year includes \$1,600,000 proposed as a deficiency appropriation. The deficiency is necessary as a result of unanticipated federal funds.

We recommend approval as budgeted.

Local Assistance

DEPARTMENT OF WATER RESOURCES FLOOD CONTROL

ITEMS 405 and 406 of the Budget Bill

Budget page 890

FOR ALLOCATION TO THE DEPARTMENT OF WATER RESOURCES FOR REALLOCATION TO LOCAL FLOOD CONTROL AGENCIES FROM THE FLOOD CONTROL FUND OF 1946

Amount requested	\$8,840,300
Estimated to be expended in 1958-59 Fiscal Year	6,272,000
Increase (40.9 percent)	\$2,568,300

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

The Flood Control Fund of 1946 is authorized by Sections 12800 and 12830 of the Water Code. As originally established it was a repository for surplus moneys of the State accumulated during World War II to await expenditure in implementation of the State's policy to co-operate with the Federal Government on flood control projects. Through the fund, the State pays the local costs of lands, easements and rights-of-way and the costs of relocating utilities for channel and levee work of the Corps of Engineers. These costs are required to be paid by local interests under terms of federal laws. The money in this appropriation is reallocated by the Department of Water Resources to local flood control interests throughout the State.

The requests for allocations being made for next fiscal year are as follows:

Major Federal-State flood control projects:

Santa Clara River Levee Project, Ventura County Flood Control District	\$1,096,000
Santa Maria River Levee Project, Santa Barbara County	335,000
Russian River Flood Control Project, Sonoma County Flood Control and Watershed Conservation District	59,000
Santa Ana River Basin Project, San Bernardino County Flood Control District	1,173,000
Los Angeles River Watershed Project, Los Angeles County Flood Control District	630,000
Truckee River Project, Department of Water Resources	20,000
Los Angeles and San Gabriel Rivers and Ballona Creek Project, Los Angeles County Flood Control District	3,950,000
Santa Ana River Basin Project, Riverside County Flood Control and Water Conservation District	732,000
Projects pending federal authorization	300,000
Totals, flood control projects	\$8,295,000

Watershed protection projects:

Buena Vista Creek Watershed Project	290,000
Arroyo Grande Creek Watershed Project	35,000
Adobe Creek Watershed Project	99,000
Central Sonoma Watershed Project	783,000
Walnut Creek Protection Project	276,959

Totals, watershed protection projects

	\$1,483,959
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Small flood control projects:

City Creek levees	\$508,000
Coyote Creek levees	10,000

Totals, small flood control projects

	\$518,000
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Total expenditures

	\$10,296,959
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Approval is recommended.

Local Assistance

ITEM 407 of the Budget Bill

Budget page 891

FOR THE STATE'S SHARE AND ADVANCE TO THE FEDERAL GOVERNMENT, IMPERIAL BEACH EROSION CONTROL PROJECT, DEPARTMENT OF WATER RESOURCES, FROM THE INVESTMENT FUND.

RECOMMENDATIONS

Amount budgeted	\$42,000
Legislative Analyst's recommendation	No change

ANALYSIS

This budget item is for continuation on the co-operative beach erosion control program with the Corps of Engineers at Imperial Beach, California, and is the second year of project work. Approval is recommended.

Department of Water Resources FLOOD CONTROL FUND OF 1946

ITEM 408 of the Budget Bill

Budget page 900

FOR TRANSFER BY THE STATE CONTROLLER TO THE FLOOD CONTROL FUND OF 1946 FROM THE GENERAL FUND

Amount requested	\$12,828,578
Estimated to be expended in 1958-59 Fiscal Year	5,843,379
Increase. (119.5 percent)	\$6,985,199

TOTAL RECOMMENDED REDUCTION

Policy

ANALYSIS

This item transfers the money from the General Fund to the Flood Control Fund of 1946 required to finance budget items 405, 406 and 390 which are the expenditure items from the Flood Control Fund of 1946. The amount being transferred is the difference between the estimated expenditure through next fiscal year and the amount of money remaining in the Flood Control Fund on June 30, 1959.

Estimated total expenditures from the fund in next fiscal year are \$16,296,959 and during the current year \$21,125,889 as compared to actual expenditures during the past fiscal year of only \$8,213,173. Between last fiscal year and the current fiscal year the amount of \$17,750,891 was carried over which added to the current year appropriation gives a total available of \$24,594,270 for the current year. Some \$3,468,381 of this is being used to reduce the appropriation requirements for next fiscal year. In addition, there is a large backlog of claims for reimbursement from the fund waiting to be prepared by the department. This backlog should be reduced during the next fiscal year and this will further reduce the surplus by several million dollars. There will, however, still remain in the fund many millions of dollars in excess of the disbursements from the fund next year. In addition, it is highly improbable that Congress will provide all of its portion of the funds for the work anticipated by the department to be undertaken during the next fiscal year. It follows as a result of these factors that there will be available approximately \$10,000,000 in the fund above disbursements next year if the above transfer is made. If the Legislature desires to

Local Assistance

Flood Control Fund—Continued

change the fund from an encumbrance to a disbursement basis, the amount of transfer from the General Fund could be reduced by one-half or more without any detriment to the program and with equivalent relief to the General Fund.

Social Welfare

COUNTY INSPECTION OF HOMES FOR AGED AND CHILDREN

ITEM 409 of the Budget Bill

Budget page 908

FOR SUPPORT OF LOCAL INSPECTION OF HOMES AND AGENCIES CARING FOR AGED AND CHILDREN FROM THE GENERAL FUND

Amount requested	\$1,335,852
Estimated to be expended in 1958-59 Fiscal Year	1,261,764
Increase (5.9 percent)	\$74,086
TOTAL RECOMMENDED REDUCTION	\$74,086

ANALYSIS

This item provides for reimbursement of county administrative expense for licensing of boarding homes and nurseries. Sections 1622 and 2302 of the Welfare and Institutions Code provide for delegating the licensing function to counties and for reimbursement for full costs up to a limit of \$65 per new or renewal license issued.

Historically, the claims of the counties, and payment of claims, for reimbursement have been based upon full reimbursement for costs of administration within the limits of the amount specified per license. Standards for "the amount found necessary by the State Department of Social Welfare for proper and efficient administration," as provided in Section 1622, have never been established nor administered by the department. In our opinion, the development and application of standards of efficient county administration in this licensing function would result in a substantial reduction in the reimbursements otherwise required to be paid and would permit the function to be financed for the same amount as estimated to be expended in 1958-59.

Consequently, we recommend a reduction of \$74,086 in this item.

COUNTY ADOPTIONS PROGRAM

ITEM 410 of the Budget Bill

Budget page 909

FOR SUPPORT OF REIMBURSEMENT TO COUNTIES FOR ADMINIS- TRATION AND COST OF CARE OF ADOPTIONS FROM THE GENERAL FUND

Amount requested	\$2,214,236
Estimated to be expended in 1958-59 Fiscal Year	1,928,264
Increase (14.8 percent)	\$285,972
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS

In 1947, the Legislature made far-reaching changes in the Adoptions Law and gave the department power to license county adoption agencies

County Adoptions Program—Continued

for relinquishment and independent adoptions. Section 1641 of the Welfare and Institutions Code specifies that the State shall reimburse counties for the costs of administration and care. There are two types of adoptions for which counties are licensed: (1) relinquishment adoptions, and (2) independent adoptions. The program is supervised and controlled by the State Department of Social Welfare.

Increases result from budgeting for estimated cost increases and for three new counties for relinquishment adoptions. If the cost increases for relinquishment adoptions (e.g., county salary increases) do not materialize or if any of the three counties do not become licensed for adoptions, the funds will not be spent. The Budget Bill provides for transfer of funds from this item to item 250, State Department of Social Welfare, if any county provided funds for independent adoptions does not continue such activity. The state department budgets each county based on staffing yardsticks and other accepted criteria.

We recommend approval.

**SUBVENTIONS FOR OTHER PURPOSES
SALARIES OF SUPERIOR COURT JUDGES**

ITEM 411 of the Budget Bill

Budget page 911

**FOR STATE'S SHARE OF SALARIES OF JUDGES OF SUPERIOR
COURTS FROM THE GENERAL FUND**

Amount requested	\$2,355,500
Estimated to be expended in 1958-59 Fiscal Year	2,355,000
Increase	\$500

TOTAL RECOMMENDED REDUCTION None

ANALYSIS

The State contributes toward the salary of each judge of the superior courts in accordance with the population of the county as determined by Sections 68206 and 68207 of the Government Code. The amount budgeted is to provide the amount required for each of the 271 judges authorized by existing law.

The state's contribution and the county's contribution toward the salary of each judge as determined by the population of the county is as follows:

<i>Population of county</i>	<i>State's share</i>	<i>County's share</i>	<i>Total salary</i>
250,000 or more	\$8,500	\$9,500	\$18,000
More than 40,000 but less than 250,000	9,000	7,500	16,500
40,000 or less	9,500	5,500	15,000

We recommend approval of this item as budgeted.

Local Assistance

COUNTY AGRICULTURAL COMMISSIONERS

ITEM 412 of the Budget Bill

Budget page 912

FOR SUPPORT OF SALARIES OF COUNTY AGRICULTURAL COMMISSIONERS OR COMPENSATION FOR SERVICES PERFORMED FOR COUNTY AGRICULTURAL DEPARTMENTS, DEPARTMENT OF AGRICULTURE, FROM THE GENERAL FUND

Amount requested	\$162,000
Estimated to be expended in 1958-59 Fiscal Year	153,894

Increase (5.3 percent)	\$8,106
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TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS

Agricultural Code Section 63.5 provides that the State pay to each county having an agricultural commissioner two-thirds of the commissioner's salary, or \$3,000, whichever is the lesser. The budget request reflects the fact that 54 counties are participating at the maximum of \$3,000.

The State participates in this program to secure uniform enforcement of the Agricultural Code which is enforced primarily by county employees. This appears to be an economical way to secure uniform enforcement, and we recommend approval of the amount requested.

Elsewhere in this analysis we have recommended that legislation be adopted which would abolish the Fair and Exposition Fund. If that fund is not abolished we think it is appropriate to make this appropriation from the Fair and Exposition Fund as of interest to the agricultural industry. *Therefore we recommend that this item be made payable from the Fair and Exposition Fund, and if that fund is abolished, with its revenues accruing to the General Fund, that it be under terms which will provide for this appropriation.*

State Disaster Office

WORKMEN'S COMPENSATION FOR CIVIL DEFENSE WORKERS

ITEM 413 of the Budget Bill

Budget page 912

FOR SUPPORT OF WORKMEN'S COMPENSATION FOR CIVIL DEFENSE WORKERS FROM THE GENERAL FUND

Amount requested	\$62,500
Estimated to be expended in 1958-59 Fiscal Year	53,600

Increase (16.6 percent)	\$8,900
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TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS

The Legislature in 1943 when it first established a civil defense activity also provided that volunteer civil defense workers would receive compensation insurance to cover hospitalization, medical care and other services arising from injuries sustained during training programs or during active disaster work. Subsequently the Legislature broadened the coverage to include civil disaster workers as well as the war disaster workers.

For the current fiscal year \$80,000 was appropriated for this purpose but it is anticipated that only \$53,600 will be expended. In 1957-58 \$60,-

Local Assistance

Workmen's Compensation for Civil Defense Workers—Continued

000 was appropriated but only \$32,569 was expended. In view of the fact that current estimates for the current year are over \$53,000 it would appear that the present proposal of \$62,500 for the budget year is much more realistic than the appropriation for the current year. Consequently, we recommend approval.

DEPARTMENT OF YOUTH AUTHORITY

ITEM 414 of the Budget Bill

Budget page 913

FOR ASSISTANCE TO COUNTIES FOR MAINTENANCE OF JUVENILE HOMES AND CAMPS FROM THE GENERAL FUND

Amount requested	\$2,490,960
Estimated to be expended in 1958-59 Fiscal Year	1,801,650
Increase (38.3 percent)	\$689,310

TOTAL RECOMMENDED REDUCTION_____ None

ANALYSIS

The present law provides that the State shall reimburse counties for one-half the cost, not exceeding \$95 per month per ward, of operating juvenile homes and camps established by the counties for the care of juvenile offenders.

In the current year 31 camps and juvenile homes will be in operation and eligible for the subvention. The department estimates a total of 11 additional camps will be opened during the budget year with a total of 42 camps in operation at the end of the 1959-60 Fiscal Year.

The average cost per month per ward for county camp care, after deducting the state subvention, was \$138 in 1957-58, whereas the average cost per month per ward for care in a Youth Authority facility was \$306 in 1957-58 after deducting the \$25 per month paid by the county for a ward committed to the Youth Authority.

We recommend approval of the amount requested.

We wish to point out, however, that the Legislature has approved an increase of \$45 or 90 percent increase in the monthly state subvention to counties since 1945, whereas the \$25 per month paid by counties for wards committed to the Youth Authority remains unchanged and is the amount established by the Legislature in 1947.

On page 19 of this analysis, we have submitted recommendations to the Legislature that we believe will provide a more equitable basis of sharing the cost of care of juvenile wards committed to the Youth Authority.

The following table shows the budget request submitted by the agency for the county camp program, with the re-estimate the following year and the actual expenditure for this program as related to the original budget request.

Local Assistance

Department of Youth Authority—Continued

Comparison of Budget Request With Actual Expenditure

<i>Budget year</i>	<i>Budget request authorized</i>	<i>Re-estimate following year</i>	<i>Actual expenditure</i>	<i>Increase or decrease</i>	<i>Percent</i>
1954-55 -----	\$971,000	\$936,480	\$863,467	—\$107,533	—11.0
1955-56 -----	1,346,000	951,740	897,167	—448,833	—33.3
1956-57 -----	1,243,000	1,126,000	1,172,015	—70,985	—5.7
1957-58 -----	1,636,000	1,566,000	1,427,540	—208,460	—12.7
1958-59 -----	2,080,000	1,801,650			
1959-60 -----	2,490,960				

The amount budgeted for this program for each of the four years from 1954-55 through 1957-58 was in excess of actual expenditures.

The excess dollar amounts on an annual basis ranged from a high of \$448,833 or 33.3 percent to a low of \$70,985 or 5.7 percent.

We believe the agency can, in future years, obtain more accurate information on county camp populations to reduce the surplus which has been allocated to this program in prior years.

Department of Youth Authority

ITEM 415 of the Budget Bill

Budget page 913

FOR ASSISTANCE TO COUNTIES FOR CONSTRUCTION OF JUVENILE HOMES AND CAMPS FROM THE GENERAL FUND

Amount requested -----	\$812,170
Estimated to be expended in 1958-59 Fiscal Year -----	2,055,000

Decrease (60.5 percent) -----	\$1,242,830
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TOTAL RECOMMENDED REDUCTION -----	None
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ANALYSIS

The 1957 Legislature enacted legislation for state participation in the cost of county construction of juvenile homes, juvenile ranch camps or forestry camps established after July 1, 1957, and for construction at existing juvenile homes, ranch camps or forestry camps exclusive of architects' fees or the cost of land acquisition.

The amount of state assistance which shall be provided to any county shall not exceed 50 percent of the project cost approved by the Youth Authority and, in no event, shall it exceed \$3,000 per bed unit of a new facility or per bed unit added to an existing facility.

The 1958 Legislature approved an appropriation of \$2,055,000 with a two-year period of availability to enable the State to make firm commitments to counties who are constructing their facilities in phases. The department reports the planned four-year expenditure program of \$3,467,170 will provide 1,330 additional beds for county juvenile facilities by the end of 1960-61 Fiscal Year.

We wish to point out that the present law stipulates that project cost shall be approved by the Youth Authority. However, no limitation has been placed on county construction cost per bed unit. We find that on approved estimates for present construction initiated by the counties, the average total cost per bed unit for new facilities is \$5,454 and the average total cost per bed unit added to an existing facility is

Department of Youth Authority—Continued

\$2,952. On the basis of these estimates, the average state subvention will be \$2,727 per bed unit for new facilities and \$1,476 per bed unit added to existing facilities.

We recommend approval of the amount requested.

DEPARTMENT OF EMPLOYMENT

ITEM 416 of the Budget Bill

Budget page 961

FOR SUPPORT OF DISABILITY AND HOSPITAL BENEFITS PROGRAM
FROM THE UNEMPLOYMENT COMPENSATION DISABILITY FUND

Amount requested	\$5,099,650
Estimated to be expended in 1958-59 Fiscal Year.....	4,717,218
Increase (8.1 percent)	\$382,432

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

The disability and hospital benefits program is a state-financed program administered by the Department of Employment in conjunction with its administration of the federally financed unemployment insurance and employment service programs.

The total staff of the Department of Employment by programs and fiscal years for an eight-year period is shown in Table 1.

Table 1—Department of Employment Staff, by Program and Fiscal Year
1952-53 to 1959-60

Fiscal year	Federally financed	State financed		Total staff
		Disability and hospital benefits	Community employment	
1952-53 (actual)	3618.1	551.3	7.5	4176.9
1953-54 (actual)	3397.7	561.8	5.8	3965.3
1954-55 (actual)	3481.2	578.6	2.5	4062.3
1955-56 (actual)	3506.7	581.2	2.5	4090.4
1956-57 (actual)	3979.5	609.5	2.6	4591.6
1957-58 (actual)	4714.0	655.3	2.5	5371.8
1958-59 (estimated) ..	5116.6	718.0	3.7	5838.3
1959-60 (estimated) ..	4560.9	765.2	3.7	5329.8

The community employment program is financed by a separate appropriation from the Department of Employment Contingent Fund, item 417.

The purpose of the disability and hospital benefits program is to compensate in part for the wage loss sustained by individuals unemployed because of sickness or injury, and in addition to pay costs of hospitalization. Persons entitled to unemployment insurance benefits for the same period are not entitled to disability insurance benefits, nor are those entitled to workmen's compensation, except to the extent of any excess of any amount due under disability insurance over any amount due under workmen's compensation.

Under certain conditions and under general state supervision, disability insurance with private carriers, under so-called "voluntary plans," can be substituted for coverage under the state plan.