

Division of Aeronautics—Continued

ards for parachutists as well as aircraft use and parachute jumping activity. During 1965-66 the division issued 59 permits for landing areas.

DEPARTMENT OF VETERANS AFFAIRS

ITEMS 236 and 237 of the Budget Bill

Budget page 822

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

Amount requested in Budget Bill -----		\$904,855
Budget request before identified adjustments -----	\$938,050	
Increase to recognize full workload change -----	47,020	
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Budget as adjusted for workload change -----	\$985,070	
Adjustment—undetailed reduction (10 percent) * -----	80,215	

* 10 percent reduction based on General Fund support budget of \$802,145.

RECOMMENDED REDUCTION FROM WORKLOAD BUDGET ----	\$28,360
BALANCE OF UNDETAILED REDUCTION—REVIEW PENDING	\$51,855

Summary of Recommended Reductions	<i>General Fund Amount</i>
2 Veterans representatives -----	\$18,336
1 Intermediate typist-clerk -----	4,638
0.5 Intermediate stenographer -----	2,490
Staff benefits -----	2,896

GENERAL PROGRAM STATEMENT

The Department of Veterans Affairs administers all of the programs (including the operation of the Veterans' Home which is a separate budget item) that provide benefits to veterans and their dependents who qualify for various categories of benefits according to laws contained in the California Military and Veterans Code. The organizational structure to administer and operate various programs is described briefly as follows.

A California Veterans Board of seven members appointed by the Governor is responsible for formulating broad policies to enable the director and his staff to administer the various programs. There are 13 authorized positions in the Division of Administration including a director, deputy director and a medical deputy director.

The Division of Veterans Services was formed in the current fiscal year by combining the Divisions of Educational Assistance and Service and Coordination. The functions of this new division are as follows:

1. Provide assistance to those veterans who have entered the military service from California and whose educational program has been interrupted thereby, so that they may continue their education. The legal authority for this assistance is in Sections 981 through 981.8 of the Military and Veterans Code.

2. Provide educational assistance to dependents of veterans who wish to continue their education. The basic authority for this assistance is provided in Sections 890 through 899 of the Military and Veterans Code.

Department of Veterans Affairs—Continued

3. Provide assistance to veterans or their dependents in pursuing claims against the United States arising out of war service. The basic authority for this service is provided in Sections 980 through 985(h) of the Military and Veterans Code. Sections 970 through 973 provide subvention to counties.

There are 66.5 authorized positions in this division.

The Division of Farm and Home Purchases provides assistance to qualified California veterans to acquire homes and farms under self-supporting long-term, low-interest financing. The interest rate can be between 2.5 percent and 5 percent but is currently 3.75 percent. The maximum loan by the department cannot exceed \$15,000 for a home or \$80,000 for a farm. The acquisition of property, loan service, and funding are the principal functions performed for the veterans in the purchase of a farm or home. There are 263.7 authorized positions in this division. The support cost of this division is derived from the Veterans Farm and Home Building Fund on a self-sustaining basis by the interest collected on loans to veterans. The sale of general obligation bonds is the source of the loan principal. The total investment in farm and home properties from 1921 through June 30, 1966, is \$2,339,816,000. The contracts outstanding as of this date total \$1,321,185,000 and the balance in the Veterans' Farm and Home Building Fund is \$14,014,000.

Legal authority for this program is provided by the California Constitution, Article IV, Section 31; Military and Veterans Code, Chapter 6, Division 4; Section 702, Chapter 1, Division 4, Military and Veterans Code; Title 2, Division 3, Part 1, Government Code; Item 409, Budget Act of 1964; Item 314, Budget Act of 1965; and Item 362, Budget Act of 1966.

ANALYSIS AND RECOMMENDATIONS

The amount requested for support for fiscal year 1967-68 is \$904,855, of which \$721,930 is from the General Fund and \$182,925 is from the Veterans' Farm and Home Building Fund. The amount estimated to be expended in the current fiscal year is \$912,054. These items do not include funds for the operation of the Division of Farm and Home Purchases which is supported by a continuing appropriation.

The increase for workload is \$47,020 and consists of 3.5 proposed new positions: 2 veterans representatives, 1 intermediate typist-clerk and 0.5 intermediate stenographer for a total of \$28,360 including staff benefits. *We cannot support this increase because these positions are requested on the basis that additional workload may develop due to the Vietnam war.* We believe that the present staff could handle any minor increase in workload that might occur and that these proposed new positions should be denied until actual workload cases can be furnished. Included in the workload increase of \$47,020 is \$9,600 in operating expenses and \$9,060 in equipment which should be adjusted by the Department of Finance if these positions are disapproved.

The department has established civil service veterans preference for 194,470 veterans since 1948; including 7,698 in the 1966 calendar year, and has determined since 1921 that 630,375 veterans are eligible to

Department of Veterans Affairs—Continued

contract for a California farm or home loan including 9,064 processed in 1966.

The county service offices processed 33,015 claims in 1965-66, including those successfully established by the division of veterans services. The division established 25,795 claims in the calendar year 1966 compared to 18,530 in 1965.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 238 of the Budget Bill

Budget page 826

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

Amount requested in Budget Bill		\$2,251,800
Budget request before identified adjustments	\$1,900,000	
Increase to recognize full workload change	602,000	
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Budget as adjusted for workload change	\$2,502,000	
Adjustment—Undetailed reduction (10 percent)	250,200	

RECOMMENDED REDUCTION FROM WORKLOAD BUDGET... None

BALANCE OF UNDETAILED REDUCTION—REVIEW PENDING \$250,200

ANALYSIS AND RECOMMENDATIONS

This program provides for educational assistance to dependents of veterans who died or who were totally disabled at any time as a result of active service during World War I or since September 16, 1940. To qualify for assistance a dependent must be over 14 or have entered the ninth grade, and shall be a native of, or shall have lived in, California for five of the nine years immediately preceding the date that application is filed.

A maximum of \$50 a month will be paid to an eligible dependent attending a college, junior college, business or trade school, and \$20 will be paid for attendance at high schools. Additional payments may be made for tuition and fees above the high school level. This program is administered by the Department of Veterans Affairs.

It has historically been administrative policy not to use state funds for this program until federal funds are no longer available.

The budget as adjusted for workload change is \$2,502,000 for fiscal year 1967-68 and was determined by using the maximum monthly allowance for nine months as follows.

Subsistence

6,500 High school students × \$180	\$1,170,000
2,200 College students × \$450	990,000
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	\$2,160,000
Less 5 percent dropouts	108,000
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	2,052,000

Tuition

450 College students × \$1,000 (average)	450,000
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Total	\$2,502,000

Department of Veterans Affairs
VETERANS' HOME OF CALIFORNIA

ITEM 239 of the Budget Bill

Budget page 828

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

Amount requested in Budget Bill-----		\$4,330,024
Budget request before identified adjustments-----	\$4,688,386	
Increase to recognize full workload change-----	122,752	
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Budget as adjusted for workload change-----	\$4,811,138	
Adjustment—undetailed reduction (10 percent)-----	481,114	

RECOMMENDED REDUCTION FROM WORKLOAD BUDGET..... None

Summary of Policy Option

Charging members for the care they receive in relation to their ability to pay might produce \$1,500,000 a year in revenue.

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 to provide a facility for disabled California war veterans where they can be housed and receive medical care, to provide medical-surgical care for those who have more serious disabilities, and 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 unable to pay for hospital or domiciliary care outside of the home. The average population was 1,653 for fiscal year 1965-66 and is estimated at 1,650 for fiscal years 1966-67 and 1967-68.

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 (over 600 domiciliary beds are now vacant) and an increase in need of hospital care. We are advised that there is a waiting list of over 100 disabled veterans who have applied for admission directly to the hospital. Over 800 of the present membership are hospitalized.

The veterans of World War I constitute over 50 percent of the admissions and 64 percent of the total membership. The average age of this group is 74. The average age of World War II veterans in the home is 60 and they constitute 34 percent of the total members in the home.

The total number of authorized positions to administer and operate the home and its facilities is 796.1. Of this total, 96.0 are members and 699.2 are civilian employees. The organizational structure to provide the services for the members consists of a Division of Administration with 32.4 positions; Care and Welfare, 453 positions; Support and Subsistence, 229.1 positions; and Plant Operation, 81.6 positions.

The following table shows support from the General Fund and federal funds for fiscal years 1965-66 through 1967-68:

Veterans' Home of California—Continued

	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change from 1966-67</i>	
	<i>1965-66</i>	<i>1966-67</i>	<i>1967-68</i>	<i>Amount</i>	<i>Percent</i>
Support					
General Fund.....	\$4,125,790	\$4,630,673	\$4,330,024	\$-300,649	-6.9%
Federal Funds ----	1,551,603	1,544,285	1,578,625	34,340	2.2
Total -----	\$5,677,393	\$6,174,958	\$5,908,649	\$-266,309	-4.5%

ANALYSIS AND RECOMMENDATIONS

The amount requested for fiscal year 1967-68 is \$4,330,024 and is \$300,649 less than the amount estimated to be expended in the current fiscal year. The average member population is 1,650 and the cost per member is estimated at \$3,798 for fiscal year 1967-68, an increase of \$56 per member over the estimate for the current fiscal year.

The amount of \$122,752 is an increase for workload and consists of \$80,627 for salaries and wages, \$14,435 for operating expense and \$27,890 for equipment. The amount of \$80,627 includes a reduction of 4.1 positions: a storekeeper I, three laundry helpers who are member employees and are no longer able to perform these duties, and 0.1 of an institution firefighter. Offsetting these reductions, salary savings have been decreased in the amount of \$60,000 and five new positions are proposed as follows: one building maintenance man, one institution fire marshal, and three laundry assistants. It appears to us that these positions are needed.

The increase in operating expenses is a combination of small amounts and one large amount of \$5,170 for recurring maintenance of structures.

In equipment requirements there is \$47,000 for the replacement of a diagnostic X-ray machine.

POLICY OPTION

At present the members in the Veterans' Home pay nothing toward their care. We have recommended in the past that there should be some charge to those members who are capable of paying. The Department of Finance made a survey dated December 28, 1960, recommending a system of charges for care, support, maintenance and medical attention. In our analysis for the 1966-67 fiscal year, we proposed a policy option for charging those veterans who are able to finance part of the cost of their care. For the month of December 1966 the income for 1,619 members was \$241,072.23 or approximately \$149 per month per member. On this basis the possible increase in revenue if members were charged in relation to their ability to pay might produce \$1,500,000 per year (average of \$75 per month per member).

We would suggest that the Department of Veterans Affairs provide a schedule based on the income and ability of each member to pay.

Poverty Reduction and Prevention Program

Items 240-241

**Department of Veterans Affairs
UNITED SPANISH WAR VETERANS COMMISSION**

ITEM 240 of the Budget Bill

Budget page 831

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

Amount requested in Budget Bill		\$3,600
Budget request before identified adjustments	\$4,000	
Increase to recognize full workload change	None	
Budget as adjusted for workload change	\$4,000	
Adjustment—undetailed reduction (10 percent)	400	
RECOMMENDED REDUCTION FROM WORKLOAD BUDGET ---		\$4,000
RECOMMENDED REDUCTION FROM APPROPRIATION REQUEST		\$3,600

ANALYSIS AND RECOMMENDATIONS

The commission was created in 1957 and consists of five members who are nonsalaried. The duty of the commission is to promote and provide for the welfare of the United Spanish War Veterans. There are approximately 1,450 of these veterans in the State of California.

The budget as adjusted for workload is \$4,000 and the same amount is estimated to be expended in the current fiscal year. This amount consists of \$100 for general expenses, \$900 for in-state travel and \$3,000 for contractual service with the Department of California, United Spanish War Veterans. The amount of \$3,000 is for expenditures from July 1, 1966, through June 30, 1967, for office rent for headquarters; charges for telephone, electricity, water and other necessary utility services; necessary printed matter; postage; and other items, including travel expense, authorized by Chapter 430, Statutes of 1957, Military and Veterans Code, Sections 1300 through 1304.

We question the necessity of this expenditure of state funds for the above purposes because the Department of Veterans Affairs is staffed to perform services for all of the state's veterans and we can see no justification for a separate commission to spend additional state funds to attend the needs of a relatively small group of California veterans.

POVERTY REDUCTION AND PREVENTION PROGRAM

ITEM 241 of the Budget Bill

Budget page 832

**FOR SUPPORT OF THE POVERTY REDUCTION AND
PREVENTION PROGRAM FROM THE GENERAL FUND**

Amount requested		\$180,672
Estimated to be expended in 1966-67 fiscal year		3,087,060
Decrease (94.1 percent)		\$2,906,388
TOTAL RECOMMENDED AUGMENTATION		\$3,176,552
General Fund	\$2,009,916	
Employment Contingent Fund	1,166,636	