

HEALTH AND WELFARE SUMMARY

The 1969-70 budget proposes total expenditures of \$3,953,300,000 in state, federal, county, and special funds to support various health and welfare programs. These expenditures are summarized in Table I. Individual summaries of program expenditures are included in the analysis of each major department or program.

Table I
Proposed 1969-70 Expenditures for Health and Welfare
(in millions)

<i>Program or department</i>	<i>General Fund</i>	<i>Federal funds</i>	<i>County funds</i>
Medical fee and related services cost increases	\$10.0	\$8.4	--
Department of Health Care Services (Medical Assistance program) -----	386.8	453.9	\$218.8
Department of Human Resources Development -----	295.3	552.1	--
Department of Mental Hygiene -----	264.9	5.5	12.8
Department of Public Health -----	41.2	47.5	1.0
Department of Rehabilitation -----	5.6	42.3	--
Department of Social Welfare -----	578.8	731.6	277.8
Totals -----	\$1,583.6	\$1,841.3	\$510.4
Grand Total all funds -----	\$3,953.3		

The ever-increasing role of the federal government in the health and welfare area should be noted, for as federal programs and federal funds are increased, state and local expenditures must necessarily rise to meet federal requirements.

DEPARTMENT OF HEALTH CARE SERVICES**Items 140 and 141 from the Health Care Deposit Fund**

Requested 1969-70 -----	\$10,441,666
Estimated 1968-69 -----	7,964,215
Actual 1967-68 -----	4,020,971
Requested increase \$2,477,451 (31.1 percent)	
Total recommended reduction -----	\$2,992,773

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>
1. We recommend deletion of 303 positions for the Field Offices Bureau.	\$2,923,000
2. We recommend deletion of 6 positions proposed for the Data Processing Bureau.	\$58,730
3. We recommend deletion of 2 proposed positions for the Personnel Bureau.	\$11,000

The analysis of these items is found in our discussion of Items 337 and 338, the California Medical Assistance Program (Medi-Cal).

**Department of Human Resources Development
COMMISSION ON AGING**

Items 142 and 143 from the General Fund

Requested	\$154,356
Estimated 1968-69	121,721
Actual 1967-68	120,333
Requested increase \$32,635 (2.6 percent)	
Total recommended reduction	\$29,184

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
1. Eliminate funds to upgrade junior staff analyst position	\$4,184	560
2. Eliminate General Fund support for 12 new community representatives and authorize positions contingent on availability of federal funding	25,000	560

GENERAL PROGRAM STATEMENT

The California Commission on Aging, originally the Citizen's Advisory Committee on Aging, was established in 1956. Its primary purpose at that time was to advise the Governor on the needs of California's senior citizens. In 1965, the Legislature added Section 18357 to the Welfare and Institutions Code authorizing the commission to act as the administrative agency for the implementation of Title III (Community Grants) of the federal Older Americans Act of 1965. The commission is composed of the following: eight members appointed by and serving at the pleasure of the Governor, two members of the Senate appointed by the Committee on Rules, and two members of the Assembly appointed by the Speaker.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of this item in the reduced amount of \$125,172. The proposed total expenditure program of \$657,461 for the budget year is composed of an estimated \$503,105 in federal funds and \$154,356 from the General Fund. Table 1 illustrates the growth in the agency's funding and staffing levels for a five-year period.

**Table 1
Staff and Funding of the Commission on Aging**

<i>Fiscal year</i>	<i>Staff</i>	<i>State</i>	<i>Federal</i>	<i>Total</i>
1965-66	4.8	\$53,869	\$13,396	\$67,265
1966-67	9.1	92,457	532,904	625,361
1967-68	11.5	120,333	548,403	668,736
1968-69 (estimated)	12.5	121,721	503,105	624,826
1969-70 (proposed)	24.5	154,356	503,105	657,461

The General Fund portion of the proposed budget for fiscal year 1969-70 has increased by \$32,635 or 2.6 percent over the estimated expenditures for the current year while the amount of federal funds is shown at the same level as the current year. However, the estimate of federal funding for the budget year is very tentative at this time

Commission on Aging—Continued

because the Congress has not yet approved the amendments to the Older Americans Act containing the appropriation for the 1969-70 fiscal year. The commission has advised us that when these amendments are passed it anticipates that an allocation of approximately \$800,000 will be made to California. This allocation is based on the number of people over 65 years of age in California as compared to the same population group in other states.

The commission currently provides services to 44 local Older American projects and estimates it will approve 10 additional projects before the end of 1968-69 fiscal year. The commission proposes to increase the number of such projects to approximately 70 in the 1969-70 budget year. These projects consist of local committees on aging, senior citizen clubs and senior citizen centers initiated by a local public entity or voluntary agency for the purpose of utilizing the experience and skills of senior citizens for community betterment. All projects are approved by the commission and funded on the basis shown in Table 2.

Table 2
Support for Older American Projects

<i>Period covered</i>	<i>Federal share</i>	<i>Local share</i>
First year	75%	25%
Second year	60%	40%
Third year	50%	50%
Over three years	0%	100%

The local entity is expected to provide all project support at the end of the third year. It is the policy of the commission to refuse funding of any project which is not proposed to be continued beyond the third year.

Position Upgraded

We recommend that the commission retain the present classification of Junior Staff Analyst and that the upgrading of this position not be allowed for a saving of \$4,184 to the General Fund.

In its budget request, the commission proposes to upgrade a presently authorized junior staff analyst position to the level of specialist on the problems of aging.

The commission currently has a staff of five specialists, each of whom provides technical assistance to local Older American projects and encourages other local entities to initiate requests for such projects. These specialists are assigned to five geographical districts which are relatively equal in population. The new specialist is requested to serve the Eureka area in the event this city applies for and receives an Older American project grant. The Eureka area is located within a district which is presently served by one of the existing specialists and we see no need of an additional specialist based upon a nonexistent program.

Proposed New Positions

We recommend that 12 community representative positions be funded from anticipated federal moneys rather than from the General Fund for a saving of \$25,000.

Commission on Aging—Continued

The commission requests an additional 12 positions under the new civil service classification of community representative. These positions will be filled by senior citizens who, within their own communities throughout the state, will work with the commission's staff in promoting and developing programs for the aging.

As mentioned above, the commission has indicated that its allocation of funds under the amendments of the Older Americans Act will be approximately \$800,000 rather than the \$503,105 appearing in the budget. This is an increase of \$300,000 or 59 percent over the estimated current year expenditure. The federal government allows 10 percent of the state's allocation to be used for the administrative expenses of the commission. This policy will allow the commission to allocate \$80,000 toward its administrative expenses in the budget year rather than the \$50,000 now proposed for that function.

Thus, assuming that the federal grant is in the larger amount now projected by the commission, approximately \$30,000 in federal money will be available to fund the 12 requested positions.

**Department of Human Resources Development
DEPARTMENT OF EMPLOYMENT**

Items 144, 145 and 146 from the General Fund, the Unemployment Compensation Disability Fund and the Department of Employment Contingent Fund.

Requested 1969-70	-----	\$16,290,147
Estimated 1968-69	-----	15,901,862
Actual 1967-68	-----	11,516,470
Requested increase \$388,285 (2.4 percent)		
Total recommended reduction	-----	None

GENERAL PROGRAM STATEMENT

The Department of Employment has two major objectives: (1) to serve the needs of employers and individuals who are seeking employment and (2) to lessen the economic hardships of the involuntarily unemployed through two distinct forms of income stabilization, one of which provides benefits in the case of unemployment (unemployment insurance) while the other provides assistance in the event of illness (unemployment disability insurance). The department seeks to fulfill these objectives through the administration of the following programs: (1) the Employment Service Program, (2) the Unemployment Insurance Program, (3) the Disability Insurance Program and (4) the Work Incentive Program (WIN).

Projected benefits for unemployment insurance and disability and hospital benefits total \$724,937,000 for the 1969-70 fiscal year. Unemployment insurance benefits are estimated to represent \$451,700,000 of that amount and disability and hospital benefits the remaining \$273,-

Department of Employment—Continued

237,000. The estimated expenditures for unemployment benefits are based on projected rates of employment. The estimate for the disability and hospital benefit payments is based on the department's records of individuals filing claims in relation to the total number of persons covered by disability insurance.

The Unemployment Insurance Program benefits are funded by employer contributions which are determined by applying a percentage formula (specified in the Unemployment Insurance Code) to the employer's total payroll. The Disability Insurance Program is funded primarily by percentage assessments on employee wages.

Funding of the Department

In addition to the above-noted benefit payments of \$724,937,000, the department has budgeted \$93,362,303 for administrative expenses and \$16,500,000 to finance the Work Incentive Program for a total proposed expenditure program of \$834,799,303. These amounts and their sources are shown in Table 1.

Table 1
Funding Sources—Department of Employment, 1969-70

Administrative support	
Federal funds	\$80,336,225
Employment Security Financing Act (Reed Act)	35,931
State funds	
Unemployment Compensation Disability	12,412,191
Department of Employment Contingent Fund	577,956
Total administrative support	\$93,362,303
Benefit payments	
Unemployment Fund	451,700,000
Unemployment Compensation Disability Fund	273,237,000
Total benefit payments	\$724,937,000
WIN program	
Federal funds	13,200,000
General Fund	3,300,000
	\$16,500,000
Total expenditures	\$834,799,303

The funds identified as "state funds" under the administrative support item in Table 1 are those that may be changed legislatively by amendment of the Budget Bill without precipitating a corresponding change in the level of federal support for the department.

Employment Service Program

The objective of this program is to place available workers in available job openings. Specialized employment services are maintained for youth, veterans, minority groups and older workers. In the case of persons who are not qualified for jobs, the department provides counseling, testing and related services to prepare them for employment and refers such people to available job training programs.

In addition, the department administers a number of federally funded demonstration projects which have been developed to serve the needs of the "hard core" unemployed. An example of these programs

Department of Employment—Continued

is the San Francisco Adult Opportunity Project which seeks out unemployed and unskilled persons and attempts to prepare them for gainful employment by providing necessary counseling, testing, and training services. The department may also refer untrained persons to other community and state agencies offering special services. The San Francisco Adult Opportunity Project and other similar projects operate under much the same philosophy as the San Francisco Service Center Program in which the Department of Employment maintains employment counselors.

The department's employment and employment-related services are extended through a system of statewide offices as shown in Table 2.

Table 2
Employment Service Offices (November, 1968)

<i>Type of office</i>	<i>Number</i>
Employment service -----	93 ¹
Adult opportunity centers -----	3
Youth opportunity centers -----	28
Service centers -----	6
WIN program service points -----	44 ²
Skill centers -----	3
Richmond neighborhood house -----	1
Concentrated employment project -----	6
Permanent farm placement offices -----	45

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¹ This figure includes offices which perform the employment service function only and those which perform both the employment and unemployment insurance functions.

² All of these offices are not yet operational.

Administration of Federal Programs

The Department of Employment, acting as the representative of the federal government, provides the following services: (1) screens applicants for the Job Corps and the Neighborhood Youth Corps Programs, (2) pays unemployment compensation benefits to eligible federal employees and ex-servicemen, (3) compiles unemployment data for use under the Public Works and Economic Development Act and (4) administers the Concentrated Employment Program. The department assumes the role of a sub-contractor in the Concentrated Employment Program providing services to the Community Action Programs (CAP) in selected target areas of San Francisco, Oakland and Los Angeles.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the budget as submitted.

The budget proposes an appropriation of \$12,412,191 from the Unemployment Compensation Disability Fund for the direct and indirect support of the Division of Disability and Hospital Benefits. This is an increase of \$395,514 or 3.29 percent over the estimated expenditure of \$12,016,677 during the current year. Of the requested amount, \$8,848,485 or 71.3 percent supports the direct administrative costs, of the Division of Disability and Hospital Benefits and the balance of \$3,563,706 pays the pro rata costs of various other divisions in the department which provide supportive services to the Division of Disability and Hospital Benefits.

Department of Employment—Continued
Proposed New Positions

The budget requests a staffing increase of 19.2 man-years, 15.9 of which are requested for the Division of Disability and Hospital Benefits, and the remaining 3.3 man-years are proposed to be distributed among the other divisions of the department which provide services to the Division of Disability and Hospital Benefits.

The department has requested the additional staff to meet projected increased workload based on the following factors: (1) the number of new claims for disability insurance, (2) the number of continuing claims, (3) the time necessary for check preparation, (4) the number of field investigations made to determine the validity of disability claims, and (5) the number of voluntary plan claims that must be processed. By applying a workload standard to these factors based on past years' experience, the department estimates the number of man-hours required to handle workload and budgets positions accordingly. Table 3 illustrates the relationship between the number of new claims filed, the division's authorized staffing level and the number of positions filled to meet actual workload requirements.

Table 3
Relation of Initial Claims to Authorized and Filled Positions

<i>Fiscal year</i>	<i>Estimated claims</i>	<i>Actual claims</i>	<i>Positions authorized</i>	<i>Positions filled</i>
1964-65	588,120	564,445	702.5	675
1965-66	612,000	601,752	708.7	682
1966-67	622,000	601,807	716.9	692.4
1967-68	619,110	622,605	685.3	676.9
1968-69	630,600	317,350 (1/20/69)	710.3	684.4 (estimate)
1969-70	646,600		700.3 (proposed)	

Department of Employment Contingent Fund

The Department of Employment Contingent Fund is composed of: (1) penalties paid by employers who have violated provisions of the Unemployment Insurance Code, (2) rental payments made by the department for office facilities which have been financed by the Contingent Fund, and (3) interest earnings on deposits in the fund.

The fund is used to cover the costs of the Unemployment Insurance-Employment Service Program which the federal Bureau of Employment Security will not allow to be financed by federal funds. These costs include pro rata charges, administrative overhead charges of other agencies and certain direct charges for services rendered to divisions of the department. The budget requests an appropriation of \$577,956 which is a decrease of 1.2 percent from the estimated expenditure of \$585,185 for the current year.

Reed Act Funds

Under the federal Employment Security Financing Act, the department may receive funds to conduct an audit of the Unemployment Insurance-Employment Service Program. Last year, the state financed the cost of this audit because federal funds were not available. However, the

Department of Employment—Continued

federal government has now agreed to pay the cost of this audit for an additional five-year period. The Department of Finance, which performs the audit, estimates the cost at \$35,931 for the budget year.

The Work Incentive Program (WIN)

The Work Incentive Program (WIN), which was authorized by the 1967 amendments to the Social Security Act, has been in operation in California for approximately four months. Its objective is to remove persons from the welfare rolls by providing them with education, training, work experience and other services as required to resolve individual problems. The eligible recipients of this program are members of households receiving assistance under the Aid to Families with Dependent Children Program (AFDC) who are over the age of 16 and not in school full time. Participants in the program are referred to the Department of Employment by local welfare agencies in 26 selected counties, each of which has over 1,100 active AFDC cases.

Specifically excluded from the program are persons who are (1) ill, incapacitated, or elderly, (2) too far away from a project to make participation practical, (3) full time students, and (4) persons whose presence at home is required because of the illness or incapacity of some member of the household.

Responsibility for the program on the federal level is assigned to the Department of Labor, but the State Department of Employment has been delegated the responsibility of implementing the program at the state level. The federal government pays 80 percent of the total program costs and has approved the department's budget in the amount of \$16,500,000. Of this amount, the federal government will furnish \$13,200,000 (80 percent) and the state will furnish the remaining \$3,300,000 (20 percent). The program has been approved at the above funding level for both the current and budget years. The 1967 amendments to the Social Security Act require the participation of the state in this program.

Recipients under the WIN Program are classified into three categories. Under category I, the department seeks to place the individual in an existing job for which he is qualified. If the individual is placed in a job but the salary is not sufficient to meet his needs, he may receive a supplemental welfare grant computed by a formula which considers his wages and financial needs.

Under category II, a person not readily employable will be referred to existing federal or state training programs such as the Neighborhood Youth Corps, New Careers or Manpower Development and Training Act (MDTA) programs. If none of these programs has an open training slot, the individual may be placed in a WIN program of job orientation or vocational training, or he may be given a work experience assignment. Under each of these alternatives, the client continues to receive his regular welfare grant plus training expenses and an incentive payment of \$30 per month.

Department of Employment—Continued

Individuals who cannot be placed in either category I or II may be placed in category III which will be added when the program is fully operational to provide special work projects arranged by the department in cooperation with public and private agencies. An individual in this program will be guaranteed a total income equal to his welfare grant plus 20 percent of his earnings. If this amount is not realized, he will be eligible for a supplemental welfare grant. The cases of individuals in category III will be reviewed every six months to assure that the individuals are moved into regular employment as soon as possible.

Department of Human Resources Development

OFFICE OF ECONOMIC OPPORTUNITY

Items 147, 148 and 149 from the General Fund

Requested 1969-70	-----	\$404,460
Estimated 1968-69	-----	253,103
Actual 1967-68	-----	233,637
Requested increase \$151,357 (59.8 percent)		
Total recommended reduction	-----	None

GENERAL PROGRAM STATEMENT

The State Office of Economic Opportunity was established administratively in the Governor's office in 1964, but in November 1968, it was transferred to the Department of Human Resources Development which was created by Chapter 1460 (AB 1463), Statutes of 1968. Its purposes are (1) to provide technical assistance to local antipoverty agencies, and (2) to advise the Governor with regard to his veto power over proposed local anti-poverty projects financed by the Economic Opportunity Act of 1964 as amended. The office is also responsible for the administration of the Migrant Master Plan, the purpose of which is to provide housing and services to migrant workers and their families.

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted.

The budget requests a General Fund appropriation of \$404,460 which is an increase of \$151,357 or 59.8 percent over estimated expenditures of \$253,103 in the current year. The amount requested includes \$57,225 for the administrative expenses of the office which are allocated to three programs as follows: (1) \$15,207 for the Technical Assistance Program, (2) \$30,847 for the Review and Coordination Program, and (3) \$11,171 for the Migrant Master Plan. The remaining \$347,235 is requested for the program costs involved in the operation of the Migrant Master Plan. The office anticipates federal funding in the amount of \$1,362,096 which will produce a total budget-year expenditure program of \$1,766,556 as shown in Table 1.

Office of Economic Opportunity—Continued

Table 1

Program Component Costs—State Office of Economic Opportunity

<i>Program</i>	<i>Federal</i>	<i>State</i>	<i>Total</i>
Technical Assistance	\$101,963	\$15,207	\$117,170
Review and Coordination	211,751	30,847	242,598
Migrant Administration	198,117	11,171	209,288
Migrant Master Plan	850,265	347,235	1,197,500
Totals	\$1,362,096	\$404,460	\$1,766,556

Review and Coordination Section

All local antipoverty projects authorized by Title I, Part B, and Title II of the federal Economic Opportunity Act of 1964 must be approved by the Governor. The Review and Coordination Section was formed during the current year to provide the Governor with an evaluation of such programs applying for their initial grants and existing programs seeking renewals of grants. Based on its evaluation, the section makes recommendations to the Governor as to the advisability of approving the program.

The sources of funding and the proposed level of personnel of the section are shown in Table 2.

Table 2

Review and Coordination Section
Funding and Personnel (1968-70)

	<i>1968-69 (Estimated)</i>	<i>1969-70 (Proposed)</i>	<i>Increase</i>
General Fund	\$29,650	\$30,847	\$1,197
Federal funds	203,561	211,751	8,190
Total Support	\$233,211	\$242,598	\$9,387
Personnel	14.4	14.9	0.5

Technical Assistance Section

The Technical Assistance Section furnishes technical assistance services to the local antipoverty programs throughout the state. Presently, there are 550 programs administered through 44 Community Action Agencies (CAA) and 640 delegate agencies. Table 3 illustrates the sources of funding and the proposed staffing level of the Technical Assistance Section.

Table 3

Technical Assistance Section
Funding and Personnel (1968-70)

	<i>1968-69 (Estimated)</i>	<i>1969-70 (Proposed)</i>	<i>Increase</i>
General Fund	\$13,547	\$15,207	\$1,660
Federal funds	92,964	101,963	8,999
Total Support	\$106,511	\$117,170	\$10,659
Personnel	5.4	5.9	0.5

**Office of Economic Opportunity—Continued
Program Reorganization**

In past years, the personnel of the Technical Assistance Section served the dual function of (1) providing technical assistance to local antipoverty projects and (2) reviewing and evaluating the grant requests of these projects to advise the Governor on the use of his veto power with respect to the funding of such programs. Last year the section had an authorized staff of 18.7 positions and was budgeted at \$307,155. Of this amount, 10 percent or \$30,715 was General Fund money while 90 percent or \$276,440 was furnished by the federal government.

A reorganization was implemented during the current year to place the above responsibilities in the previously described separate staff units: (1) the Technical Assistance Section, which provides technical assistance to these programs and (2) the Review and Coordination Section, which reviews local antipoverty projects and advises the Governor.

Matching Formula Revised

In past years the Technical Assistance Program was funded on a 90 percent federal-10 percent state matching formula. As required by federal law, the formula was revised at the beginning of the current year to provide an 80 percent federal-20 percent state funding basis. During the current year, the state's contribution is composed of \$43,197 and "in kind" services (equipment, services, and facilities). The proposed budget reflects the continuation of the 80-20 matching formula with the state's contribution consisting of \$46,054 and additional "in kind" services.

MIGRANT MASTER PLAN

The Migrant Master Plan was authorized by Chapter 1576, Statutes of 1965, and is designed to provide the following services for migrant farm workers and their families:

- (1) "Temporary," seasonal, flash peak, family-style housing with companion water and sewage services. The adopted unit is constructed of plywood and includes a floor, toilet and shower, wash basin, water heater, sink, stove and room dividers.
- (2) Compensatory and remedial education for children and adults.
- (3) Supervised child day care and food for children between the ages of two to five years is provided six days a week, ten hours a day to allow parents to work in the fields.
- (4) Full sanitary facilities and drinking water are provided at each camp with centrally located showers and laundries, washers and dryers, in addition to toilets in each of the plywood units.
- (5) Health clinics are administered by the Farm Workers Health Service of the State Department of Public Health.

Table 4 shows the number and locations of migrant centers that are funded through the Migrant Master Plan.

Office of Economic Opportunity—Continued

Table 4

Farm Labor Centers—Calendar Year 1968

<i>Center location (county)</i>	<i>No. of units</i>	<i>Families served</i>	<i>Persons served</i>	<i>Dates open</i>	<i>Day care average daily attend- dance</i>
Gridley (Butte) -----	100	155	721	6/ 3-11/ 8	57.7
Yuba City (Sutter) -----	94	124	562	5/ 6-10/31	46.8
Madison (Yolo) -----	100	148	793	6/10-10/28	29.5
Davis (Yolo) ¹ -----	50	---	---	---	---
Dixon (Solano) -----	100	154	691	5/ 8-10/23	27.6
Harney Lane (San Joaquin) ----	96	281	1,412	5/20-11/ 4	45
Mathews Road #2 (San Joaquin)	96	152	853	5/20-11/ 5	33.8
Mathews Road #3 (San Joaquin)	96	203	1,019	5/20-11/13	45
Empire (Stanislaus) -----	85	122	634	5/15-10/31	62.6
Patterson (Stanislaus) -----	55	67	371	5/15-11/13	53.2
Westley (Stanislaus) -----	100	88	528	5/15-11/13	64.2
Watsonville (Santa Cruz) -----	100	97	576	6/ 3-10/25	41.8
Turlock (Stanislaus) -----	50	79	416	5/20-11/ 5	20.4
Merced (Merced) -----	60	91	519	5/20-10/21	24.2
Los Banos (Merced) -----	90	140	786	6/10-10/25	28
Hollister (San Benito) -----	75	165	994	6/20-10/31	37.2
Parlier (Fresno) -----	125	141	761	5/21-10/25	41.5
Raisin City (Fresno) -----	75	99	614	7/11-10/31	24.75
Indio (Riverside) -----	80	120	500	11/ 1- 6/30	45.2
Planada (Merced) -----	50	52	289	9/16-10/25	21
Livingston (Merced) -----	50	62	363	8/19-10/23	21.5
Williams (Kern) ² -----	100	---	---	---	---
Shafter (Kern) ² -----	100	---	---	---	---
Totals -----	1,927	2,560	13,402		

¹ Units under construction in 1968.² Units authorized, but not yet constructed.**Plydom Housing Units Prove Unsatisfactory**

In the initial phase of its housing construction program, the Migrant Division authorized the construction of approximately 600 "plydom" units. These units are made of polyurethane and paper and were authorized on an experimental basis because of their ease of installation and relatively low cost per unit. The Migrant Division states that approximately 50 percent (300) of the original units will not be available for occupancy during the 1969 season because of their deteriorated condition. These units will not be replaced, nor will additional plywood units be authorized during the budget year because the Migrant Division will not receive funds for housing construction from the federal Office of Economic Opportunity.

Migrant Division Funding and Administrative Responsibility

The Migrant Division of the State Office of Economic Opportunity is responsible for overall administration of the Migrant Master Plan, but the direct administration and supervision of the camps is provided by county housing authorities and/or health departments under contract with the Migrant Division. The state's responsibilities are to provide: (1) assistance in program development, (2) supervision in program operation, (3) program evaluation, and (4) consultative services. The

Office of Economic Opportunity—Continued

Department of Finance provides fiscal and accounting services and authorizes all contracts entered into by the State Office of Economic Opportunity with local agencies.

The budget proposes a total appropriation of \$260,906 from the General Fund as the state's cost for the Migrant Master Plan. The division estimates that it will receive \$1,048,382 in federal Office of Economic Opportunity funds for a total expenditure program as shown in the budget of \$1,309,288. In addition, the division requests an augmentation of \$97,500 to provide the state's portion of costs of the day care program. This amount will be added to an estimated \$812,500 in federal funds received by the State Office of Compensatory Education and the State Department of Social Welfare and \$90,000 in camp rent receipts to provide a day care program totaling \$1,000,000. The division will, therefore, be expending an estimated \$2,309,288 during the budget year compared to the estimated current-year expenditures of approximately \$3,064,391. Table 5 shows the allocation and sources of the proposed expenditure program.

Table 5
Proposed Support of the Migrant Master Plan (1969-70)

<i>Purpose</i>	<i>Local</i>	<i>State</i>	<i>Federal</i>	<i>Total</i>
Administration -----		\$11,171	\$198,117	\$209,288
Camp operation -----		249,735	850,265	1,100,000
Day care augmentation -----	\$90,000	97,500	812,500	1,000,000
Totals -----	\$90,000	\$358,406	\$1,860,882	\$2,309,288

The proposed budget will maintain the current staffing level of 13 positions.

Day Care Program

Due to federal budgetary limitations, the federal Office of Economic Opportunity did not provide funds to support the Migrant Division's day care program which began in April, 1968, and extended through November, 1968. However, the Migrant Division was able to fund the program from the following sources: (1) rental income from the camps, (2) funds provided by the Elementary and Secondary Education Act of 1965, (3) funds from the Department of Social Welfare, and (4) General Fund money.

As a result of further federal budgetary limitations, the federal Office of Economic Opportunity is gain unable to fund the day care portion of the Migrant Division's budget. However, the day care program will be funded from April, 1969, through July, 1969, by \$100,000 in rent receipts from the camps and \$110,000 from the federal Office of Economic Opportunity. The Migrant Division proposes to fund the day care component from July 1, 1969 through November, 1969, from the sources listed in Table 6.

Office of Economic Opportunity—Continued

Table 6

Proposed Funding of Day Care Services (July-November 1969)				
Source	Local	State	Federal	Total
General Fund -----		\$97,500		
Rent receipts (migrant camps)	\$90,000			
Department of Social Welfare			\$562,500	
Department of Education (Elementary and Secondary Education Act of 1965) -----			250,000	
Totals -----	\$90,000	\$97,500	\$812,500	\$1,000,000

Department of Human Resources Development**SERVICE CENTER PROGRAM**

Items 150, 151 and 152 from the General Fund and the Department of Employment Contingent Fund

Requested 1969-70 -----	\$5,224,335
Estimated 1968-69 -----	4,892,147
Actual 1967-68 -----	3,714,550
Requested increase \$332,188 (6.4 percent)	
Total recommended reduction (General Fund) -----	\$86,807

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Delete 10 proposed social assistant II positions -----	\$86,807	576

Summary of Major Issues and Recommendations**1. Consolidated Intake Form**

We recommend that a consolidated form be adopted for use throughout the process of serving a client. (Analysis page 574).

2. Workload Standard

We recommend that the Service Center Program develop realistic workload standards for each center and allocate authorized personnel accordingly. (Analysis page 574).

3. Employment Staffing

We recommend that the Department of Employment fill its authorized professional positions. (Analysis page 577).

GENERAL PROGRAM STATEMENT

The Service Center Program was created by executive order of the Governor and a Budget Act appropriation during the 1966 legislative session. Thirteen service centers were initially authorized to be established throughout the state, but because of subsequent budgetary restrictions the program was reduced to the following six centers: East Los Angeles, South Central Los Angeles (Watts), San Diego, Venice, San Francisco and Richmond.

Service Center Program—Continued

At its inception, the executive element of the program was placed administratively in the Governor's office with the Director of the Service Center Program being responsible to the Governor's cabinet secretary. Chapter 1460 (AB 1463), Statutes of 1968, changed this organization by placing the Service Center Program in the newly created Department of Human Resources Development within the Human Relations Agency.

The main objective of the program is to help individuals establish economic independence through a coordinated utilization of federal, state and local poverty reduction programs and resources. Thus, the centers consist of a number of program elements, each of which represents a participating agency such as the Department of Employment, Rehabilitation, and Mental Hygiene, and the Youth Authority.

New Center Authorized

A seventh service center was authorized last year by the Legislature to be established in Fresno. A center originally was established there in 1966, but it was closed due to the budget restrictions mentioned above. The newly authorized Fresno Service Center was scheduled to be opened in January, 1969, but this target date has not been met and the Service Center Program is unable to indicate when the facility will be operational.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the budget in the reduced amount of \$5,137,528.

The proposed budget requests appropriations totaling \$5,224,335, which is an increase of \$332,188 or 6.4 percent over the estimated current-year expenditure of \$4,892,147. Federal funding of \$5,041,458 produces a total proposed expenditure program of \$10,265,793 as shown in Table 1.

Table 1
Sources of Service Center Funding

	1967-68	1968-69	1969-70
Federal funds -----	\$3,892,701	\$4,875,133	\$5,041,458
General Fund -----	3,309,898	4,632,451	4,958,629
Department of Employment Contingent Fund -----	108,281	259,696	265,706
	<u>\$7,310,880</u>	<u>\$9,767,280</u>	<u>\$10,265,793</u>

The distribution of authorized personnel by element and center is shown in Table 2. The authorized position level is current as of November, 1968.

Service Center Program—Continued

Table 2

Allocation of Authorized Staff of State Service Centers

Program Element	South Central Los Angeles	East Los Angeles	Venice	San Diego	San Fran- cisco	Rich- mond	Fresno	Total
Executive (Sacramento) -----	---	---	---	---	---	---	---	21.0
Management -----	8.0	13.5	4.5	7.0	7.0	6.0	6.0	52.0
Intake -----	69.0	64.0	38.0	38.0	40.0	19.0	28.0	296.0
Employment -----	48.0	38.0	10.0	23.0	21.0	8.0	16.0	164.0
Rehabilitation -----	37.5	32.0	6.0	24.0	25.0	11.0	26.0	161.5
Social Welfare -----	1.0	1.0	---	1.0	1.0	1.0	1.0	6.0
Public Health -----	---	1.0	---	1.0	1.0	---	---	3.0
Mental Hygiene -----	1.0	---	---	---	---	1.0	1.0	3.0
Corrections -----	1.0	---	---	---	---	1.0	1.0	3.0
Youth Authority -----	---	1.0	---	1.0	1.0	---	---	3.0
Fair Employment Practices -----	1.0	1.0	---	1.0	1.0	1.0	1.0	6.0
Apprenticeship Standards -----	1.0	1.0	---	1.0	1.0	1.0	1.0	6.0
	167.5	152.5	58.5	97.0	98.0	49.0	81.0	724.5

Objectives and Procedures of Service Center Program

The concept of the Service Center Program is to consolidate available employment, counseling and other services in one centrally located facility so that disadvantaged persons in specific target areas can be served on a "one-stop" basis, thereby eliminating the necessity of referring such persons from one service agency to another.

Until a few months ago, the centers followed a policy of open intake. That is, the centers would accept as clients any individuals who came to them for assistance. However, this policy resulted in a heavy influx of people to the centers and the development of a large backlog of active cases. As a means of reducing this backlog, the centers have adopted a policy of limited intake. In South Central Los Angeles (Watts), for example, the original target area has been redrawn and reduced in size and the center will now accept as clients only people from the new target area. Persons who do not reside in this target area are referred to services nearest their homes which may meet their needs.

A new client entering the center is interviewed by the intake unit which is staffed partly with people indigenous to the community or target area served by the center. The function of the intake unit is to diagnose the individual's problems, prescribe the services needed to resolve these problems and assign the person to the component agency which will serve his primary need. Thus, if the client's basic need is to secure a job, he is referred to the employment element. If a client needs training in order to qualify for a job, he is referred to the rehabilitation element.

It is also the responsibility of the intake unit to maintain field contact with the client to insure that his needs are being met and to assist him in utilizing prescribed services to full advantage. This assistance

Service Center Program—Continued

may involve such matters as helping the client to resolve domestic problems and arranging for him to get to work.

Excessive Forms

We recommend that the Service Center Program expedite the development and adoption of a consolidated form to be used throughout the process of serving a client.

One of the stated goals of the Service Center Program is to reduce the number of forms used in processing clients. Individuals who come to a center are interviewed initially by the intake unit which completes the Service Center Program form and determines the services needed by the individual. Each component agency that serves the client requires the completion of additional forms. If the services of three component agencies are used, the client will have completed a minimum of three forms in addition to the original Service Center Program form. The client is, therefore, subjected to repetitive questions and an excessive amount of paperwork because all of these forms require the same or similar information.

The Service Center Program management currently is developing a consolidated form which would provide all the information required by each component agency and which would be the only form used from the initial intake process until the individual's case is closed. The program management indicates that an interdepartmental committee working on this proposal will make final recommendations on the form to the program administration during January 1969. The recommended form must then be approved by the component agencies (Department of Employment, Rehabilitation, Public Health, etc.). The Service Center Program should place a high priority on the development and implementation of a consolidated form in order to reduce the paperwork for its staff and clients and increase the workload capacity of the staff.

Need to Develop Workload Standards and Measures of Effectiveness

We recommend that the Service Center Program develop realistic workload standards for all centers and allocate authorized personnel accordingly.

All of the service centers lack adequate data by which their staffing needs can be evaluated, and each of the centers has a different workload standard for its intake unit. For example, the personnel at the South Central Los Angeles Center (Watts) believe an interviewer should process six to eight cases a day while four to six cases per day are considered the norm at East Los Angeles. In further contrast, the personnel at Venice believe an interviewer should process 8 to 11 cases a day. As a result of these varying workload standards, some centers appear to have more personnel than is necessary while others may be understaffed. When the Service Center Program was first authorized, no workload experience was available on which to base the allocation of personnel. However, the program should now have the necessary workload information to develop a meaningful workload standard which could lead to a better allocation of existing positions among the centers. Following the development of a workload standard, the Service Center

Service Center Program—Continued

Program may find that the present manpower allocation is inappropriate and that transfers of positions between centers may be necessary. We believe that component agencies within the centers should conduct similar studies of their staffing patterns.

Administration Element

The Service Center Program executive element in Sacramento and the centers' management elements have been combined into a single administrative element for budgetary purposes. The program's executive element (the director and headquarters staff) is responsible for the overall direction, planning, coordination, evaluation, etc., of the Service Center Program. The center management element contains the service center managers and their immediate staff.

Program Evaluation

The evaluation unit is presently computerizing its statistics on (1) the number of people coming to the centers, (2) the number of job placements per month and (3) the major problems of people coming to each center. The program has also provided for the identification of the ethnic origin of all clients processed by the intake unit. In addition, the program is completing a report on the progress of indigenous aides from the Watts area who have secured private or public employment after completing the nine-month Service Center Training program.

The Service Center Program administration, however, is presently unable to assess the effects of the program on the people or areas served by the six centers. Two years ago, the program proposed to select a random sample of its caseload at the time of intake and to review the progress of the sample cases three months later to determine the effect of the program on the individuals' problems. However, this project has not been undertaken and, as a result, the service centers lack adequate data by which their productivity and accomplishments can be measured or evaluated.

Center Management Turnover

During the past two years, the Service Center Program has experienced a high rate of turnover among its management personnel. Five centers, for example, have had two or more different managers during this period, and the San Francisco and Venice Centers presently are operating under temporary managers. This excessive turnover has impeded the development of uniform management policies and has, on occasion, disrupted the centers' relationships with the communities they serve.

A part of the turnover problem appears to be attributable to a lack of effective communication between the program administration and the service center management with respect to operating procedures and policies. Other difficulties reflect dissatisfaction, both within the centers and the communities they serve, with the ethnic composition of the centers' staff. This is one of the reasons given for the failure of significant numbers of the Spanish-speaking community to patronize the San Francisco Service Center.

Service Center Program—Continued

Intake Element

The present and requested staffing and funding levels of the intake element are shown in Table 3.

Table 3

Staffing and Funding Level of the Intake Element

	1968-69 (Estimated)		1969-70 (Proposed)	
Positions supported by General Fund—	250.5	(\$2,192,415)	291.5	(\$2,629,631)
Positions supported by federal funds—	35	(\$299,054)	—	—
Totals	285.5	(\$2,491,469)	291.5	(\$2,629,631)

Loss of Federal Funding

We recommend approval of \$300,000 to continue 35 positions previously financed by federal funds.

The intake element presently contains 35 positions funded by a federal grant which will expire at the end of the current fiscal year. The proposed budget requests an augmentation from the General Fund in the amount of \$300,000 to continue the funding of these 35 positions. The intake unit will subsequently be supported entirely by the General Fund in the amount of \$2,629,631.

The federal grant was received through the Department of Rehabilitation to finance 35 positions in the centers' intake units to provide outreach and intake services. The grant was offered only for a three-year period and cannot be renewed.

All of the federal money has been used to finance professional positions in supervisory capacities and clerical positions within the intake elements of the six operating centers. These positions provide intake services, but they do not actively engage in the outreach activities of the centers. As these supervisorial positions are vital to the efficient functioning of the intake elements in the centers, we recommend approval of the \$300,000 augmentation.

New Positions Not Justified

An additional augmentation of \$86,807 is requested to fund 10 social service assistant II positions which are proposed to replace positions in the East Los Angeles and South Central Los Angeles Centers that were transferred to Venice in the current year.

(1) *We recommend the deletion of these positions for a savings of \$86,807 to the General Fund.*

(2) *We recommend that the Service Center Program administration return to the East Los Angeles and South Central Los Angeles Centers 10 of the 11 positions that have been transferred to Venice.*

Last year, 16 additional positions were requested by the Venice Service Center to handle a backlog which had developed in the center's caseload. The Legislature augmented the budget to provide for the requested positions, but the augmentation was vetoed.

Subsequent to the Governor's veto of the 16 additional staff members proposed for the Venice Center, the Service Center Administration transferred to Venice 11 authorized but vacant clerical aide positions from the East Los Angeles and Watts Centers and also authorized two

Service Center Program—Continued

new intake counselors, one social welfare consultant, one corrections consultant and an associate counselor position for a total of 16 positions. Since this transfer, the 11 positions from the East Los Angeles and Watts Centers have been reclassified from their original aide classification to the Social Service Assistant II level.

We have subsequently been informed by the Service Center Program administration that the manager of the Venice Center has notified them by letter that the backlog of cases has diminished significantly and that the transferred positions are no longer needed. At the time the positions were transferred, the personnel at the Venice Center stated that only three of the 16 positions were qualified for the intake element. However, the Venice management also stated that the intake element could handle its workload if all of its existing authorized positions were filled. The workload at the Venice Center has not increased sufficiently to warrant additional intake personnel and its authorized position level remains unfilled. We believe, therefore, that the 10 reclassified positions are not needed by the Venice Center and should be retransferred to the East Los Angeles and South Central Los Angeles Centers.

Rehabilitation Element

The rehabilitation element supplies vocational rehabilitation services to clients assigned to them by the intake unit of the center. These services may include diagnosis, medical treatment for physical disabilities, vocational training, transportation, books and supplies, tools, equipment, licenses and assistance with job placement. Continuation of the current staffing level is proposed with an expenditure of \$816,556 from the General Fund and \$3,266,223 in federal funds.

Employment Element

The support for the employment element does not require an expenditure from the General Fund. The unit receives its funding from the federal government in the amount of \$1,663,245 and from the Department of Employment Contingent Fund in the amount of \$265,706.

In reviewing the functional time reports of the Department of Employment personnel in the service centers, we find an entry for 24.6 man-years of the position classification of "Employment and Claims Assistant," although this classification is not included within authorized personnel. The "Employment and Claims Assistant" is a subprofessional position which is paid on an hourly rather than monthly basis. It is our understanding that the classification is used primarily to aid the professional classifications in excessive workload situations. The staffing pattern of the employment element indicates that 29 of the approximately 98 professional classifications are vacant. As the professional positions have been trained to resolve the special problems of the disadvantaged, we believe that the department should fill all of the authorized professional positions and use the employment and claims assistant only to supplement rather than substitute for the professional positions.

Service Center Program—Continued

Supportive Services Element

This element contains the remaining state services which participate in the Service Center Program. It is staffed by personnel from the following departments: Social Welfare, Public Health, Mental Hygiene, Corrections, Youth Authority, and the Divisions of Fair Employment Practices and Apprenticeship Standards of the Department of Industrial Relations.

Supportive Services Element Proposed for Venice

We recommend approval of a supportive services element for the Venice Service Center.

The budget requests an augmentation of \$68,487 from the General Fund to furnish the Venice Service Center with a supportive services element composed of one representative from each of these state services: Social Welfare, Mental Hygiene, Corrections, Fair Employment Practices (Industrial Relations) and Apprenticeship Standards (Industrial Relations).

The personnel of the Venice Service Center have stated that the specialized services provided by the above departments are needed to serve the disadvantaged in the Venice target area. Such services are not readily available to the target population of the center. The addition of the supportive services unit to the Venice Center will eliminate the necessity of referring clients to outside sources for these services.

ADVISORY COMMISSION ON INDIAN AFFAIRS

Item 153 from the General Fund

Requested 1969-70	\$14,447
Estimated 1968-69	48,003
Actual 1967-68	32,193
Requested decrease \$33,556 (70 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Advisory Commission on Indian Affairs was established by Chapter 2139, Statutes of 1961, which added Sections 8110-8118 to the Government Code. The commission will go out of existence on October 1, 1969. The purpose of the commission is to study the problems of American Indians residing in California and to report its findings and recommendations to the Legislature and to the Governor.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item.

The commission has 3.2 authorized positions for 1968-69 at an estimated cost of \$48,003. The 1969-70 budget would continue the same level of service until October 1969 at an estimated cost of \$14,447.

Department of Mental Hygiene

SUMMARY

Proposed total program expenditures 1969-70 (all funds)-----	\$273,072,780
Estimated total program expenditures 1968-1969 (all funds)-----	245,377,741
Increase (11.3 percent)-----	\$27,695,039

GENERAL PROGRAM STATEMENT

For the 1969-70 fiscal year, proposed program expenditures of the Department of Mental Hygiene total \$273,072,780. These expenditures are to be financed by General Fund appropriations, federal grants and reimbursements. Table 1 summarizes these proposed expenditures by activity and source of funds. The table indicates that the support of mental hygiene activities will exceed that estimated to be expended during the current fiscal year by \$27.7 million.

Effective July 1, 1969, Chapter 989, Statutes of 1968, requires the state to pay 90 percent of the cost of care of patients in state hospitals and Short-Doyle facilities and the counties to pay the remaining 10 percent in both facilities. The budget shows the counties' share of the cost of the local programs, \$6,331,900, as a deduction from General Fund expenditures (traditional budget, page 740, line 42), but the counties' share of cost of the state hospitals is not shown as a deduction. Table I shows that General Fund support for the hospitals for the mentally ill is \$124,130,623 for the 1969-70 fiscal year. This figure is misleading since \$6.5 million in county funds available under the new sharing formula is not deducted from the General Fund support amount. Therefore, the increased state support for mental hygiene is \$21.2 million rather than \$27.7 million.

The department administers the following programs:

- (1) Prevention of mental illness and mental retardation.
- (2) Diagnosis of mental illness and mental retardation.
- (3) Care and treatment of persons suffering from mental illness and mental retardation.
- (4) Research into the causes underlying mental illness and mental retardation.
- (5) Training to assure sufficient manpower to implement the department's programs.
- (6) Assistance to communities providing local psychiatric (Short-Doyle) services in 55 counties.

The programs administered by the department are implemented by state and county facilities for the mentally ill, including 10 state hospitals and Short-Doyle clinics serving 55 counties, four state hospitals for the mentally retarded, two neuropsychiatric institutes, and departmental administration.

Our analysis centers upon the continuing decline in numbers of mentally ill patients at the state hospitals and the accompanying expansion of community-based mental health services. Table 2 compares the change in the number of mentally ill patients treated at the state hospitals with the change in the number of mentally ill patients treated at Short-Doyle facilities.

Table 1
Department of Mental Hygiene
Summary of Activities, 1969-70, and Change from 1968-69

Traditional budget page	Activity	Budget Bill item number	1969-70				Change from 1968-69	
			General Fund	Federal funds	Reimbursements	Total	Amount	Percent
391	Program augmentations -----	154	\$4,669,890 (Mentally ill— \$3,777,263 Mentally retarded— \$892,627)	\$135,000	--	\$4,804,890	\$4,804,890	--
391	Closure of Modesto State Hospital---	154	\$-1,100,000	--	--	-1,100,000	-1,100,000	--
404	Facilities for the Mentally Ill							
	(1) State hospitals for the mentally ill -----	158, 339	124,130,623 (Mentally retarded— \$16,927,564 Mentally ill— \$107,203,059)	--	\$531,636	124,662,259	-3,452,575	-2.7
	(2) Local assistance—Short-Doyle	339	53,925,000	--	--	53,925,000	+23,300,000	+76.1
408	State hospitals for the mentally re- tarded -----	159	61,881,497	--	88,800	61,970,297	+1,532,318	+2.5
402	Neuropsychiatric institutes -----	157	13,168,380	--	--	13,168,380	+1,430,937	+12.2
392	Departmental administration -----	155	7,067,899	698,897	1,120,395	8,887,191	+1,210,638	+15.8
395	Research programs -----	156	1,364,142	300,000	--	1,664,142	+81,441	+5.1
396	Special project activities -----		--	4,455,931	634,690	5,090,621	-112,610	-2.2
TOTAL -----			\$265,107,431	\$5,589,828	\$2,375,521	\$273,072,780	\$+27,695,039	+11.3

Table 2
Mentally Ill Patients Treated in Short-Doyle
Facilities and State Hospitals—By Admissions

	24-hour		Partial		Outpatient	
	hospitalization		hospitalization			
	Short- Doyle	State hospital	Short- Doyle	State hospital	Short- Doyle	State hospital
1962-63	9,763	27,044	548	1,459	22,848	6,699
1963-64	22,562	27,673	941	2,040	32,869	7,295
1964-65	37,224	28,496	961	2,024	49,355	8,024
1965-66	39,681	28,032	1,480	1,863	71,050	5,740
1966-67	41,601	30,152	1,672	1,463	81,294	3,808
1967-68	42,349	32,912	2,902	1,233	93,824	3,284
1968-69 (estimated)	44,084	34,234	4,108	None	107,192	2,278
1969-70 (estimated)	45,820	34,895	5,314	None	120,454	2,278

Major Legislation Affecting Department of Mental Hygiene

Major legislation relating to the Department of Mental Hygiene becomes effective on July 1, 1969.

Chapter 1667, Statutes of 1967, New Commitment Procedures

Chapter 1667, Statutes of 1967, the Lanterman-Petris-Short Act, prescribes stringent procedures for the involuntary detention and treatment of three categories of persons afflicted by mental illness. The three categories are: (1) mentally disordered persons; (2) persons impaired by chronic alcoholism; and (3) gravely disabled persons, i.e., persons who "as a result of a mental disorder or impairment by chronic alcoholism (are) unable to provide for . . . basic personal needs . . ." Not affected by this statute are mentally disordered sex offenders, narcotic drug addicts, habit-forming drug addicts, and mentally disordered criminal offenders. The statute establishes the following procedures for securing involuntary detention which are required to be administered by the counties:

- (1) One of three procedures established can be utilized to secure a 72-hour detention. The 72-hour detention will enable staff at Short-Doyle clinics to provide diagnostic and crisis intervention services. Initiation of the procedures requires either a court order or application made to the treatment facility by a peace officer, attending staff member, or other "professional person" designated by the county.
- (2) A 14-day detention is established to enable staff at Short-Doyle Clinics to render intensive treatment. However, the patient can be detained for the 14 days only if during the original 72-hour evaluation period it is determined that the patient is not sufficiently recovered to permit his release. Initiation of this procedure requires a notice of certification signed by a professional person in charge of the treatment facility. The patient retains the right to secure a judicial review by writ of habeas corpus in a superior court.
- (3) An additional 14-day detention period is established to permit continued intensive treatment. Initiation of this procedure requires a second notice of certification. The patient may again

secure a judicial review by writ of habeas corpus in a superior court.

- (4) A 90-day detention period is established to provide for continued intensive treatment for "imminently dangerous persons." Initiation of this procedure requires a petition by a professional person in charge of the treatment facility to a superior court. A court hearing must be provided for the patient within four judicial days after submitting the petition. If requested by the patient, a jury trial must be provided.
- (5) Conservatorships are granted to provide for the treatment of the gravely disabled.

Chapter 989, Statutes of 1968, New Cost-Sharing Program

The 1967 legislation establishing the Lanterman-Petris-Short Act provided no means of adequately financing the mandated services which the counties are required to render. Chapter 989, Statutes of 1968, (AB 1454) which is also effective July 1, 1969, provides the procedure for funding the Lanterman-Petris Short Act. This legislation permits the financing of local mental health services on a 90 percent state-10 percent county cost-sharing basis and supersedes the existing Short-Doyle formula which provides for a 75 percent state-25 percent county sharing. In addition, the new cost sharing formula applies to all services rendered, whether in the community or at a state hospital.

For the 1969-70 fiscal year, it is estimated that the cost to the state of converting to the new sharing formula will be \$6.8 million. At the time AB 1454 was being considered the Department of Mental Hygiene estimated that there would be no net added cost to the state since it was assumed that the counties' share of 10 percent of the cost of patients in the state hospitals would offset the increased cost to the state of paying 90 percent of the cost of Short-Doyle programs rather than the previous 75 percent.

The director of the Department of Mental Hygiene is granted authority to determine the amount of state funds available to finance county Short-Doyle programs. That determination, however, must be made on the basis of funding priorities specified in the law. Three priorities are listed.

Priority I funds

- (a) Mandated services for all involuntary patients and
- (b) Diagnostic services for all voluntary patients seeking admittance to state hospitals.

Priority II funds

- (a) Services established prior to July 1, 1969, and
- (b) Services for county residents admitted to state hospitals as mentally ill or inebriates prior to July 1, 1969.

Priority III funds

- (a) Expansion of Short-Doyle services and
- (b) Services to voluntary patients seeking admittance to state hospitals after July 1, 1969.

Summary—Continued

The law also requires counties providing Short-Doyle services to submit a plan to the Department of Mental Hygiene which outlines how these services have been organized and coordinated to avoid duplication and fragmentation and to make the most appropriate use of all private and public facilities in the county. The plan must also include an inventory of all private and public mental health resources within the county.

The Lanterman-Petris-Short Act is expected to effect major changes in the state's mental health system, the nature and magnitude of which are not readily identifiable at this time.

**Department of Mental Hygiene
PROGRAM AUGMENTATIONS**

Item 154 from the General Fund

Requested 1969-70 (Augmentations) _____	\$3,569,890
Increase to improve level of service \$3,569,890	
Total recommended reduction _____	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted.

The Department of Mental Hygiene is proposing a program augmentation of \$4,804,890. This includes \$4,669,890 in General Fund money and \$135,000 in federal funds. The augmentation will provide for a partial implementation of the staffing standards established in 1967 by the California Commission on Staffing Standards, the initiation of a grandparents' program at Pacific State Hospital, the addition of health and safety coordinators, plant and maintenance staff and increased operating expenses at the state hospitals. The augmentation also provides for the closure of Modesto State Hospital for a General Fund savings of \$1,100,000. Thus, the net program augmentation is \$3,704,890, (\$3,569,890 from the General Fund and \$135,000 in federal funds).

Implementation of Staffing Standards

In May 1965, the California Senate adopted a resolution (SR 166) which directed the Department of Mental Hygiene to establish a commission to undertake evaluation of the treatment manpower needs of the state hospitals and to develop recommendations for optimal staffing standards. The California Commission on Staffing Standards reported its recommendations to the Senate in February 1967. The standards proposed by the commission have been subjected to careful appraisal and in some instances have been altered by the Department of Mental Hygiene. These standards have been adopted, in principle, by the Human Relations Agency. The department is proposing implementation of the new staffing standards over a period of five years.

Program Augmentations—Continued

As a first step toward implementation of the standards, the department is proposing the addition of 797.3 care and treatment positions. A total of 559.3 of these positions are shown as eliminated in the workload portion of the budget for the hospitals for the mentally ill. These positions were eliminated on the basis of staffing ratios approved in 1952. However, implementation of the new staffing standards requires retention of those positions and, in addition, a separate augmentation of 238 new positions, of which 193 are being provided for services to the mentally retarded and 45 for services to the mentally ill. These new positions are to be added in quarterly increments during the fiscal year. The 1969-70 cost of the 797.3 positions is \$3,149,072. Of that total, \$2,674,983 is for support of positions at hospitals for the mentally ill and \$474,089 is for support of positions at hospitals for the mentally retarded and mental retardation units at hospitals for the mentally ill. The full-year cost of these positions is \$4,744,038.

Grandparents Program—Hospitals for the Mentally Retarded

The Department of Mental Hygiene is proposing the establishment of a program which provides for 60 senior citizens to work 20 hours per week with 450 young mentally retarded patients at Pacific State Hospital. This program has been authorized by the Office of Economic Opportunity. The federal government has granted \$135,000 for support of the program to be matched by \$15,174 from the State General Fund.

Hospital Help and Safety Coordinators

The department proposes \$164,810 for the establishment of 10 hospital health and safety coordinators and five clerk-typist II positions. Employees of the Department of Mental Hygiene have experienced an excessive injury rate. Approximately \$2 million is lost annually due to on-the-job injuries and sickness. Hospital health and safety coordinators have been established at Camarillo, Pacific and Sonoma State Hospitals since 1965. The programs of injury prevention, health and safety education, and physical fitness administered at these hospitals has resulted in a substantially reduced injury rate.

Plant Maintenance

The department proposes \$690,834 to fund the addition of 100 plant maintenance positions. A staffing survey completed in 1961, and subsequently updated, indicates that the plant maintenance staff at each of the state hospitals is inadequate. Current plant maintenance staffing at the state hospitals permits only emergency repairs and does not make possible the establishment of a preventive maintenance program. The addition of these positions should correct this deficiency.

Operating Expense Allotments

The department is also requesting \$650,000 to increase four operating expense allotments at the state hospitals. These allotments are clothing, personal care, housekeeping and office. The present formula for calculating these allotments is based entirely upon average population. This formula was satisfactory during a period when inpatient turnover at

Program Augmentations—Continued

the state hospitals was minimal. However, since 1959 the turnover rate at the state hospitals has increased dramatically, while at the same time there has been a substantial decrease in average daily population. The new formulas for calculating allotments for clothing, personal care, housekeeping and office are based upon admission rates rather than upon average daily population.

Closure of Modesto State Hospital

The budget proposes the phaseout of Modesto State Hospital for a savings of \$1,100,000 in overhead expenses during fiscal year 1969-70. Full year savings are estimated to be \$3,500,000. Our analysis of this proposal is on page 594.

**Department of Mental Hygiene
DEPARTMENTAL ADMINISTRATION**

Item 155 from the General Fund

Requested 1969-70	\$7,067,899
Estimated 1968-69	5,784,714
Actual 1967-68	5,145,801
Requested increase \$1,283,185 (22.2 percent)	
Total recommended reduction	\$19,920

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
(1) Delete one community program analyst III position	\$13,860	536
(2) Delete one legal stenographer position	6,060	536

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

We recommend that the Legislature direct the Department of Mental Hygiene to prepare a comprehensive master plan which includes the items we have outlined in our analysis. (Analysis page 587.)

GENERAL PROGRAM STATEMENT

Departmental administration formulates and administers the policies for the Department of Mental Hygiene. It is composed of the following units, each of which is responsible for a specific departmental function:

- (1) **Executive**—This unit includes the Office of the Director, Public Information, and various advisory boards and committees.
- (2) **Medical Programs**—This unit includes the Office of Medical Programs, Program Planning, Program Review, Division of Hospitals, Division of Local Programs, and Division of Research and Training.
- (3) **Administrative Management**—This unit includes the Office of Administrative Management, Data Processing, Management Analysis, Personnel Services, Legal Services, and Administrative Services.

Departmental Administration—Continued
ANALYSIS AND RECOMMENDATIONS

The budget proposes total support for departmental administration in the amount of \$8,887,191. This includes an appropriation of \$7,067,899 from the General Fund, \$698,897 from federal funds, and \$1,120,395 in reimbursements. The proposed total support is an increase of \$1,210,658, or 15.8 percent, above that which is estimated to be expended during the current year.

Departmental Administration is proposing to abolish one position and add 98.3 new positions for a net increase of 97.3 positions.

Lanterman-Petris-Short Program

We recommend the deletion of one community program analyst III position for a savings of \$13,860.

The budget proposes the establishment of 15 positions to assist in the implementation of programs required by the Lanterman-Petris-Short Act. The 15 positions include seven community program analysts, one legal position and stenographer, and six research analysts.

Of the seven community program analyst positions proposed, five are to be located in field offices and one is to be located in central headquarters. The seventh position has been specifically requested to provide professional consultation to the Citizens' Advisory Council, which has been created to advise the Director of the Department of Mental Hygiene, and the Conference of Local Mental Health Directors. This position is to coordinate the activities of those bodies with the director of the department and his staff and provide the two bodies with information regarding county plans, budgets and organization which has been prepared by the community program analysts in the field and at departmental headquarters.

The Department of Mental Hygiene has not provided an adequate explanation as to why the duties to be performed by this particular position cannot be performed by the other new position requested for central headquarters. There would appear to be insufficient workload to warrant the establishment of a position for coordination purposes only.

Cost Reporting System

We recommend approval of eight positions proposed to implement a cost reporting system.

Eight positions are proposed to assist in the development of a cost reporting system which will enable county Short-Doyle services to qualify for Medicare and Medi-Cal reimbursements. These eight positions consist of two data processing managers, one EDP supervisor, three EDP programmers, and two computer operators.

Workload Adjustments

We recommend deletion of a legal stenographer position requested in the Bureau of Guardianship for a savings of \$6,060.

The budget proposes the establishment of 13 positions on the basis of increased workload in various bureaus of the Office of Administrative Management. One of the positions proposed is that of a legal ste-

Departmental Administration—Continued

nographer in the Bureau of Guardianship. At present, the staff of the Bureau of Guardianship is composed of four attorneys and three legal stenographers. The addition of one legal stenographer would increase the current four-to-three attorney-stenographer ratio to a ratio of one to one. The workload generated by four attorneys is not sufficient to justify a one-to-one ratio. The writs and appeals section of the Department of Justice, which has a workload comparable to this bureau, operates with an attorney-stenographer ratio of three to two.

OFFICE OF PLANNING

We recommend that the Legislature direct the Department of Mental Hygiene to prepare a comprehensive master plan, which includes the items which we have outlined below.

In 1966, the Office of Planning undertook preparation of a report specifying the optimal organization of mental health services in various regions throughout the state. Three studies have been completed and published: "Mental Health Services in the Upper San Joaquin Valley," "Mental Health Services in the Sacramento Valley in North-Eastern California," and "Services for the Mentally Retarded in the Mid-San Joaquin Valley." Two additional studies have been completed but have not yet been published: "Mental Health Services in the North-coast Region of California," and "Mental Health Services in the South San Joaquin Valley."

The Office of Planning is currently undertaking a study of the San Francisco and San Diego regions. Publication of these studies is not expected until June, 1969. It is our understanding that a completed examination of the mental health service needs of the entire state will not be published until 1971.

In our opinion this type of planning will not adequately provide the guidance required by the department. The department is entering an acute period of transition and requires immediate, practical, and comprehensive guidance. Unless this is furnished to the department the state may well find itself burdened by inappropriately allocated and outdated services.

Failing of Past Master Planning by the Department

The department has in the past developed what it suggests are master plans. However, an examination reveals that they are individual statements prepared by bureaus and agencies within the department and are seldom, if at all, related in any meaningful manner to statements prepared by other bureaus and units within the department. Individual problems are analyzed but not complexes of problems. In addition, decisions included in the so-called master plans of the department are seldom, if ever, adequately justified, and explanations of the reasoning underlying specific decisions are lacking. The plans do not marshal alternative decisions and explain why they are less desirable than the decisions incorporated in the plan. Finally, program evaluation has never been made a central theme of any of the master plans prepared by the department.

Departmental Administration—Continued

Program evaluation requires the development of well defined, meaningful goals and valid indices against which to measure the attainment of those goals. Until the department develops such goals and indices for each of the treatment programs administered at the state hospitals, it will be impossible to assure the most efficient allocation of the state's resources. For example, differentiated treatment programs for alcoholics and drug addicts have for several years been established in at least one of the state hospitals. However, because these programs lack meaningful goals and valid indices of success it is impossible to determine how effective they have been and whether or not the resources employed by these programs might better be employed for other programs. In this connection, it should be noted that the cost-reporting system designed and operated by the department cannot be used as a basis for undertaking cost benefit studies. Until goals and success indices are developed, the cost-reporting system will remain only a billing system because the methodology of cost benefit studies requires specified goals as objectives against which to evaluate programs.

Chapter 989, Statutes of 1968, directs the Department of Mental Hygiene to prepare a long-term, comprehensive mental health plan. We recommend that in response to the directive issued by the 1968 Legislature, the department prepare a plan which includes the following:

(A) The Adoption of Firm Policy Guidelines

- (1) The department should establish meaningful goals and valid indices of success for each of the treatment programs administered at the state hospitals. This should be accompanied by the development of an EDP monitoring system which properly applies these indices.
- (2) The department should establish guidelines with respect to optimum size and location of state hospitals.
- (3) The department should establish guidelines with respect to which types of services are most appropriately provided at the state hospitals and at local Short-Doyle facilities.
- (4) The department should establish guidelines with respect to providing an optimum treatment environment at the state hospitals.

(B) Application of Guidelines

The department should undertake a thorough evaluation of existing treatment programs and facilities based upon its policy decisions. This evaluation should specify all existing deficiencies and then proceed to propose specific recommendations to rectify these deficiencies. These recommendations should be substantiated by explicit and detailed cost benefit analyses. In addition, the substantiation should include an outline of alternative decisions with an explanation of why those decisions were rejected. The master plan adopted by the department should give special attention to (1) the feasibility of utilizing convenience feeding

Departmental Administration—Continued

and full centralized laundry services, (2) planning flexibility into physical facilities so that such facilities are easily adaptable to a multitude of uses, and (3) expanding the use of EDP systems to increase business efficiency and to enhance the effectiveness of the care and treatment aspects of program administration such as diagnosis, referral, progress monitoring, etc. Although special attention should be given these items they are not to be considered exhaustive. The department should incorporate into the master plan as many items as it deems necessary.

The development of a master plan employing the format which we have recommended promises significant gains in terms of improved treatment and potential savings in direct maintenance and labor cost. It offers some assurance of coordinated effort, continuity, accountability, and maximum return on investment. Pending development of such a master plan, we believe that the most stringent restrictions should be imposed upon introduction of new treatment programs at the state hospitals.

**Department of Mental Hygiene
RESEARCH**

Item 156 from the General Fund

Requested 1969-70 -----	\$1,364,142
Estimated 1968-69 -----	1,284,942
Actual 1967-68 -----	1,209,559
Requested increase \$79,200 (6.2 percent)	
Total recommended reduction -----	None

GENERAL PROGRAM STATEMENT

The Department of Mental Hygiene actively encourages research into the causes underlying mental illness and mental retardation. The Division of Research and Training is responsible for coordinating and administering the research activities of the department.

Research is conducted at the two neuropsychiatric institutes and 10 of the 14 state hospitals by permanent research staffs. Research projects funded by the state are reviewed by a 12-member advisory group of scientists.

Departmental research has assisted in the development of effective active-treatment programs at the state hospitals and underlies much of the shift away from custodial care.

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted.

The Department of Mental Hygiene is requesting \$1,364,142 for General Fund support of its research activities, which is an increase of \$79,200, or 6.2 percent, above that estimated to be expended during

Research—Continued

the current fiscal year. An additional \$300,000 is to be provided by the federal government to bear the cost of overhead expenses related to research activities funded by the state.

Federal funds totaling \$4,450,931 have been budgeted to support special research project activities. The special research project activities of the department are also supported by \$634,690 in reimbursements.

**Department of Mental Hygiene
NEUROPSYCHIATRIC INSTITUTES**

Item 157 from the General Fund

Requested 1969-70	\$13,168,380
Estimated 1968-69	11,737,443
Actual 1967-68	8,837,721
Requested increase \$1,430,937 (12.2 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Department of Mental Hygiene administers two neuropsychiatric institutes. These are Langley Porter, located in San Francisco, and the Neuropsychiatric Institute, located on the campus of the University of California at Los Angeles Medical School. These two institutes are charged with the responsibility of administering three major departmental programs:

- (1) Research into the causes underlying mental illness and mental retardation.
- (2) Training to assure sufficient manpower to implement the department's programs. Training is provided in psychiatry, psychology, social work, mental health nursing, and nursing in related mental health fields.
- (3) Hospital and clinical services to the extent that they provide the necessary framework for quality research and training.

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted.

The Department of Mental Hygiene is requesting \$13,168,380 in General Fund support for the two neuropsychiatric institutes. This is an increase of \$1,430,937, or 12.2 percent over that which is estimated to be expended during the current year.

During the current year eight new positions were established administratively to facilitate the operation of the recently constructed mental retardation clinic at the U.C.L.A. Neuropsychiatric Institute. These positions are continued as proposed new positions for 1969-70.

**Department of Mental Hygiene
SERVICES TO THE MENTALLY ILL**

Items 158 and 339 from the General Fund

Requested 1969-70	\$178,055,623
Estimated 1968-69	158,138,940
Actual 1967-68	147,399,142
Requested increase \$19,916,683 (12.6 percent)	
Increase to improve level of service \$8,300,000	
Total recommended reduction	\$134,325

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Delete 14 food administrator I positions	\$134,325	596

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- (1) We recommend the elimination of programs for children, adolescents, alcoholics, and drug abuse patients from the state hospitals for the mentally ill and the transfer of these programs to the Short-Doyle system.
- (2) We recommend the closure of DeWitt State Hospital for a 1969-70 General Fund savings of approximately \$1,100,000 and a full-year savings of approximately \$3,500,000 with the 1969-70 savings to be used to augment direct care and treatment costs in the remaining state hospitals.

GENERAL PROGRAM STATEMENT

The Department of Mental Hygiene administers 10 state hospitals for the mentally ill and, in addition, provides financial assistance to counties furnishing Short-Doyle services. Chapter 989, Statutes of 1968 (AB 1454), combines the heretofore separate appropriations for state hospitals and Short-Doyle services. Analysis of this legislation is found on page 582.

ANALYSIS AND RECOMMENDATIONS

The budget proposes a total of \$178,055,623 in two items for support of services to the mentally ill, including support for state hospitals and local programs. The items are as follows.

Item 158, for support of judicially committed patients, mentally retarded patients, patients committed pursuant to the Penal Code in the hospitals for the mentally ill and those mentally ill patients whose county of residence is not participating in a local mental health program as provided in Division 5 of the Welfare and Institutions Code, Department of Mental Hygiene	\$30,589,976
Item 339, for assistance to local agencies in the establishment and operation of mental health services in accordance with Division 5 of the Welfare and Institutions Code	147,465,647

Services to the Mentally Ill—Continued

Within the total of \$178,055,623, the Department of Mental Hygiene proposes \$124,662,259 for support of the state hospitals for the mentally ill. This includes \$124,130,623 from the General Fund and \$531,636 in reimbursements. The inclusion of the department's proposed augmentations for support of the state hospitals for the mentally ill boosts total expenditures to \$127,646,795 which is a decrease of \$468,039, or 0.4 percent from that which is estimated to be expended for this purpose during the current fiscal year. In addition, the department proposes \$53,925,000 as part of \$147,399,142 appropriated in Item 339 for state assistance to locally administered Short-Doyle programs.

Prior to 1957, the department fulfilled its responsibility for providing care and treatment to the mentally ill through the operation of 10 state hospitals. However, in 1957 the Legislature approved the Community Mental Health Services (Short-Doyle) Act, which provided for the establishment of community based mental health services, the costs to be shared by the state and counties. The growth of Short-Doyle programs has been remarkable. In the 1958-59 fiscal year, the first full year of operation, nine counties were furnishing Short-Doyle services at a cost to the state of \$1,600,000. Inpatient and outpatient admissions were 3,057 and 3,527 respectively. In 1969-70 it is estimated that 55 counties will be covered by Short-Doyle services at a cost to the state of \$53,925,000, and that inpatient and outpatient admissions will be 45,820 and 120,454 respectively.

Competition—the Long-Range Plan

By 1962 it had become evident that the Department of Mental Hygiene was not administering one mental health system, but two. The Short-Doyle system was rapidly assuming a major portion of the workload for which the Department of Mental Hygiene is responsible. In that year, the department took steps to assure that waste of state dollars because of competition between the two systems would be avoided. It sought to guarantee that the two systems, rather than competing against each other, would complement each other. The department recognized that to achieve this it would have to designate one of the two systems as the principal provider of services with the other system functioning largely in the capacity of a backup resource. The 1962 long-range plan prepared by the department gave the Short-Doyle system priority over the state hospital system. This plan called for the primary provision of services through the Short-Doyle programs rather than the state hospitals.

The department justified the transfer of primacy largely on the basis of professional opinion that effective therapy is best provided in a context in which the patient's ties with relatives, friends, and colleagues are not severed. In brief, local mental health services such as provided by the Short-Doyle programs promise more effective treatment for more patients, thus a greater return on investment, than do similar programs provided at the state hospitals.

Services to the Mentally III—Continued
Implementation of the Long-Range Plan

We recommend that children, adolescent, alcoholic, and drug abuse programs be eliminated from the state hospitals and that these and similar programs be transferred to the Short-Doyle system.

In our opinion the Department of Mental Hygiene has not satisfactorily implemented the long-range plan.

Table 1 depicts the pattern of dollar support for the state hospitals since 1962-63.

Table 1
Support Cost for the State Hospitals for the Mentally III

Year	Cost
1962-63	\$97,192,085
1963-64	104,203,744
1964-65	108,882,127
1965-66	115,504,346
1966-67	125,970,943
1967-68	122,733,013
1968-69 (est.)	128,114,834
1969-70 (est.)	127,646,795

It is evident that the cost of operating the state hospitals has not been decreased significantly despite the fact that the state hospital system has been designated a backup resource for the Short-Doyle system. The expansion of the Short-Doyle system has, therefore, been funded by new dollars rather than by conversion of state hospital dollars to Short-Doyle dollars. This may be partially attributed to enriched staffing and per capita square footage ratios which have been required in order to increase the level of care provided at the state hospitals. However, hospital costs have remained relatively constant partly because the state hospitals are in some respects continuing to function in the capacity of primary providers of services rather than as backup resources. As a result, patients and programs more appropriately assigned to the Short-Doyle system are still to be found at the state hospitals. This is illustrated by the fact that the state hospitals have developed and are continuing to develop explicitly differentiated programs for children, adolescents, alcoholics, and drug abusers. Establishment of these programs at the state hospitals clearly casts the hospitals in the role of primary providers of services. This is in opposition to the long-range plan.

The department itself recognizes that programs for children, adolescents, alcoholics, and drug abusers, should be established at the local level. It is at the local level that these programs are guaranteed the highest probability of success.

Implementation of our recommendation requires only that the Department of Mental Hygiene activate a plan which the department itself has prepared and has accepted as sound psychiatric policy. The state hospital dollars saved through implementation of this recommendation should, we believe, be used to fund expansion of the Short-Doyle system.

Services to the Mentally Ill—Continued

The Department's Justification

The department has indicated that the programs and patients which we have recommended be transferred to the Short-Doyle system have been developed and retained at the state hospitals largely because the counties cannot or will not expand the Short-Doyle system to absorb this additional workload. However, various checks indicate to us that many counties are both able and willing, with appropriate state support, to absorb the increase in workload which would be entailed by the implementation of our recommendation. These counties are persuaded that total treatment costs for Short-Doyle services will be significantly lower than the costs for such services at the state hospitals. Specifically, certain counties state that the higher per diem costs for furnishing these services at the local level will possibly be offset by the reduced treatment time which these services require at the local level.

Closure of State Hospitals

We recommend that the Legislature direct the Department of Mental Hygiene to begin phase out of DeWitt State Hospital.

The budget proposes that, beginning in 1969, Modesto State Hospital be phased-out as a treatment facility for the mentally ill. Modesto State Hospital was originally constructed as a military hospital. The facilities were designed for military use and have never been adequately adapted to provide optimal care and treatment for the mentally ill. The physical plant of the hospital was constructed in 1942 and was not intended to be used beyond 12 years.

The facility was acquired by the state in 1947 in order to relieve the acute overcrowding which then prevailed throughout the state hospital system. From 1947 to 1958 the number of resident patients at the state hospitals continued to increase. However, in 1959 the number began to decline. During the 10 years from 1959 to 1969 the total number of patients at the state hospitals will have declined 35.5 percent, from 47,086 to 30,367. It is clear, therefore, that the plan to phase out Modesto State Hospital accords recognition to the fact that that facility is now surplus to the needs of the Department of Mental Hygiene. It is estimated that unless Modesto is phased out by the end of fiscal year 1969-70, the rated bed capacity throughout the state hospital system will exceed by 2,325 the number of inpatients.

The plan to phase out Modesto State Hospital provides for the retention of all treatment personnel now employed at Modesto. No savings, therefore, in direct care and treatment costs will be realized. However, it is estimated that savings in overhead costs will total \$1,100,000 during fiscal year 1969-70. When the facility is completely deactivated, it is estimated that the savings will be \$3.5 million annually. It is proposed that the \$1.1 million savings in 1969-70 be utilized to purchase additional treatment staff and to augment operating expenditures in the remaining state hospitals. In short, the closure of Modesto State Hospital will result in the conversion of wasteful overhead expenditures to productive direct care and treatment expenditures.

Services to the Mentally III—Continued

However, even with the closure of Modesto State Hospital and the reduction of 243 beds at Patton State Hospital for the Narco Program, it is estimated by the Department that by June, 1971, the rated bed capacity throughout the state hospital system will again significantly exceed the number of inpatients. Present estimates suggest that 1,544 beds will be surplus to the needs of the state hospital system in June 1971. We have, therefore, recommended that the Legislature direct the Department of Mental Hygiene to begin phaseout of DeWitt State Hospital.

The justification underlying our recommendation for the closure of DeWitt State Hospital is identical with the justification which underlies the closure of Modesto State Hospital. DeWitt State Hospital, like Modesto State Hospital, was built by the Army during World War II and was acquired by the Department of Mental Hygiene to alleviate overcrowding at the state hospitals. DeWitt, like Modesto, consists of temporary barrack-type buildings which were designed to have a useful life of no more than 12 years and which cannot be easily adapted to provide for optimal care and treatment for mentally ill and mentally retarded patients. Closure of DeWitt State Hospital would in no way adversely affect access of the counties which DeWitt serves to other state hospital facilities. North-Central California is more than adequately served by state hospitals. Stockton, DeWitt, Agnews, Napa, and Sonoma State Hospitals are all within a two-hour drive from Sacramento. The present demand of the counties served by DeWitt State Hospital is extremely limited and could be easily absorbed by other north-central hospitals. The Closure of DeWitt State Hospital would accord recognition to the fact that the justification which prompted its acquisition no longer exists. It will be surplus to the needs of the Department of Mental Hygiene.

Table 2
Surplus State Hospital Beds
June 1968-June 1971

June 30	Rated bed capacity	Patient population	
		Mentally ill and retarded	Surplus beds
1968-----	30,614	31,454	-840
1969-----	29,988 (includes Modesto)	29,280	+708
1970-----	28,593 (excludes Modesto)	27,807	+786
1971-----	28,220 (excludes Modesto)	26,676	+1,544

Two different phaseout procedures are suggested for closure of DeWitt State Hospital.

- (1) It is estimated by the department that by June 1970, the rated bed capacity throughout the state hospital system will exceed by 786 beds the number of inpatients. Thus, it would be possible to implement a partial phase-out of DeWitt, 786 patients, during

Services to the Mentally Ill—Continued

fiscal year 1969–70. From June 1970 to June 1971, the department estimates that the number of inpatients treated at the state hospitals will decline by 1,131. Thus, no difficult problems should arise in scheduling complete phase-out of DeWitt State Hospital by June 1971. Moreover, we do not anticipate that any problems should arise with respect to distributing patients close to relatives.

- (2) It would be possible to undertake complete phase-out of DeWitt State Hospital during fiscal year 1969–70 if, in accordance with the recommendation on page 593, children, adolescent, alcoholic, and drug abuse programs are eliminated from the hospitals for the mentally ill and transferred to the Short-Doyle system. This should sufficiently reduce the number of inpatients at the state hospitals to permit implementation of this alternative.

We estimate that closure of DeWitt State Hospital would result in an annual savings of approximately \$3.5 million in overhead expenses. We recommend that these savings be used to fund either expansion of the Short-Doyle system or full implementation of the 1967 staffing standards. The closure of DeWitt State Hospital, like the closure of Modesto State Hospital, will not adversely affect the care and treatment of patients at the state hospitals. It is the intention of this recommendation to upgrade the level of treatment rendered to patients by converting wasteful and unnecessary overhead expenditures to productive direct care and treatment expenditures.

Food Administrators I

We recommend the deletion of 14 food administrator I positions at the 10 hospitals for the mentally ill for a total reduction of \$134,325.

A total of \$134,325 is budgeted for support of 14 food administrator I positions at the 10 hospitals for the mentally ill. The duties of a food administrator I consist of preparation of diets and general food management.

Currently, preparation of diets and general food management are functions performed by one or two food administrator I positions and one food administrator II at each of the state hospitals. The personnel who fill these positions are qualified dietitians. In addition, the Bureau of Nutrition Services at departmental headquarters is charged with the responsibility of establishing guidelines for the field preparation of diets. It is our understanding that the guidelines are stringent, requiring only very little, if any, modification at the field level. What little modification may be necessary does not require the attention of two or more qualified dietitians. Hospitals in other states have satisfactorily eliminated field preparation of diets and general food management altogether, centralizing these duties at departmental headquarters. We are persuaded that the elimination of all food administrator I positions at the 10 hospitals for the mentally ill reflects sound business judgment and would in no way be detrimental to the level of care rendered the patients.

Services to the Mentally Ill—Continued
Trust Office Positions

We recommend approval as budgeted.

The Department of Mental Hygiene is proposing the addition of eight clerk II positions to augment the staff of the trust offices at DeWitt, Mendocino, Metropolitan, and Patton State Hospitals. The increased rate of patient movement at these hospitals has generated an additional workload which cannot be absorbed by the existing staff.

**Department of Mental Hygiene
HOSPITALS FOR THE MENTALLY RETARDED**

Item 159 from the General Fund

Requested 1969-70	\$61,881,497
Estimated 1968-69	60,335,390
Actual 1967-68	54,159,910
Requested increase \$1,546,107 (2.6 percent)	
Total recommended reduction	\$40,416

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Delete four food administrator I positions	\$40,416	600

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- (1) We recommend that the Department of Mental Hygiene prepare a report identifying the factors resulting in a higher per-patient cost for the mentally ill as compared to the mentally retarded in the state hospitals. (Analysis page 598.)
- (2) We recommend that the Legislature direct the Department of Mental Hygiene to transfer from hospitals for the mentally retarded to hospitals for the mentally ill only those patients who do not suffer from profound mental retardation and who are not physically and/or emotionally handicapped. (Analysis page 599.)

GENERAL PROGRAM STATEMENT

The Department of Mental Hygiene administers four hospitals which have been established exclusively for the care and treatment of the mentally retarded: Fairview, Pacific, Porterville and Sonoma State Hospitals. In addition, separate units at five hospitals for the mentally ill have been set aside for the care and treatment of mentally retarded patients. These units are located at DeWitt, Patton, Agnews, Camarillo and Napa State Hospitals.

There are extensive services available to the mentally retarded through several programs administered by various state and local agencies. In our analysis of Budget Act Item 344, Assistance to Local Agencies for Mental Retardation Services, we have prepared a detailed breakdown of what services are available with recommendations for legislative action.

Hospitals for the Mentally Retarded—Continued

ANALYSIS AND RECOMMENDATIONS

The budget proposes an appropriation from the General Fund of \$61,881,497 for support of hospitals for the mentally retarded. Total program expenditures are estimated to be \$61,970,297, which includes the proposed appropriation and \$88,800 in reimbursements. This is an increase of \$1,532,318, or 2.5 percent over that which is estimated to be expended during the current year.

We recommend that the Legislature direct the Department of Mental Hygiene to prepare a report explaining the factors which have caused the level of dollar support per mentally ill patient to exceed that per mentally retarded patient.

The number of mentally retarded patients at the state hospitals is estimated to decline during the remainder of fiscal year 1968-69 and to continue to decline during fiscal year 1969-70. This decline reverses the slow but steady increase of mentally retarded patients that has characterized previous years. The causes underlying the reduction in mentally retarded patients at the state hospitals are difficult to identify. However, there can be little doubt that expansion of services to the mentally retarded by other state agencies has played a major role. During fiscal year 1968-69 it is estimated that the Departments of Public Health, Social Welfare, Rehabilitation and Education will expend a total of \$86,737,833 to support services for the mentally retarded. This expansion of services by other state agencies has made possible the referral of mentally retarded patients to care and treatment facilities other than those administered by the Department of Mental Hygiene. Consequently, the department has been able to alter its policy governing the admittance of mentally retarded patients to the state hospitals. Currently the department is admitting only profoundly retarded younger patients with severe physical and emotional handicaps.

Table 1
Mentally Retarded as Percentage of Total Hospital Population
1964-65 — 1969-70

Year	<i>Mentally retarded patients</i>	<i>Mentally ill patients</i>	<i>Mentally retarded as percentage of total hospital population</i>
1964-65	12,893	30,518	29.7%
1965-66	13,081	27,517	32.2%
1966-67	13,096	23,527	35.8%
1967-68	13,078	19,853	39.7%
1968-69 (estimated)	12,993	17,374	42.8%
1969-70 (estimated)	12,723	15,821	44.6%

Table 1 indicates that despite the estimated decrease in the number of mentally retarded patients at state hospitals, mentally ill population falls even more rapidly, thus the mentally retarded as a percentage of the total population continues to increase. During 1969-70 it is estimated that 44.6 percent of the total number of patients at all state

Hospitals for the Mentally Retarded—Continued

hospitals will be mentally retarded, up 14.9 percent from fiscal year 1964-65. However, it must be noted that the increase in the percentage of mentally retarded patients at the state hospitals has not been met by a corresponding increase in share of total hospital costs support for such patients. Approximately \$17 million is expended for mentally ill patients above what would be warranted if the per capita dollar support for the mentally ill were the same as that for the mentally retarded. This raises questions in view of the fact that, as we have indicated above, the mentally retarded population at the state hospitals is becoming more difficult to treat and, hence, more in need of an enriched level of dollar support.

Transfers of Mentally Retarded Patients to Hospitals for the Mentally Ill

We recommend that the Legislature direct the Department of Mental Hygiene to transfer from hospitals for the mentally retarded to hospitals for the mentally ill only those patients who do not suffer from profound mental retardation and who are not physically and/or emotionally handicapped.

The Department of Mental Hygiene has adopted a policy of alleviating the overcrowding at hospitals for the mentally retarded by transferring patients to units at selected hospitals for the mentally ill.

The care and treatment of mentally retarded patients at hospitals for the mentally ill was first undertaken at DeWitt in 1947. The following year mentally retarded patients were transferred to Modesto. From 1948 to 1961 DeWitt and Modesto remained the only hospitals for the mentally ill treating mentally retarded patients. In 1961, all mentally retarded patients were transferred from Modesto. However, in 1963 the department opened a second hospital for the mentally ill, Patton, to mentally retarded patients. In 1966 mentally retarded patients were transferred to Agnews, and in 1968 and 1969 mentally retarded patients have been transferred to Camarillo and Napa.

Table 2
Number of Mentally Retarded Patients in Hospitals
for the Mentally Ill, 1959-1970 (June population of each year)

	DeWitt	Modesto	Patton	Agnews	Camarillo	Napa
1959 -----	543	221				
1960 -----	534	117				
1961 -----	602	73				
1962 -----	612					
1963 -----	996		503			
1964 -----	1044		505			
1965 -----	1023		505			
1966 -----	1020		492	243		
1967 -----	1040		492	487		
1968 -----	909		491	456	463	
1969 (estimated)---	824		488	456	463	45
1970 (estimated)---	739		485	456	463	242

It is our understanding that the department plans eventually to introduce services for mentally retarded patients at all hospitals for the mentally ill with the exception of Atascadero.

Hospitals for the Mentally Retarded—Continued

The transfer of mentally retarded patients to hospitals for the mentally ill is a practical means of lessening the acute overcrowding at the hospitals for the mentally retarded. However, ward requirements for mentally retarded patients differ from those for mentally ill patients. Consequently, the transfer of mentally retarded patients to hospitals for the mentally ill invariably entails conversion of existing facilities. The extent to which such conversion is necessary is largely dependent upon the degree of retardation and the severity of physical and emotional handicaps suffered by the transferred patients. The less the severity of handicap, the less the need for conversion of facilities.

The ultimate objective of the department in the transfer of mentally retarded patients to hospitals for the mentally ill should be to provide a transitional period before eventual return to the community. Each patient selected for transfer should be selected on the basis of a careful evaluation of his ability to readjust to community life. The number of patients in mental retardation units at hospitals for the mentally ill should, therefore, reflect a relatively high turnover rate.

We believe that the implementation of our recommendation by the Department of Mental Hygiene will be beneficial to both the patient and the state. Transitional care at mental retardation units in hospitals for the mentally ill will not require the costly ward alterations necessitated by the transfer of severely retarded patients with little or no potential for reentry into community life.

Hospitals for the Mentally Retarded

Food Administrators I

We recommend the deletion of four food administrator I positions at hospitals for the mentally retarded for a total reduction of \$40,416.

A total of \$40,416 is budgeted for support of four food administrator I positions at the hospitals for the mentally retarded. The duties of a food administrator I consist of preparation of diets and general management.

The justification for abolishing these positions is the same as that for comparable positions which we have recommended be abolished in the hospitals for the mentally ill, Item 158, page 596 of our analysis.

DEPARTMENT OF PUBLIC HEALTH

Item 160 and 161 from the General Fund.

Requested 1969-70	Item 160 -----	\$834,821
	Item 161 -----	11,577,611
		<hr/>
		\$12,412,432
Estimated 1968-69	-----	11,473,803
Actual 1967-68	-----	11,133,793
Requested increase \$938,629 (8.2 percent)		
Total recommended reduction	-----	\$6,700

Department of Public Health—Continued

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Reduce operating expenses for advisory committees.....	\$6,700	609

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- (1) We recommend that \$791,576 for support of the Division of Alcoholism be transferred to the Division of Vocational Rehabilitation of the Department of Rehabilitation, together with the statutory authority for the administration of the McAteer Alcoholism Act (Chapter 1431, Statutes of 1965).
- (2) We recommend that the Health Facilities Planning Subcommittee of the State Health Planning Council be directed to study the implications of the termination of General Fund Assistance to Local Agencies for Hospital Construction.
- (3) We recommend that the department confine expenditures for departmental staffed special projects to the budgeted amount of \$5,267,000.

GENERAL PROGRAM STATEMENT

The Department of Public Health has the responsibility of working with local health departments in the prevention of disease and the provision of a healthful environment for the people of California. To meet this responsibility the department has reorganized along program lines and maintains four major programs which are composed of 31 program elements and related laboratory support. These programs are as follows:

- (1) Environmental Health and Consumer Protection Program.
- (2) Preventive Medical Program.
- (3) Community Health Services and Resources Program.
- (4) Management and Planning Services Program.

Federally funded special projects administered by the department, although included as integral parts of the four programs, are analyzed as a single item in order to aid the Legislature in assessing the impact of these activities on the department.

The department proposes a total expenditure of \$96,441,652 in state and federal funds in 1969-70. This is a net decrease of \$88,697 or 0.1 percent below the \$96,530,365 estimated to be expended in the current year. A breakdown of these expenditures is shown in Table 1.

Although there is an increase in expenditures for departmental support and various areas of local assistance, this table shows a decrease in total expenditures.

Department of Public Health—Continued

Table 1
Public Health Expenditures

	1968-69	1969-70	Change From 1968-69	
Departmental Support				
General Fund	\$11,473,803	\$12,412,438	\$938,629	(8.2%)
Federal funds	5,160,627	5,165,874	5,247	(0.1%)
Motor Vehicle Fund	--	64,795	--	--
Special Projects				
Federal funds	9,827,000	14,289,000	4,462,000	(45.4%)
Private funds	95,000	100,000	5,000	(5.3%)
Totals, Support	\$29,557,568	\$34,564,088	\$5,006,515	(16.9%)
Reimbursements	—3,001,138	—2,531,982	—469,156	(—15.4%)
Net Totals, Support	\$26,556,430	\$32,032,101	\$5,473,671	(20.6%)
Regional Dialysis Centers	\$303,153	\$311,195	\$8,042	(2.7%)
Handicapped Persons Pilot Project	165,027	--	—165,027	(—100.0%)
Hyaline Membrane Study	200,000	200,000	--	--
Public Health Subventions				
General Fund	43,870,252	28,159,005	—15,711,247	(—35.8%)
Federal funds	22,434,365	33,207,369	10,773,004	(48.0%)
TOTAL EXPENDITURES	\$96,530,365	\$96,441,652	\$—88,697	(—0.1%)
Recapitulation				
General Fund	59,013,373	43,614,614	—15,398,743	(—26.1%)
Motor Vehicle Fund	--	64,795	64,975	--
Federal funds	37,421,992	52,662,243	15,240,251	(40.7%)
Private funds	95,000	100,000	5,000	(5.3%)

The net decrease in the budget year from that of the current year can be ascribed to several factors. Among these are (1) the transfer of 27.5 positions from the Bureau of Air Sanitation to the Air Resources Board of the Resources Agency. This transfer represents a total of \$569,446. (2) The absence in the Governor's Budget of General Fund support for hospital construction. This represents a decrease of approximately \$19 million. (3) Several activities carried out in the current year are scheduled for termination in the budget year.

ANALYSIS AND RECOMMENDATIONS

The Department of Public Health proposes a total support expenditure of \$34,564,088. This includes General Fund appropriations of \$11,577,611 and \$834,821, additional support of \$22,151,651 from federal and private funds and reimbursements, and \$64,795 from the Motor Vehicle Fund.

The budget indicates that 56 percent of the departments' support is proposed to come from the federal government. As we have done in the past, we again caution against an excessive reliance on funds which are subject to modification or withdrawal as federal financial conditions dictate. Such reliance could have an adverse affect on the state's public health program.

The budget proposes a total of 1,240.4 authorized positions to support departmental activities. This is a net decrease of 2.4 positions from the current year estimate of 1,242.8.

**Department of Public Health—Continued
Comprehensive Health Planning**

We recommend approval of seven additional positions and \$927,409 in support for the Comprehensive Health Planning Unit.

In response to Public Law 89-749 which has as its major objective the assurance of the highest level of health attainable for every person, the Department of Public Health established a Comprehensive Health Planning Unit in 1967. This unit is supported entirely by federal funds. Its primary task is to coordinate and expand health planning activities in California and provide staff assistance to the State Health Planning Council.

The need for proper health planning is obvious. Expenditures for medical care have increased 140 percent in the past five years. The bulk of this increase is attributed by the National Advisory Commission for Health Manpower to lack of planning and poor management of health resources.

To insure that large segments of California's health needs will not be neglected, the present inequities in available health services must be eliminated so that every Californian has adequate health services available at the lowest cost consistent with sound medical and administrative practice. True comprehensive health planning should help to eliminate many of these inequities.

During the current year seven positions were administratively added to the 12.1 positions authorized by the 1968 Budget Act for the Comprehensive Health Planning Unit. Total expenditures to support the unit in the current year were \$923,495. The Governor's Budget proposes to continue 19.1 positions in 1969-70 at a total cost of \$927,409 in federal funds.

Such an expenditure is justified only if it can be demonstrated that the end result of comprehensive health planning is a more efficient method of providing health care and related health services than presently exists.

Planning for health presupposes the establishment of priorities. Priorities can only be established after health needs and related resources, both present and future, are carefully assessed. Close cooperation and coordination between public and private providers of health services is essential in achieving this goal. The Comprehensive Health Planning Unit has the duty and the power to see that such cooperation and coordination are achieved and that meaningful priorities are established.

In recommending approval for additional staff and support, it is expected that measureable signs of success will be forthcoming in the field of comprehensive health planning. If not, the Legislature must then give serious consideration to other alternatives for achieving the goals of comprehensive health planning.

Food and Drug Element

We recommend approval of the 19 additional positions proposed for the Food and Drug element of the Environmental Health and Consumer Protection Program.

Department of Public Health—Continued

The budget proposes the addition of 19 positions to the food and drug element of the Environmental Health and Consumer Protection Program. The positions consist of 10 food and drug inspectors and two clerk-typists in the Bureau of Food and Drug, and five assistant public health chemists and two microbiologists in the food and drug laboratory. This proposed increase is justified on an increased workload basis and as a result of new legislation. The 1968 Session transferred to the Department of Public Health from the State Board of Pharmacy the responsibility of licensing drug and drug device manufacturers for compliance with the Pure Drugs Act. In its consideration of that legislation, the Legislature felt that the department, with its related laboratory services and facilities, was better qualified to inspect drug manufacturers than the Board of Pharmacy, with its limited facilities and personnel. Approximately 500 drug manufacturers will be affected by this change in statute. In order to perform adequate annual inspection of these manufacturers and to properly test drug samples for suspected contamination, the department is requesting 7 positions. An estimated \$40,000 in license fees collected by the department from drug manufacturers will partially offset the \$79,319 estimated to support the proposed positions. The transfer of this function to the department will result in an annual loss to the Pharmacy Board Contingent Fund of the amount previously collected for licenses.

The remaining 12 positions are requested on the basis of increased workload given the department during the past 10 years. No new inspectors or laboratory personnel have been added during that period.

Laboratory Services

We recommend approval as budgeted.

The budget proposes the addition of 32 positions for increased workload in the various laboratories of the department. Most of the laboratory positions are requested in connection with increased workload of other operating units of the department for which positions are proposed. An example of this is previously discussed in the food and drug element of the Environmental Health and Consumer Protection Program. Seven positions are proposed for the Food and Drug Laboratory to meet the increased workload generated by the new food and drug inspectors. Two positions are proposed for the southern California laboratory on the basis of increased workload. Thus a total of nine laboratory positions are proposed for the Environmental Health and Consumer Protection Program.

A total of 12 positions are proposed for the microbial disease laboratory and the viral and rickettsial laboratory to meet the demands of increased population and the rapidly rising incidence of venereal disease and hepatitis. Four positions are proposed for central laboratory services to assist and service the proposed 12 positions. Thus a total of 16 positions are proposed for laboratories servicing the department's Preventive Medical Program.

Department of Public Health—Continued

Three positions were established during the current year in the Laboratory Field Services Unit and are proposed to be continued in the budget year. These positions are fully funded by the federal government and are proposed for the licensing function of the department under Title XVIII of the Social Security Act (Medicare).

The final four positions are trainees proposed for the Management and Planning Services Program of the department. The department proposes to train laboratory personnel, particularly microbiologists, for local health department laboratories. It is planned to upgrade the level of competency of local laboratories and reduce the rate of workload increase of the state laboratory.

Water Sanitation Element

We recommend approval as budgeted.

The budget proposes funds to increase the water sanitation element of the Environmental Health and Consumer Protection Program by a total of seven positions. Six sanitary engineers and one assistant chemist are proposed for the Division of Environmental Health. These positions are proposed to provide additional manpower to accomplish required inspections, reviews, and surveillance of domestic water supplies and systems and to establish and enforce water quality standards throughout the state. Workload in this activity has increased because of a rise in population and a concurrent increase in the number of water systems, sewage treatment plants, and recreational areas which must be kept under surveillance. In order to comply with statutory requirements of periodic inspections, seven positions are proposed for the 1969-70 fiscal year.

Alcoholism Control

To fulfill its duties as prescribed by Section 427 of the Health and Safety Code, the department maintains a Division of Alcoholism. This 9.2-man division is supported by \$759,828 in the current year. The primary function of the division is to cooperate with the Department of Rehabilitation in the administration of the McAteer Alcoholism Act of 1965. Chapter 319, Statutes of 1968 sets a termination date for this act of 61 days after the final adjournment of the 1969 Regular Session of the Legislature. This termination date was established in order to provide a specified period of time in which to evaluate the current alcoholism program. The department, therefore, proposed support through November 30, 1969. Consequently the 1969-70 budget reflects deletion of support for the Division of Alcoholism as of December 1, 1969, but in fact while Item 161 of the Budget Bill proposes to support the division for the first five months of the fiscal year at a total cost of \$329,841, Item 160 of the bill includes within it an amount of \$461,753 to provide support for the remainder of the fiscal year, contingent upon the enactment of legislation at the 1969 session to continue the program.

Department of Public Health—Continued
Division of Alcoholism

We recommend that \$791,594 for support of the Division of Alcoholism be transferred to the Division of Vocational Rehabilitation of the Department of Rehabilitation. We further recommend that the Department of Rehabilitation assume statutory authority for the administration of the McAteer Alcoholism Program. (Chapter 1431, Statutes of 1965.)

The McAteer Alcoholism Act authorized by Chapter 1431, Statutes of 1965, provided for the establishment of a Division of Alcoholism to be located in the State Department of Public Health. The primary responsibility of this division was for "the development and maintenance of a statewide comprehensive plan for the conduct of programs for prevention, treatment and control of alcoholism. . . ." Chapter 1431 contained an expiration date, which was extended to June 30, 1968. Further continuance of the program was to be contingent upon an evaluation of the program by the Legislature. At its 1968 session the Legislature again extended the termination date to 61 days after the end of the 1969 Regular Session to provide more time for evaluation.

The McAteer act directed the Department of Public Health to contract with the Department of Rehabilitation and to transfer necessary state funds to that department for the administration and operation of a vocational rehabilitation program for alcoholics. Local communities administering McAteer alcoholism programs are required to transfer to the Department of Rehabilitation that portion of the funds which constitutes the local share of the program. The department utilizes these state and local funds to match federal funds on a 75 percent federal-25 percent local basis. This ratio will change to 80 percent-20 percent in 1969-70. The current year's operating budget for alcoholism programs in the Department of Rehabilitation is \$2,680,980 in all funds. The Department of Rehabilitation also maintains 42 positions at a total cost of \$378,994 in salaries and wages to support this program.

The Department of Public Health appears to have fulfilled its role under the provisions of the McAteer act by successfully stimulating local agencies to develop programs and to contract with the Department of Rehabilitation in their operation.

The present role of the department appears to be confined largely to acting as go-between in the transfer of General Fund moneys to the Department of Rehabilitation and to disbursing informational material about alcoholism to concerned agencies and individuals.

Meanwhile, the Department of Rehabilitation has been providing the funds and direction of 10 statewide clinics and providing personnel to other programs. In addition the department directly operates one clinic. A cost-benefit analysis and a clinic-by-clinic evaluation prepared by the Department of Rehabilitation are the only recent efforts we are aware of in evaluating the state's alcoholism program.

It is our belief that the Department of Public Health should return to the role of assuming primary responsibility in state government for programs aimed at prevention and public education into the nature,

Department of Public Health—Continued

causes and effects of alcoholism. The direct provision of services to alcoholics is best left to the Department of Rehabilitation.

For these reasons, we are recommending that the support of the Division of Alcoholism be transferred to the Department of Rehabilitation as well as the authority to administer the state's alcoholism program.

Fiscal and Management Program Addition

We recommend approval.

The budget proposes to augment the fiscal and management services element of the Management and Planning Services Program to provide funds for year-round training in the development of disadvantaged youths in public health related employment. As a major employer in the Berkeley area, the Department of Public Health is in an excellent position to provide job opportunities for the disadvantaged young people in that area. The department has already demonstrated its ability to recruit and train such youths during the summer of 1968 when a number of local area persons were employed part time.

The department is requesting \$10,000 in General Fund support to supplement approximately \$80,000 in federal funds which will be provided under the provisions of Section 314(d) of P.L. 89-749, Health Services to Communities.

Hospital Construction

We recommend that the Health Facilities Planning Subcommittee of the State Health Planning Council be directed to study the implications of the termination of General Fund assistance to local agencies for hospital construction developed pursuant to the provisions of the California Hospital Survey and Construction Act and that the findings of the subcommittee together with specific recommendations be presented to the Legislature no later than the fifth legislative day of the 1970 Regular Session of the Legislature.

The Governor's Budget proposes no General Fund support for assistance to local agencies for hospital construction. This represents a reduction in total support for this program of approximately \$19 million. Prior to fiscal year 1968-69 this program had been funded on the basis of General Fund matching support for federal Hill-Burton and Hill-Harris funds allocated to California. The purpose of the program is to aid local nonprofit agencies in the construction and modernization of hospital facilities. Under the program a local agency desiring aid must make application to the Department of Public Health. The federal funds received by the department are not contingent upon the availability of state funds. State regulations stipulate that the amount of federal funds allocated to any project may not exceed one-third of the total cost of the project. In recent years the federal funds allocated to a project have been matched by an equal amount of state funds to provide two-thirds of the total cost. The applicant is required to demonstrate the ability to fund the remaining one-third cost.

Department of Public Health—Continued

In 1968-69 no General Fund support for this program was proposed in the Governor's Budget. The State Advisory Hospital Council, however, allocated a total of \$19,174,563 in federal funds to 31 projects, and the Legislature, subsequent to this allocation, appropriated General Fund support in the amount of \$18,991,955. The Budget Act of 1968 provided \$2,991,995 to match the federal allocation to four projects, to which an additional \$16 million was provided by the passage of SB 510 (Chapter 1451, Statutes of 1968).

At the 1968 general election the voters approved Proposition No. 5 which authorizes the Legislature to provide for the establishment of self-liquidating state-insured or guaranteed loans for hospital construction.

This amendment was proposed as an alternative to outright grants of state funds, by providing mortgage insurance to improve the ability of sponsoring organizations to borrow more money for longer periods at lower interest rates. It is intended that this program be self-supporting through the use of loan fees.

California has participated successfully in the Hill-Burton and Hill-Harris programs since 1947. From fiscal 1947-48 through fiscal 1968-69 \$179,526,372 in state funds have been allocated to match nearly \$400 million in federal and public agency funds.

The effect of the termination of General Fund support to this program is unknown. The need for the construction of new facilities and the modernization of existing facilities is shown in the 1967-68 California State Plan for Hospitals and Related Health Facilities. This plan shows a continuing need for additional beds and facilities as well as modernization in each of the seven categories of health facilities.

The fact that the state, through the Medi-Cal program, is purchasing many millions of dollars in hospital service (\$173 million estimated for the 1969-70 fiscal year) is sufficient to warrant the study.

The choice of the Health Facilities Planning Subcommittee of the State Health Planning Council is predicated on the belief that this subcommittee and the council are representative of provider and consumer groups and will be less likely to be influenced in their recommendation than other existing bodies. The staff of the Bureau of Health Facilities Planning and Construction of the Department of Public Health is readily available to assist the committee if staff services are necessary.

Special Projects Program

We recommend that the Legislature direct the Department of Public Health, by including limiting language in the Budget Act, to confine expenditures for departmental staffed special projects to the budgeted amount of \$5,267,000. This limitation should not apply to federal funds which are passed through the department to local agencies.

The budget proposes to continue the special projects program which involves assistance to support health services, training, services and demonstrations, and special investigations.

Department of Public Health—Continued

Totally funded from federal and private grants, the special projects program proposes to expend \$14,389,000 in the budget year. This is an increase of \$4,467,000 or 31 percent over the \$9,922,000 proposed to be expended on this activity in the current year.

Two basic types of special projects are included in the budget proposal. The first or "pass through" type includes \$9,122,000 which the department approves and then passes on to local agencies. The responsibility for administration and completion of this type of special project is left to the local agency.

The second type of special project is the departmental staffed project, which includes projects for training, services and demonstrations, and special investigations. These types of projects are estimated to expend \$5,267,000 in the budget year and will require 335 positions for their completion, providing all are approved by the federal government.

The number of departmental staffed special projects has grown substantially in the past five years. The budget proposal leaves unresolved the issue of the impact of this activity on other departmental operations. There is also the question of the appropriateness of the location of extensive research programs in the State Department of Public Health rather than the University, where such research is not only traditional but serves to meet instructional needs as well.

The future of federal support for any special project is by no means assured and is available only on a year-to-year basis.

ADVISORY BOARDS AND COMMISSIONS

We recommend, that the Department of Public Health limit support for reimbursable expenditures of all advisory bodies within the department to \$6,600 annually, and that staff services of the department be limited to only those statutory advisory bodies deemed by the Director of Public Health to be of sufficient importance that the duties of these bodies would be impaired without such staff support, for a reduction of \$6,700 in operating expenses.

Within the Department of Public Health there are approximately 40 varied advisory boards and committees. Some of these advisory bodies were created by statute while others have been appointed to meet various needs and demands of programs operated by the department.

Most of these advisory boards and committees meet at least annually, and members are entitled to be reimbursed from the General Fund for actual, necessary expenses incurred at such meetings. Additional expenditures are incurred by the department because, in most cases, staff time is devoted to prepare agendas, establish meeting dates and places, and, in some cases, attendance at meetings by staff is either required or requested.

The Department of Public Health has estimated that approximately \$13,300 will be expended from the General Fund in fiscal year 1968-69 to support actual incurred expenses of advisory board and committee members. The department has further estimated that, in addition, 3.1

Department of Public Health—Continued

man years will be required to provide staff services to the statutory advisory bodies.

While the statutory advisory bodies in many cases provide information and recommendations which are useful to the department in the performance of its program functions, many of the estimated 30 non-statutory advisory bodies appear to be only honorary in nature. These nonstatutory advisory bodies are estimated to expend nearly \$5,000 for in-state travel alone in fiscal year 1969-70. The amount of staff time required to support the functions of nonstatutory bodies is unknown, but estimated to be substantial.

**Department of Public Health
REGIONAL DIALYSIS CENTERS**

Item 162 from the General Fund

Requested 1969-70	-----	\$311,195
Estimated 1968-69	-----	303,153
Actual 1967-68	-----	339,412
Requested increase \$8,042 (2.6 percent)		
Total recommended reduction	-----	None

GENERAL PROGRAM STATEMENT

Chapter 1988, Statutes of 1965, authorized the Department of Public Health to establish two regional dialysis centers for the treatment of persons suffering from chronic uremia (kidney disease). Located in San Francisco and Los Angeles, the centers are designed to provide lifesaving dialysis services to approximately 50 persons at each center. The centers also provide training for medical and nursing personnel who will carry out these services in other areas of the state.

The Department of Public Health acts only as a granting agency for state funds which are appropriated for the continuation of these two centers.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

The department proposes a net General Fund appropriation of \$311,195 for the support of the two centers in the budget year. This is an increase of \$8,042 above the \$303,153 estimated to be expended in the current year.

Department of Public Health
HYALINE MEMBRANE

Item 163 from the General Fund

Requested 1969-70	\$200,000
Estimated 1968-69	200,000
Requested increase—None	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The Bureau of Maternal and Child Health of the Preventive Medical Program is responsible for conducting a pilot study for the diagnosis and treatment of children suffering from hyaline membrane. This study was authorized by Chapter 1423, Statutes of 1968, and an appropriation of \$200,000 was made available for expenditure in the current year. The budget proposes an appropriation of \$200,000 to support this pilot study in the budget year. The authorizing legislation requires that cost data for providing care for children suffering from this condition be collected, and that an annual report be submitted to the Legislature.

The purpose of this study is to determine whether or not this condition should be treated under the Crippled Children's Services Program.

DEPARTMENT OF REHABILITATION**Item 165 from the General Fund**

Requested 1969-70	\$4,161,507
Estimated 1968-69	4,521,293
Actual 1967-68	7,327,290
Requested decrease \$359,786 (8.0 percent)	
Total recommended reduction	\$218,000

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>General Fund</i>	<i>Amount Federal funds</i>	<i>Total</i>	<i>Analysis page</i>
Intensive Vocational Rehabilitation Services Program	\$50,000	\$450,000	\$500,000	615
Improve utilization of federal matching funds	168,000	--	168,000	616
Total	\$218,000	\$450,000	\$668,000	

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**1. Intensive Vocational Rehabilitation Services**

We recommend disapproval of the proposed Intensive Vocational Rehabilitation Services Project. This project is designed to establish a model program in an area of 100,000 population. Staff involved would

Department of Rehabilitation—Continued

investigate the level of staff and case services required to fully meet needs of disabled persons. This project duplicates another proposed by the department to improve methods. (Analysis page 615.)

2. Utilization of Federal Funds

We recommend a specific claiming proposal to make better utilization of available federal funds. (Analysis page 616.)

GENERAL PROGRAM STATEMENT

The State Department of Rehabilitation is primarily responsible for assisting and encouraging handicapped individuals to prepare for and engage in gainful employment to the full extent of their capabilities. Secondary objectives of the department are to increase the handicapped individual's social and economic well being. The department's general program areas relate to (1) vocational rehabilitation of the disabled, (2) development of community resources, (3) disability determination, and (4) the service center program which is discussed in Item 152. The department operates under the authority of the Federal Vocational Rehabilitation Act and various sections of the California Government and Education Codes.

Table 1 summarizes departmental organization through which it carries out its various programs. Also shown are total expenditures for 1969-70 by fund.

Table 1
Department of Rehabilitation—Proposed Expenditures,
1969-70 by Organizational Unit and Fund

<i>Organizational unit</i>	<i>Total</i>	<i>General Fund</i>	<i>Federal funds</i>	<i>Other¹</i>
Department Administration --	\$1,827,868	\$284,602	\$1,543,266	
Division of Vocational Rehabilitation:				
Administration -----	170,731	34,146	136,585	
Vocational Guidance and Placement -----	16,431,200	3,286,240	13,144,960	
Special Programs -----	7,536,452	435,601	7,100,851	
Cooperative Rehabilitation Services -----	11,669,264		11,669,264	
Total -----	\$35,807,647	\$3,755,987	\$32,051,660	
Division of Rehabilitation of the Blind:				
Administration -----	\$57,499	\$20,700	\$36,799	
Prevention of Blindness Program -----	143,242	28,648	114,594	
Business Enterprise Program for the Blind -----	290,759	58,152	232,607	
Field Rehabilitation Services for the Blind -----	455,671	215,077	240,594	
Opportunity Work Centers for the Blind -----	143,199	96,230	46,969	

Department of Rehabilitation—Continued

Table 1—Continued

Department of Rehabilitation—Proposed Expenditures
1969-70 by Organizational Unit and Fund

<i>Organizational unit</i>	<i>Total</i>	<i>General Fund</i>	<i>Federal funds</i>	<i>Other ¹</i>
Orientation Center for the Blind -----	464,770	92,954	371,816	
Industries for the Blind --	1,752,024	359,157	--	\$1,392,867
Total -----	\$3,307,164	\$870,918	\$1,043,379	\$1,392,867
Division of Disability Determination -----	\$6,888,352	--	\$6,888,352	--
Additional Federal Matching --	--	-\$750,000	750,000	
Grand total -----	\$47,831,031	\$4,161,507	\$42,276,657	\$1,392,867

¹ California Industries for the Blind Manufacturing Fund.

ANALYSIS AND RECOMMENDATIONS

For the 1969-70 fiscal year the budget proposes a total expenditure of \$47,831,031, of which \$42,276,657 or 88.4 percent is federal funds and \$4,161,507 or 11.6 percent is from the General Fund. The total proposed expenditure is \$6,883,547, or 16.8 percent, more than that which is estimated to be expended during the current year. The General Fund appropriation is \$359,786, or 8.0 percent, less than that estimated to be expended during the current year. The Vocational Rehabilitation Act of 1967 provided that the federal sharing of the basic vocational rehabilitation program cost would increase from 75 percent to 80 percent on July 1, 1969, thus the increase in the federal funds and the decrease in General Fund money.

The proposed support from the General Fund for 1969-70 of \$4,161,507 does not include a separate appropriation to the Department of Rehabilitation of \$816,556. This represents the rehabilitation element in the Service Center Program and is reported upon in our analysis of that program, Item 152.

The total number of man-years budgeted to carry out all programs relating to this budget item are as follows (state service center positions are excluded) :

<i>Fiscal year</i>	<i>Total</i>	<i>Change from prior year</i>
1967-68 (actual) -----	1,736.3	--
1968-69 (estimated) -----	1,922.2	+185.9
1969-70 (proposed) -----	2,001.8	+79.6

The 1969-70 increases are to take place in the following program areas:

<i>Program</i>	<i>Man-years</i>
Vocational rehabilitation of the disabled -----	49.2
Development of community resources -----	16.3
Administration -----	14.1
Total -----	79.6

Vocational Rehabilitation of the Disabled Program

The purpose of this program is to provide vocational rehabilitation services to help disabled persons overcome their physical or mental

Department of Rehabilitation—Continued

handicaps and secure employment. Vocational rehabilitation has been defined as the restoration of disabled persons to the fullest physical, mental, vocational and economic usefulness of which they are capable.

The nature of vocational rehabilitation services are broad in scope and include:

- (1) Medical diagnosis to determine the nature and extent of the disability and the need for medical, surgical or psychiatric treatment.
- (2) Counseling and guidance to help discover a suitable employment objective.
- (3) Physical restoration to remove or reduce the employment handicap.
- (4) Vocational training to prepare the client for employment compatible with his physical and mental ability. In addition sheltered workshops are used to provide training and work experience for severely disabled persons.
- (5) Job placement in keeping with the clients' physical condition and vocational ability. This includes providing equipment to help them establish their own businesses and includes followup adjustment services.

Basic Vocational Rehabilitation Element

Basic vocational rehabilitation services are provided to disabled people, at or near working age, whose disability is a vocational handicap in that it interferes with obtaining or keeping employment. Services are provided primarily through a statewide system of local offices. Vocational rehabilitation counselors are located in each field office and have the responsibility to (1) establish an effective working relationship with handicapped clients, (2) help clients decide on a plan that will overcome their handicaps, (3) arrange for the necessary services such as training and medical treatment, (4) systematically review the plan during its course, (5) help clients secure employment following completion of employment preparation, and (6) follow up to make sure that services and placements were suitable. Counselors are assisted by vocational psychologists who give and interpret psychological tests for individual clients and by medical consultants who make decisions concerning medical information in the cases.

Within the basic vocational rehabilitation process the department expects to return to employment 15,000 disabled people during the 1969-70 fiscal year. The total expenditures for this element are expected to increase from \$32,319,350 in 1968-69 to \$38,702,607 in 1969-70. Table 2 contains basic accomplishment data in this area.

Table 2
Basic Vocational Rehabilitation Process Accomplishments and Cost

<i>Fiscal year</i>	<i>Disabled persons removed from welfare</i>	<i>Total clients returned to employment</i>	<i>Total expenditures</i>
1967-68 (actual) -----	3,322	10,389	\$26,355,489
1968-69 (estimated) -----	4,160	13,000	32,319,350
1969-70 (proposed) -----	4,800	15,000	38,702,607

Department of Rehabilitation—Continued
Prevocational Rehabilitation Element

Persons served in this program activity are prepared to take advantage of the vocational rehabilitation services described above under the basic vocational rehabilitation process. Visually impaired clients receive training in independent travel, physical conditioning, braille, typing, activities of daily living, home economics, shop, and business methods. Severely mentally retarded clients, most of whom do not have vocational potential, receive help in a sheltered workshop arrangement administered by the Department of Rehabilitation.

Within the prevocational rehabilitation services element the department expects 979 clients to graduate to the basic vocational rehabilitation process. The total expenditure for this element is expected to increase from \$1,111,817 in 1968-69 to \$1,122,816 in 1969-70. Table 3 contains basic accomplishment data in this area.

Table 3
Prevocational Rehabilitation Services and Costs

<i>Fiscal year</i>	<i>Persons served</i>	<i>Transfers to basic rehabilitation</i>	<i>Total expenditure</i>
1967-68 -----	1,642	946	\$974,854
1968-69 -----	1,690	979	1,111,817
1969-70 -----	1,690	979	1,122,816

It should be noted that expenditures in the basic and prevocational elements in 1967-68 fiscal year relate primarily to the clients estimated to return to employment in 1969-70. This is because it takes approximately 20 months to return a client to employment.

Intensive Vocational Rehabilitation Services Project

The budget proposes the establishment of an intensive vocational rehabilitation services project which is included in both program elements of the vocational rehabilitation of the disabled program.

The project is designed to investigate the level of staff and case service funds required to meet fully the needs of disabled persons in a model area of 100,000 population.

We recommend a total reduction of \$500,000 proposed for the Intensive Vocational Rehabilitation Services Project, traditional budget page 440, line 27, of which \$50,000 is General Fund and \$450,000 federal funds.

The proposed services project duplicates the objectives of another proposed project. This second project is called the "Development of New Techniques and Methods to Expedite Vocational Rehabilitation Services" and is proposed in the budget for 1969-70 at \$542,133, of which \$54,213 is General Fund money. Both projects are designed to improve methods of delivering services to disabled people and reduce the number of people who drop out of the present regular vocational rehabilitation program. In addition both projects emphasize preventive rehabilitation.

The identifiable difference between the two projects is that the project which we recommend for deletion utilizes and expands many of the

Department of Rehabilitation—Continued

existing functions of the department. The justification states that the project would meet the "full needs" of a population group of 100,000. This project would take in all people within this defined population who come to the department. Services would include those which are provided now, only more concentrated, and also community resources would be more fully utilized. The project we are recommending for approval is innovative and is designed to develop new techniques such as the assigning of counselors to industrial firms, labor unions and general hospitals for early case processing.

We further suggest that the \$542,133 special project designed to develop new techniques and methods be modified to include the following features of the model area proposal: (1) specific inclusion of welfare recipients and (2) procedural analysis to streamline the department's administrative procedures in order to maximize the use of the counselor's professional skills and minimize professional staff time required for paperwork. When improved methods have been developed a second phase or project could be established possibly in 1970-71, to determine the level of staff and case service funds required to fully meet needs of disabled persons.

Utilization of Federal Funds

We recommend that the State Department of Social Welfare contract with the State Department of Rehabilitation for services rendered welfare recipients in the six vocational rehabilitation workshops and for the counselor-teachers located in the various field offices for a General Fund savings of approximately \$168,000.

The department administers six workshops located throughout the state which provide training and work experience for the disabled.

Many welfare recipients who are disabled are being trained or provided work experience in the six workshops. In addition there are 25 counselor-teachers located in the various field offices throughout the state, who spend 30 percent of their time working with welfare recipients. Services performed in the workshops and by the counselors include both basic and prevocational elements of the vocational rehabilitation of the disabled program. Federal vocational rehabilitation funds are not available in most of these cases and no claim is being made for federal funds through the social welfare system.

In January 1969 the three opportunity work centers for the blind located in San Jose, Berkeley and Los Angeles and the three California Industries for the Blind workshops located in San Diego, Berkeley and Los Angeles were providing training and work experience to 308 trainees. Approximately 147 of the 308 trainees were welfare recipients for which the state did not receive federal vocational rehabilitation money. Various sections in the Social Security Act provide for 75 percent funding to states for services which are to help recipients attain or retain capability for self-support or self-care.

Federal funds are available for these services through Titles 4, 10 and 14 of the Social Security Act. The State Departments of Rehabilitation and Social Welfare could contract for such services in much the

Department of Rehabilitation—Continued

same manner as they now do in the Severely Mentally Retarded Work Center Program. This should produce a General Fund saving of approximately \$62,000 in salaries (plus related operating expenses) for counselors located in field offices, plus approximately \$106,000 (based on a total average cost of \$80 per month per worker) for services received by welfare recipients in the six workshops. This is an estimate based on 1967 cost data and will have to be adjusted when more precise data are available. If for some reason contractual arrangements cannot be worked out the funds could be obtained through the regular welfare grant structure at a less favorable federal-state sharing ratio.

Development of Community Resources Program

This program is designed to encourage the development and improvement of rehabilitation resources, particularly in rehabilitation facilities and workshops. Through the program the department provides a wide range of advisory services to private organizations interested in workshops for the disabled. Consultation is provided in production engineering, cost accounting, sales promotion, marketing, etc.

Under this program the department also provides consultation and review of requests for (1) project development grants, (2) grants to establish or improve facilities, (3) training service grants, and (4) research and demonstration project grants. Federal funds are available for these activities and the department is responsible for a review of requests prior to receipt of federal funds.

For the 1969-70 fiscal year the cost of this program is budgeted at \$2,499,322, as compared to an estimated cost of \$2,185,382 for the 1968-69 fiscal year.

The Disability Determination Program

In 1956, the Congress amended the Social Security Act to allow disabled insured workers to receive disability insurance payments. Under the law, payments can be made if the worker is unable to perform substantial gainful activity because of a physical or mental disability. The federal government contracts with the state vocational rehabilitation agencies to make the disability determinations. Each disabled applicant is also considered for vocational rehabilitation referral. The support of the Disability Determination Program is financed entirely from federal funds.

Disability Determination counselors work with medical consultants in this program through offices located in Oakland and Los Angeles. The counselors are responsible for evaluating the work factors in the disability determinations and the medical consultants for the medical factors. It is the counselor's job to decide which of these applicants should be referred for consideration of vocational rehabilitation. The great majority of applicants for disability insurance are older, severely disabled persons.

For the 1969-70 fiscal year the cost of this program is budgeted at \$6,889,202 as compared to an estimated cost of \$6,788,159 for the 1968-69 fiscal year. During the budget year 107,000 disability deter-

Department of Rehabilitation—Continued

mination cases will be processed and 14,000 persons will be referred for vocational rehabilitation.

Departmental Administration Program

The purpose of this activity is to provide executive direction, planning, policy determination and office services for operation of all department programs. Organizational units include the Executive Office, Management Services, Research and Statistics; Program Planning, Program Analysis and Consultation, and Staff Development. The budget proposes an expenditure of \$2,688,342, most of which is distributed to other programs, for the 1969-70 fiscal year. This is \$185,903 above the amount estimated to be expended during the current fiscal year.

SOCIAL WELFARE

GENERAL SUMMARY

Social welfare has as its objectives the providing of money for food, clothing, and housing; certification for medical care and food stamps; and rendering social services to dependent persons so that they may become more self-sufficient and independent. Proposed 1969-70 social welfare expenditures in California, from all funds, total \$1,588,198,785. This is an increase of \$156,495,420, or 10.9 percent over the estimated expenditures for 1968-69. This \$1,588,198,785 is broken down by source of funds in Table 1.

Table 1

Total 1969-70 Social Welfare Expenditures Including Administrative Cost
By Source of Funds

<i>Source of funds</i>	<i>Total</i>	<i>Assistance</i>	<i>Unallocated support and specialized social service programs</i>
State General Fund-----	\$578,826,242	\$545,362,597	\$33,463,645
Federal funds -----	731,586,706	706,431,729	25,154,977
County funds -----	277,785,837	277,785,837	---
Total -----	\$1,588,198,785	\$1,529,580,163	\$58,618,622

The total of \$1,529,580,163 for assistance is distributed by program as follows:

Aid to the Blind, including self-supporting-----	\$25,790,512
Aid to Needy Disabled-----	265,869,439
Aid to Families With Dependent Children-----	790,375,772
Old Age Security-----	435,068,019
Unmet Shelter Needs-----	3,814,482
Work Incentive Program-----	4,395,000
Federal aid programs-----	4,266,939
Total program expenditures-----	\$1,529,580,163

Item 165

Social Welfare

General Summary—Continued

The breakdown of the \$58,618,622 for unallocated support and specialized social service programs shown in Table 1 is as follows:

Specialized social service for children-----	\$31,385,362
Local inspection and licensing programs-----	3,607,257
Social services administration improvement program-----	2,845,840
Protective social services-----	15,272,736
Departmental programs—support-----	4,849,237
Demonstration and pilot programs-----	658,190
Total-----	\$58,618,622

The state General Fund expenditures, which total \$578,826,242, are distributed as shown in Table 2.

Table 2

Proposed General Fund Expenditures for Social Welfare, 1969–70, by Purpose

<i>Purpose</i>	<i>Total</i>	<i>Assistance</i>	<i>Unallocated support and specialized social services programs</i>
Continuing appropriations for categorical aid programs-----	\$540,695,700	\$540,695,700	--
Items 166 and 167, departmental support-----	16,866,593	2,435,866	\$14,430,727
Item 345, unmet sheltered needs-----	1,500,000	1,500,000	--
Item 346, work related expenses, WIN program-----	731,031	731,031	--
Items 347 and 348, special social services programs-----	19,032,918	--	19,032,918
Total-----	\$578,826,242	\$545,362,597	\$33,463,645

Under the supervision of the Secretary of the Human Relations Agency the State Department of Social Welfare, through the 58 counties in California, will provide cash assistance to a monthly average of 1,480,260 welfare recipients in 1969–70. Other persons in need but not eligible for these programs are provided assistance under county general relief programs.

In addition, the State Department of Social Welfare provides other special services, classified as follows: Demonstration and Pilot programs in Public Assistance, Child Development and Protection programs, the Adoption Program, Public Protection programs (licensing of boarding homes and institutions), Public Welfare Manpower program (staff recruitment and training), and Administrative Improvement programs. These programs are primarily administered through the various counties under the supervision of the State Department of Social Welfare.

Additional amounts will also be spent to provide health and welfare support and assistance for Californians through the Departments of Health Care Services, Public Health, Mental Hygiene, Rehabilitation, Corrections, Youth Authority, and through federal and local poverty prevention programs. The upward trend in welfare to needy persons in California is anticipated to continue in the 1969–70 fiscal year as indicated in Table 3 which shows the number of welfare and Medi-Cal recipients in California in relation to the civilian population.

General Summary—Continued

Table 3
California Population and Number of Welfare and Medi-Cal Recipients

<i>Fiscal year</i>	<i>Monthly Average civilian population¹</i>	<i>Percentage increase from prior year</i>	<i>Monthly Average Recipients</i>	<i>Percentage increase from prior year</i>	<i>Recipients as percent of civilian population</i>
1960-61-----	15,865,000	---	601,952	---	3.8%
1961-62-----	16,450,000	3.7%	638,626	0.6%	3.9
1962-63-----	17,043,000	3.6	743,168	16.4	4.4
1963-64-----	17,625,000	3.4	831,626	11.9	4.7
1964-65-----	18,159,000	3.0	944,524	13.6	5.2
1965-66-----	18,604,000	2.5	1,141,863	20.9	6.1
1966-67-----	18,988,500	2.1	1,298,194	13.7	6.8
1967-68-----	19,423,500	2.3	1,475,662	13.7	7.6
1968-69-----	19,908,000	2.5	1,647,400 ¹	11.6	8.3
1969-70-----	20,404,000	2.5	1,809,200 ¹	9.8	8.9

¹ Estimated.

There has continued to be a nationwide increase in welfare caseloads. California appears to have a larger overall welfare burden than most other states including some of the more highly populated and industrial states. The following factors contribute to this higher caseload in California.

- (1) California has lower eligibility requirements for categorical aid programs than most other states.
- (2) In a society where technology changes and advances occur at a rapid rate, such as the recent development of sophisticated farm machinery, there are persons who find it difficult to find other employment or to be retrained.
- (3) Continued high in-migration when compared to other industrial states.

Tables 4 and 5 compare California with New York, Michigan, Illinois and the nation as a whole as of July 1968. Michigan and Illinois have state administration of welfare and New York and California have a joint state-county system of administration.

Table 4
Comparative Population Recipient Data
July 1968

<i>Program</i>	<i>U.S.</i>	<i>New York</i>	<i>California</i>	<i>Illinois</i>	<i>Michigan</i>
Adult recipients:					
Old age security per 1,000 population aged 65 and over	105.0	40.0	175.0	33.0	48.0
Aid to the blind per 100,000 population aged 18 and over	63.0	27.0	104.0	25.0	26.0
Aid to the disabled per 1,000 population aged 18-64-----	6.2	4.1	12.0	5.6	4.2
Aid to families with dependent children recipients:					
Dependent children per 1,000 population under age 18-----	58.0	105.0	88.0	60.0	45.0
Dependent children per 1,000 population under age 21-----	51.0	92.0	78.0	53.0	40.0
General assistance per 1,000 population under age 65----	4.6	12.2	2.8	5.3	8.7

General Summary—Continued

Table 5
Average Monthly Payments Per Recipient
July 1968

Program	U.S.	New York	California	Illinois	Michigan
Old age security-----	\$68.40	\$94.55	\$101.60	\$61.00	\$67.65
Aid to the blind-----	91.45	121.90	138.85	80.50	88.50
Aid to the disabled-----	81.80	109.40	118.70	81.95	87.15
Aid to families with dependent children-----	42.15	71.00	46.60	43.85	45.10
General assistance-----	45.55	69.05	42.45	44.15	34.85

Table 6 compares welfare administrative cost in California, New York, Michigan and Illinois and the nation as a whole for the 1967-68 fiscal year.

Table 6
Administrative Cost Per Recipient
1967-68 Fiscal Year

Program	U.S.	New York	California	Illinois	Michigan
Average all programs-----	\$94.20	\$130.66	\$156.70	\$98.18	\$85.68
Old Age Security-----	86.28	251.97	92.35	162.37	93.28
Aid to the Blind-----	145.02	468.51	187.04	162.85	74.45
Aid to the Needy Disabled----	176.39	314.73	345.77	161.78	106.92
Aid to Families with Dependent Children-----	86.54	108.89	151.50	81.02	82.08

Public assistance program characteristics for California, New York, Illinois and Michigan are comparable in that they provide the same basic programs to recipients. That is, these states provide assistance in the form of money payments, medical care and social services to aged, blind, disabled persons and families with dependent children, including unemployed parents. Some states do not include unemployed fathers in their families with dependent children program and provide a different type of medical assistance than the states identified in the tables above.

There are differences between eligibility factors and standards of assistance provided by the various states including those identified above. In general, of the states identified, California permits the greatest property reserve but requires the longest residency. The exception to this is the AFDC reserve property allowance in New York, which permits families to exempt a \$1,000 trust fund for each child. California allows the family to have \$600 in cash or other personal property.

Because of the differences between program and services provided by the various states, as well as the methods of allocating administrative cost, caution should be used when comparing California to other states or the U.S. as a whole. However, with these differences in mind, the information in Tables 4, 5, and 6 may be used in a limited way for comparative purposes.

State Administration

We recommend that the state adopt a system of direct state administration of all categorical aid welfare programs as well as county general relief programs.

General Summary—Continued

California has a higher administrative cost than most other states in the country per recipient served. Some of this is due to higher salaries and operating expenses as well as the level of service given. However, we think that much of this high administrative cost is due to the general welfare organization in California.

California has traditionally administered the welfare function through a state-county system. The State Department of Social Welfare is responsible for supervising the administration of the categorical aid programs and social services programs. The counties are directly responsible for determining eligibility, paying assistance, providing services and reporting to the state.

We believe that this system has developed into a huge, complex organism which devotes excessive amounts of its resources to relatively unproductive functions through which the state and county each attempts to preserve its own identity and to overcome almost unsolvable administrative problems among and between its semiautonomous parts.

The net result of this dual system and the continuing problems that it produces is that welfare laws are not uniformly applied throughout the state, that it is impossible to locate and assess responsibility for program failure, and that the cost of program administration is substantially more than it needs to be.

The most expensive single function performed by the state department is its relatively fruitless effort to write and interpret rules, regulations and explanatory materials for 58 semiautonomous county welfare departments. The county welfare departments in turn expend much time and effort attempting to comply and at the same time preserve their local autonomy and to respond to local demands which are frequently incompatible with state requirements.

In the end we do not have uniform application of the welfare laws in all jurisdictions. The efforts of social workers are diverted to endless problems of communication and interpretation, and no real progress is made toward the basic objectives of the system which is the elimination of dependency on welfare to the greatest practical extent.

Under state administration the state would assume the responsibility for the functions of determining eligibility, paying assistance, and providing services, together with the related administrative activities which are currently performed by the counties. Flexibility to take advantage of diverse organizational concepts would be one of the numerous benefits of state administration, providing efficiency in relation to the priority needs of the programs.

Other benefits of centralized state administration would be (1) the uniform administration of the welfare laws as they affect all dependent persons, (2) the opportunity for the Legislature to study the administration of welfare more directly by having one organizational head responsible for all welfare activities, and (3) the ability to direct program changes against the massive problem of dependency without the dilution of purpose which presently occurs through communication and interpretation and the necessity to secure cooperation among separate entities with divergent and frequently conflicting ideas, interests, loyal-

General Summary—Continued

ties, and motivations. Systems and procedural simplification should also result in a substantial reduction in the excessive cost of administering the present system.

The argument most commonly advanced for the retention of the present system at the local administrative level is that local authorities, being closer to the people, can judge need more accurately and therefore prevent the undue enlargement of caseloads. This argument may have been valid when California was rural in character and when relief was a direct financial responsibility of local resources. However, these conditions no longer prevail in California and the growth of caseloads and cost which are evident in recent years, contradict the argument. Today eligibility and grant levels are prescribed by statewide standards and any significant deviation or difference resulting from local attitudes violates the intention of the law. It is far more likely that realistic welfare programs can develop under a system of state administration more amenable to direct legislative control on a statewide basis than from the present unwieldy, chaotic structure which is engrossed in the problems of self preservation and autonomy at the expense of making progress towards welfare's basic objectives.

Planning the actual transition to state administration will require considerable study and a minimum of two years of preparation prior to efficient implementation. Decisions will need to be made concerning the organization, delivery and financing of welfare services. An inventory of equipment, facilities and personnel will be necessary. All agencies involved in the present welfare system will need to help in the planning and implementation of programs during this transitional period. Many of the changes, particularly in relation to personnel matters and fiscal operations, will involve several state and county agencies. Adequate staff time must be made available and supplemented during the transition period to make possible the careful planning which is required.

If the state could approach the administrative cost per recipient that prevails in Michigan and Illinois, California taxpayers could save approximately \$95 million per year. Due to various factors, including higher costs, we do not anticipate a savings of this magnitude. However, we do believe a savings on the order of \$50 million could reasonably be expected after implementation of state administration.

Closed-End Appropriation

We recommend that the Legislature adopt a method of closed-end appropriations for social welfare expenditures.

Public assistance grants to recipients are provided for by open-end appropriations. This means there is no limit to state expenditures for welfare purposes for any fiscal year except in the aid to needy disabled category, which is limited to a maximum based on a statewide average per month per fiscal year. Social welfare expenditures may exceed the proposed subvention estimates by an amount limited only by the solvency of the State Treasury. Under the present open-end appropriation the Legislature has no direct control over expenditures.

General Summary—Continued

A closed-end appropriation, which is the method used in many other states, would require state funds to be appropriated annually after legislative review of the estimates submitted by the State Department of Social Welfare. The ability to identify the various factors comprising the state costs gives further credence to the desirability of closed-end appropriations for welfare programs. Because state support of the Medi-Cal program is a closed-end appropriation, we have been able to better identify the factors which increased cost in the state support of Medi-Cal, and therefore to provide better cost controls.

DEPARTMENT OF SOCIAL WELFARE

Items 166 and 167 from the General Fund

Requested 1969-70	\$16,866,593
Estimated 1968-69	15,898,841
Actual 1967-68	13,502,647
Requested increase \$967,752 (6.1 percent)	
Increase to improve level of service \$31,711	
Total recommended reduction	\$96,196

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount			Analysis page
	General Fund	Federal fund	Total	
Medical certification	\$52,990	\$52,990	\$105,980	626
Work incentive program	16,278	48,834	65,112	627
Research and statistics	19,650	19,650	39,300	629
Management analysis	7,278	7,278	14,556	629
Totals	\$96,196	\$128,752	\$224,948	

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

We withhold recommendation regarding a request for 11 clerical positions pending a review of departmental needs after a move of central operations from three locations to one location.

GENERAL PROGRAM STATEMENT

The Department of Social Welfare is responsible for supervising administration of the categorical aid programs and social service programs discussed under Item 348 of this analysis. In general, the department coordinates and integrates a statewide social welfare program. The department also is required to provide fair hearings to welfare applicants and specific reports to the federal government. The department pursues its objectives through a series of programs and functions. These include Public Assistance Categorical Aid and Special Social

Department of Social Welfare—Continued

Service programs which are grouped into five broad categories as follows:

- (1) Support and Maintenance Programs.
- (2) Human Resources Conservation Programs.
- (3) Public Protection Programs.
- (4) Community and Local Agency Resources Improvement and Support Programs.
- (5) Systemwide Planning, Management and Supporting Functions.

In terms of man-years, total positions for the department for the past, current and budget years are shown in Table I.

Table I
Total Man-Years, Department of Social Welfare

<i>Fiscal year</i>	<i>Total</i>	<i>Increase from prior year</i>
1967-68 (actual) -----	1474.3	--
1968-69 (estimated) -----	1701.5	227.2
1969-70 (proposed) -----	1736.8	35.3

The department also has 61 authorized positions which do not appear in this item. These positions are discussed under Items 347 and 348 of this analysis (Special Social Services Programs).

The executive agency of state government administering the welfare programs is the State Department of Social Welfare, headed by a director and chief deputy director, appointed by the Governor. The director is responsible for setting policy, adopting standards that define the purposes and responsibilities of state welfare operations, administering welfare programs, and rendering decisions on public assistance appeals cases.

A seven-member State Social Welfare Board, appointed by and serving at the pleasure of the Governor, functions as an advisory body to the department and is also responsible for broad study in the welfare field.

Support and Maintenance Programs

The Support and Maintenance programs are designed to enable people to subsist at a level compatible with an established minimum standard of health and decency. Aid payments are provided through public assistance programs for adults and for children and their families and by certifying eligibility for Medi-Cal benefits and for federal food stamps. The detailed expenditure schedules for these programs will be found in the traditional budget under Subventions for Health and Welfare—Public Assistance Programs, page 746.

The total state operational cost of the supporting elements of the program are carried in this item of the budget. Aid payments are made through Aid to Families with Dependent Children, Aid to the Needy Disabled, Old Age Security, and Aid to the Blind programs. These categorical aid programs may be supplemented by county general relief programs which are separate and in addition to the programs mentioned above.

Department of Social Welfare—Continued

Medical Certification

We recommend the deletion of: seven hospital social worker II positions and four hospital social worker I positions for a total salary savings of approximately \$105,980 (\$52,990 General Fund) plus related operating expenses.

At the present there are 28 permanent State Department of Social Welfare hospital social workers and 12 permanent clerks assigned to 13 state mental hospitals throughout the state. These workers process welfare and Medi-Cal applications for patients over 65 years of age and mentally retarded persons 18 through 64 years of age. This activity includes: helping the patients complete the application forms; assembling informational material on applicants, which is available in the institutions; interviewing the patients when possible; and forwarding all of this information to the counties involved. In addition the workers maintain working relationships with hospital and county welfare department staff and supervise the preparation of statistical reports. Clerical staff is provided for recordkeeping, correspondence, and other required duties. The department is reimbursed for the cost of these positions through the Health Care Deposit Fund.

Department of Mental Hygiene psychiatric social workers located in the hospitals are required to provide all social services to welfare recipients in the hospitals. They do the main workup on the case, gather information about the patient and the patient's family and work with the patient and his family. Mental Hygiene trust officers receive the public assistance payments for the patients and handle the fiscal aspects for patients who are certified for Medi-Cal.

Hospital social workers have fewer and less time-consuming tasks and more clerical support than county eligibility workers who not only perform typical tasks similar to hospital workers but in addition must complete the investigation and grant, or deny aid. In addition to having a more difficult job, county eligibility workers are not required to have the education and experience of the hospital social workers. The hospital social worker I must have graduated from college and have one year of experience as a social worker or eligibility worker in a public or private welfare agency. A county eligibility worker requires two years of college and one year of experience of a clerical nature in a public or private welfare agency.

Upon the recommendation of the Department of Social Welfare the suggested caseload for county eligibility workers with clerical support is 350 active continuing cases plus any new cases that might come in during the month. Because the job in the hospital is less difficult, the qualifications of the workers are higher, and because there is additional clerical support we believe a workload of 450 cases per worker is more realistic. Based on 450 cases per worker, the State Department of Social Welfare will need 17 hospital social workers to serve the 7,570 caseload anticipated for 1969-70. We have recommended the deletion of 11 positions based upon our suggested yardstick.

Department of Social Welfare—Continued

Human Resources Conservation Programs

The Human Resources Conservation programs are designed to strengthen and preserve family life, improve the capabilities of individuals to realize their full potentials for productive, independent living, increase their earning capacity and protect those who cannot effectively protect themselves.

The following six programs are included as human resources conservation programs: (1) The Self-Support program which is concerned with planning, motivating and preparing the recipient for job training and placement and includes sheltered employment for disabled persons and day-care services. (2) The Child Protection program. (3) The Adoption program which provides development and support of relinquishment and adoption services, safeguards children in independent adoptions, intercounty adoptions and provides adoption information and control. (4) The Adult Protection and Self-Care program. It should be noted that an increase of \$126,842 is proposed in this program to improve the level of service by providing prerelease screening of mental patients. (5) The Protective Services for the Mentally Handicapped. (6) The Family and Child Development program which includes family services, preschool educational services and foster care services.

Self-Help Program—Recipient Training

We recommend the deletion of five positions requested for the Work Incentive program and the transfer of one Social Service Administrator III to the Employment and Training program, for a total net savings of \$65,112 (\$16,278 General Fund).

Work Incentive Program

The Work Incentive program (WIN) is designed to restore appropriate AFDC recipients to regular employment through counseling, training and job placement, or to provide employment on special work projects to improve the communities in which they live. Currently the program is operated in the 26 counties having the larger AFDC case-loads and will be extended to other counties as federal funds become available. County welfare department responsibilities are: (1) refer all AFDC recipients who are trainable or employable to the State Department of Employment; (2) provide social services to the families of those enrolled in the program as needed; (3) provide for child care when needed and provide training or work-related expenses in addition to the normal public assistance grant. The State Department of Employment staff is responsible for the assigning of accepted recipients to counseling, tutoring, orientation training, work experience training, or special work projects and for the eventual placement of the recipients in employment.

Six positions including one social service administrator III, one social service administrator I, one welfare fiscal representative, one associate social research analyst and two social service administrator II positions have been requested to augment the present department staff working in the WIN program.

Department of Social Welfare—Continued

The old recipient work and training programs previously operated by the department are to be succeeded, by July 1, 1969, by the WIN program. The Department of Employment has already taken over the administration of recipient training programs previously supervised by the State Department of Social Welfare through Title V projects and work experience and training programs. The State Department of Social Welfare staff supervised the various county welfare work experience and training programs. Now under the current WIN program the staff coordinates activities with the Department of Employment rather than supervising programs. We feel that recipient training programs should receive the highest of priority and we did not take issue with the department retaining its present recipient training staff even though the Department of Employment has taken over the major responsibility for the training of recipients. However, we do not think that the department can justify additional staff in this area when such a large part of the department's previous responsibility has been removed.

Educational Training Program (ETP)

The Educational Training Program (ETP) is designed to supplement and complement the WIN program by providing self-support services in areas of the state not covered by WIN or where WIN cannot serve all appropriate recipients. It is administered by county welfare departments that elect to do so in accordance with a county plan of services which assures no duplication of effort. Upon completion of training under ETP, participants are referred to the Department of Employment for job placement. As the capacity of WIN increases, the activities carried under this program will decrease proportionately. However, there will remain between 10,000 and 20,000 AFDC recipients who will not be eligible for WIN because they are non-federal AFDC recipients.

The department must emphasize those activities which help reduce the rolls or increase the earned income available to these families not eligible for the WIN programs. To provide additional emphasis, coordination and supervision for this program as well as the other training programs, we recommend that the social service administrator III position requested for the WIN program be assigned to the Educational Training program.

Public Protection Program

We recommend approval as budgeted.

The objective of this program is to maintain standards for children's agencies and facilities, facilities for aged persons and life-care contracts. These objectives are met through licensing and inspection programs under the provision of Sections 16000-16318, Welfare and Institutions Code. The department reviews, counsels and licenses facilities for the reception and care of the aged and for the reception and care of children, both directly and through delegation to local agencies. The department also issues certificates of authorization for certain institutions for the aged to enter into life-care contracts with aged persons.

Department of Social Welfare—Continued

Community and Local Resources Improvement and Support Programs

We recommend approval as budgeted.

Community and Local Agency Resources Improvement and Support programs are designed to help local agencies and communities develop the resources required to meet the needs of disadvantaged people and to help coordinate community efforts to deal with the problems faced by these people. These specific programs include: Community, Planning and Development; Public Welfare Manpower program and Demonstration Projects program.

Systemwide Planning, Management and Supporting Functions

This program includes centralized activities and services regarding planning, direction, administration and audit control which are included in the Support Budget—General Activities. In addition, this program includes general administrative staff, the Research and Statistics Bureau, the Electronic Data Processing Bureau and other departmental support staff.

Research and Statistics Bureau

We recommend a reduction of three associate social research analyst and one clerk II positions for a total savings of \$39,300 (\$19,650 General Fund).

The primary goal of the Research and Statistics Bureau (R. & S.) is the development and maintenance of a statistical reporting system which will provide facts upon which managerial and administrative decisions regarding welfare can be made and federal reports compiled.

Three associate social research analysts and one clerk II are proposed to develop reports regarding protective services for children, act as field staff to supervise county research activities, and analyze statistics developed on manpower and personnel. We feel the four positions requested are not justified because reports previously processed manually by R. & S. staff have been or will be automated soon and the staff which has been developing the automated reporting procedures will be available early in the 1969-70 fiscal year.

The R. & S. Bureau requested and received authorization in the 1968-69 budget to establish seven positions to meet deadlines for federal reports and complete ADP sampling techniques. In connection with these positions, two programmer II positions were authorized in the Data Processing Bureau to program the procedures developed by the R. & S. Bureau. Much of the work of this staff should be accomplished prior to July 1969, and should then be available for other responsibilities such as those proposed above.

Management Analysis

We recommend the deletion of one senior management analyst position for a savings of \$14,556 (\$7,278 General Fund).

The Department of Social Welfare has been reorganized as of October 1, 1968. As part of that reorganization the Management Analyst Bureau was abolished and the personnel and functions assigned to it were dispersed to several bureaus in the department. The senior man-

Department of Social Welfare—Continued

agement analyst position which functioned as the head of the bureau has been vacant since August 30, 1968. We recommend its deletion.

Business Management and Offices Services

We withhold recommendation regarding 11 new clerical support positions pending a review of department needs after it has moved into new quarters.

This function of the department is to provide the space, equipment, supplies and centralized office services required to support the department's operation. These positions are based and adopted on a work measurement standard which established a ratio of clerks to professional positions.

Page 576 of the Program Budget states: "Units of the headquarters office are in three widely separated locations, and this has a heavy impact on the centralized office service operation." The department should be prepared to discuss the number of personnel man-months presently required because of the three separate office locations in Sacramento, such as extra messengers, typing pool supervisors and duplicating staff.

By the start of the 1969-70 fiscal year the department will move its personnel from the three locations to one central location in Sacramento. On the basis of this move it would appear that some reduction in staff could be made. We are, therefore, withholding our recommendation on the proposed 11 clerical positions pending a review of department needs.

DEPARTMENT OF INDUSTRIAL RELATIONS**Items 168 and 169 from the General Fund**

Requested 1969-70	\$22,715,150
Estimated 1968-69	22,148,130
Actual 1967-68	20,417,380
Requested increase \$567,020 (2.6 percent)	
Total recommended reduction	\$30,000

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Reduce operating expenses in the Division of Administration	\$30,000	632

GENERAL PROGRAM STATEMENT

The Department of Industrial Relations was created by the Legislature in 1927 to "foster, promote, and develop the welfare of the wage earners of California, improve their working conditions, and advance their opportunities for profitable employment."

To meet these broad objectives, the department provides services in the following nine program areas: (1) Conciliation Service, (2) Industrial Accidents, (3) Industrial Safety, (4) Industrial Welfare, (5) Labor Law Enforcement, (6) Apprenticeship Standards, (7) Labor Statistics and Research, (8) Fair Employment Practices, and (9) State