

CALIFORNIA MEDICAL ASSISTANCE PROGRAM—Continued

Total cost	\$7,609,000
Less reduction in FI cost	2,292,000
Net MMS cost	<u>\$5,317,000</u>

Statewide Implementation

We recommend that the Legislature be given the opportunity to evaluate the prototype operations prior to statewide implementation; and, should statewide operation of MMS be desired, we recommend that a request for bids be made to potential contractors for operation of the system.

It is our understanding that the prototype system will operate for a six-month period in San Diego and Santa Clara Counties. During that time, the system will be evaluated to determine if it accomplishes the established objectives. Then, providing the system is a success, the possibility of implementation on a statewide basis will be considered.

If the decision is made to adopt the system throughout the state, the department should then ask for bids from potential contractors for the operation of the statewide system. We have had no indication that statewide operations are included under the current contract, but we have received information denoting that actual plans exist.

As was previously pointed out, the department has included estimates for statewide implementation and operation of MMS in the amount of \$2.45 million in the estimates of fiscal intermediary administrative costs for the 1972-73 fiscal year.

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Items 234, 235, 236, and 237, from the General Fund, Item 238 from the Department of Human Resources Development Contingent Fund and Items 239 and 240, from the Unemployment Fund and Unemployment Compensation Disability Fund, respectively.

Budget p. 147

Program p. 821

Requested 1972-73	\$27,417,929
Estimated 1971-72	24,175,551
Actual 1970-71	21,560,289
Requested increase \$3,242,378 (13.4 percent)	
Total recommended reduction (Item 236, General Fund)	<u>\$26,608</u>

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

- | | |
|---|-----|
| 1. Program Output Information. Recommend department establish meaningful output criteria. | 640 |
| 2. Item 236. State Office of Economic Opportunity. Reduce \$26,608. Recommend reduction to provide 1970 -71 level of funding. | 644 |

GENERAL PROGRAM STATEMENT

The Department of Human Resources Development consists of four major divisions and four minor units. The four major divisions are: (1) The Division of Job Training, Development and Placement, which includes all manpower programs except the rural manpower program, (2) the Tax Collection and Benefits Payment Division which includes the collection of unemployment taxes and personal income taxes from employers and the payment of unemployment compensation and unemployment compensation disability benefits to the unemployed, (3) the Rural Manpower Services Division (formerly the Farm and Migratory Labor Service) which provides the rural areas of the state with full manpower services including but not limited to agricultural labor (this division also is responsible for the operation and implementation of the Master Migrant Plan which provides transient housing during peak harvest periods for agricultural workers and their families), and (4) the Division of Management Services which provides administrative and other ancillary services in support of the department.

With some exceptions, which will be discussed in the analysis which follows, these four divisions derive the major portion of their support from federally controlled funds which are appropriated or granted for their support and the execution of manpower programs. These manpower programs are, for the most part, rather rigidly structured at the federal level and allow the department little flexibility in their implementation.

The four minor units consist of: (1) The California Unemployment Compensation Appeals Board, an autonomous unit which provides the appellate hearing services for all the activities of the department for which an appellate hearing process is authorized, (2) the Commission on Aging which implements programs funded by the federal Older American Act, (3) the State Office of Economic Opportunity (OEO), which provides technical assistance to the various Community Action Agencies throughout the state and acts as the Governor's advisor on those federal OEO grants upon which he may exercise his authority to approve or disapprove, and (4) the Job Training, Development and Placement Services Advisory Board, which considers and advises the director of the department on matters related to manpower and training programs and others dealing with the entire fields of unemployment and disability compensation. With minor exceptions, the support

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT—Continued

of these departmental entities is also derived from federal appropriations or grants.

Eight Department Programs

The above described organizational structure implements the eight programs and their elements as indicated below:

Division of Job Training, Development and Placement

1. Job Training Program
 - (a) Applicant recruitment and evaluation element
 - (b) Job training element
2. Job Development and Placement Program
 - (a) Job development element
 - (b) Job placement element

Division of Tax Collections and Insurance Payments

3. Tax Collection and Insurance Payment Program
 - (a) Unemployment insurance revenue collection element
 - (b) Disability insurance revenue collection element
 - (c) Personal income tax revenue collection element
 - (d) Unemployment insurance benefit payments element
 - (e) Disability insurance benefit payment element
 - (f) Voluntary plans review element
 - (g) Appeals process element

Division of Rural Manpower Services

4. Rural Manpower Services Program
 - (a) Recruitment and services to workers element
 - (b) Community and employer programs and services element
 - (c) Administrative services and support element
5. Migrant Services Program
 - (a) Migrant administration element
 - (b) Housing construction element
 - (c) Housing management element
 - (d) Housing fabrication and vocational training element
 - (e) Day care element

State Office of Economic Opportunity

6. Technical Assistance, Review Coordination and Innovative Antipoverty Program

State Commission on Aging

7. Commission on Aging Program

Division of Administration

8. Administration and Management Services Program

- (a) Administration element
- (b) Financial management element
- (c) Personnel management element
- (d) Technical services element
- (e) Automatic data processing element
- (f) Reports and analyses element
- (g) Support services element

A summary of the expenditures of the department, actual, estimated and proposed, is shown in Table 1.

Table 1
SUMMARY OF EXPENDITURES BY HRD INDICATING
PURPOSE AND SOURCE

	1969-70 <i>Actual</i>	1970-71 <i>Actual</i>	1971-72 <i>Estimated</i>	1972-73 <i>Proposed</i>
Unemployment Compensation Disability Fund Administration—Disability				
Insurance	\$9,835,245	\$12,981,264	\$13,534,146	\$14,298,753
Disability insurance benefits	294,485,447	314,781,369	320,949,000	334,496,000
Pro rata charges	385,435	602,013	500,348	530,295
(HRD Contingent Fund)				
Department of Finance Audit (Reed Act Funds)	—	18,116	18,333	19,239
Service Center Program				
General Fund	3,807,518	4,084,645	3,667,913	3,786,328
Contingent Fund	252,209	84,418	70,127	71,253
WIN Program				
General Fund	5,202,652	3,292,105	5,972,742 ¹	8,903,374 ²
Federal grant.....	20,943,924	13,329,059	23,980,968	25,407,496
Commission on Aging				
General Fund	67,571	77,644	23,822	69,000
Federal grant.....	726,482	519,609	675,307	678,840
State O.E.O.				
General Fund	37,374	44,013	100	69,889
Federal grant.....	269,207	811,468	919,636	862,780
Migrant Master Plan				
General Fund	243,708	289,113	382,167	409,298
Federal grant.....	2,538,725	1,970,746	2,588,981	2,075,860
Unemployment Compensation Program				
Federal Grant—Admin.	80,021,682	94,501,788	106,360,658	92,758,098
Unemployment Benefits.....	498,590,641	832,244,876	852,900,000	681,000,000
MDTA Programs				
Federal Grant—Admin.	3,629,136	13,937,443	13,913,453	16,034,062
Training Allowances	6,658,484	17,364,205	24,000,000	16,000,000
Authorized Positions	9,562.2	10,224.6	11,524.7	10,627.9

¹ Includes \$255,000 from Chapter 578, Statutes of 1971, to fund an additional 1,040 training slots in fiscal year 1971-72.

² Includes \$8,163,874 plus \$739,500 from Chapter 578, Statutes of 1971.

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT—Continued**Proposed Total Expenditure**

The total expenditure program proposed by the department for fiscal year 1972-73 is \$1.2 billion. This includes reimbursements of \$6.4 million and benefit payments (both unemployment and disability) of \$1 billion. This latter figure was based upon a benefit structure with maximums of \$65 per week for unemployment benefits and \$87 per week for unemployment disability benefits rather than the newly enacted benefit schedules. These new schedules raised the maximum weekly benefit for unemployment insurance by \$10 to \$75 and the maximum weekly unemployment disability benefit by \$18 to \$105. Both will become effective prior to the last quarter of the current year and we estimate will increase the benefit payment cost by approximately \$75 million during fiscal year 1972-73.

Capital Outlay

The department has requested no funds for capital outlay during the budget year. It indicates it will recover \$162,676 in prior capital outlay expenditures from the Contingent Fund and \$398,918 from the Unemployment Fund (Reed Act), a total of \$561,594. This departmental policy on recovery of building construction costs through rental amortization results in restoring money to the funds from which the capital expenditures were made.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of Items 234, 235, 237, 238, 239, and 240 as budgeted. We recommend that Item 236 be approved in the reduced amount of \$112,281.

The proposed appropriations in the budget bill for the support of the department total \$27,417,929, an increase of \$3,242,378, or 13.4 percent, over the current year estimated expenditures. The largest share of the increase occurs in the funding of the WIN program which shows an increase of \$2,446,132 over the current year. This increase is due to a change in program cost presentation rather than a real increase in proposed expenditures for the program. \$2.2 million of the proposed WIN appropriation will be transferred to the State Department of Social Welfare (SDSW) under an interagency agreement for the purpose of funding (with matching funds from the federal government) the state's share of the training related expenses of the AFDC recipients who are participating in the WIN program. In the current and prior years these funds appeared in the appropriation to SDSW.

Table 2 shows the seven proposed appropriations for support of the department and the funding source.

Four of the seven budget items are appropriations from the General Fund totaling \$12,498,389; two are items from the HRD Contingent

Table 2
Proposed Appropriations for Support of Department
of Human Resources Development

<i>Budget item</i>	<i>Fund source</i>	<i>Program</i>	<i>Proposed appropriation</i>
234	General	WIN	\$8,163,874
235(a)	General	Service Center	3,786,328
(b)	HRD Contingent Fund	Service Center	71,253
236(a)	General	State O.E.O.	69,889
(c)	General	Commission on Aging	69,000
237	General	Migrant Master Plan	409,298
238	HRD Contingent Fund	Pro Rata Charges	530,295
239	Unemployment Trust Fund	Department of Finance Audit	19,239
240	Unemployment Compensation Disability Fund	Support D.I. operations	14,298,753
Total of proposed appropriations			\$27,417,929

Fund totaling \$601,548; and there is one item each from the Unemployment Trust Fund and the Unemployment Compensation Disability Fund in the amounts of \$19,239 and \$14,298,783 respectively.

JOB TRAINING PROGRAM

The department is proposing a total expenditure of \$62,349,191 from all funds in the budget year for this program. This amount is \$3,493,626 greater than the estimated expenditure for the program during the current year. The largest single component of this program is the WIN element which is budgeted at \$27,006,215. This increase results from budgeting all the program costs of WIN in this budget, whereas the training related expenses had been budgeted in the Department of Social Welfare budget in prior years.

Questionable Success of the Program

The question of the success or failure of the Job Training Program depends on many factors. One of the most important of these is the availability of job openings for the skills which the trainee has acquired through participation in the program. Another consideration is the number of individuals trained and entering meaningful employment annually out of the total target group. An additional consideration is the cost per trainee who gains his employment by reason of the training received.

It appears that under current circumstances the program is failing to meet its objectives in all the points mentioned above. The WIN program alone has a monthly average of 1,700 who have completed their training but for whom no job openings exist.

The Governor's Budget states on page 147, line 93 that the number of welfare recipients entering the program will increase from 8,000 to

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT—Continued

150,000 in the budget year. These will be people who will be in need of training or retraining in order to become permanently and meaningfully employed. We estimate that the department annually trains 15,000 persons or less.

The unit cost of the 3,600 successful trainees in the WIN program in fiscal year 1970-71 was \$7,263. The unit cost of the 15,127 enrollees for that fiscal year was \$1,728.

In addition, the program constraints imposed by either federal law or regulation leave little freedom of action to the state in its implementation of the categorical programs. We can offer no viable alternative to the present costly program but do recommend that the department concentrate in establishing on-the-job training positions. At the completion of on-the-job training, the person has a job.

Lack of Measurable Output Information

We again recommend that the department establish measurable numerical objectives and goals for this program in order to determine the program's worth.

The manner in which the budget for the program is presented contains no true output criteria. The applicant recruitment output table (Program Budget page 822), except for the last three tabulations, is meaningless to use as a measurement of the accomplishment of this element's goal, which is not clearly stated. For instance, how much does each counseling interview cost? How are the estimates of service made? What is the unit cost of each test? What is the relationship of the other tabulations in the output table to those over which the department has some control?

We have the same difficulty with the output table (Program Budget page 823) of the job training element. This table indicates the number of participants but does not show the measurable progress made toward achieving the objective of increasing the employability of individuals.

Difficulties of WIN

The WIN program has been implemented in 30 counties. Each county welfare agency presents a different problem in the program's implementation. In addition, the program is beset with numerous problems associated with the application of federal law. The recent report of the Controller General to the Congress contains the following statement, with which we concur:

"WIN has achieved some success in training and placing AFDC recipients in jobs, which has resulted in savings in welfare payments in some cases."

HRD statistics for the WIN program in California for fiscal year 1970-71 indicates that 15,127 persons were enrolled in the program during the year. Of these, 1,921 were removed from the AFDC rolls

following employment on completion of WIN training, 801 received reduced welfare payments and 878 remained at full grant level. 12,213 of the enrollees dropped out of the program or terminated prior to completion of the job entry period.

It is difficult to estimate whether any real savings resulted from the program. This is because training related expenses (transportation, day care services, etc.) provided by the counties are not reflected in the statistics. Whether these additional costs apportioned among the total number of recipients enrolled are fully offset by the savings from the numbers removed from the rolls or receiving a reduced level of grant is undetermined. At least one county's review of the problem indicates otherwise.

The Controller General's report also states:

"Because of its limited size in relation to the soaring AFDC rolls, WIN does not appear to have had any significant impact on reducing welfare payments. The success of WIN is determined largely by the state of the economy and the availability of jobs for its enrollees. WIN is not basically a job creation program and, during periods of high unemployment, encounters great difficulty in finding permanent employment for the enrollees."

HRD statistical reports on the program for the first six months of fiscal year 1971-72 indicate that although an average of 508 enrollees completed their job entry period each month, the program was holding 1,708 on the average, who had completed their training and were awaiting placement in a job. Current year statistics extrapolated on a straight line basis indicates an improvement in the completion of the job entry period of 6,104 enrollees over the 3,600 experienced in fiscal year 1970-71, an increase of 2,704.

JOB DEVELOPMENT AND PLACEMENT PROGRAM

The department is proposing a total expenditure of \$31,561,312 for this program which is a decrease of \$708,746 from the current year estimated expenditure.

We estimate, from the output information contained in the program budget that the unit cost per placement based on the total program cost was \$78.59 in 1970-71 and will be \$90.90 in 1971-72 and \$74.26 in 1972-73.

Job Bank Project

The Job Bank Project has been extended to cover seven labor market areas and will eventually serve an estimated 85 percent of all employers and applicants by the end of fiscal year 1972-73. The Job Bank in San Francisco is scheduled to go on the line on May 1, 1972, to be followed by the Los Angeles Job Bank on June 1st.

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT—Continued

TAX COLLECTIONS AND INSURANCE PAYMENT PROGRAM

An amount of \$69,733,021 is proposed for the support of this program during fiscal year 1972-73. The amount is \$7,428,474 below the estimated support expenditure in the current year.

New Legislation

Five pieces of significant legislation were enacted during the 1971 session which will affect both the workload and benefit expenditures of the program. These are: (1) extending unemployment insurance coverage to state employees in hospitals and institutions of higher education, (2) increasing the maximum weekly unemployment insurance benefit from \$65 to \$75, (3) increasing the maximum unemployment disability insurance weekly benefit from \$87 to \$105, (4) providing limited unemployment insurance benefits to state employees who are laid off through budgetary actions, and (5) collecting personal income tax through withholding.

Tax Collections Elements

These elements cover the three tax collection functions for which employers are responsible under state law. Two of these collections are of long standing, the unemployment insurance tax collection funded by employer contributions and the unemployment disability insurance tax collections funded by employee contributions. The new tax collection function results from passage of Chapter 1 of the First Extraordinary Session of 1971 and the application of withholding for state income tax purposes. These taxes are funded from individual wages. The Franchise Tax Board reimburses the department for the services it performs in respect to this tax collection function.

Benefit Payments Elements

Three types of benefits are paid by these program elements, unemployment insurance benefits from the Unemployment Fund, unemployment disability insurance benefits from the Unemployment Compensation Disability Fund and training allowances to participants in the MDTA institutional training program.

We find the average administrative cost per benefit and the support cost as a percentage of benefits paid to be:

	1970-71 (Actual)	1971-72 (Estimated)	1972-73 (Proposed)
Unemployment insurance benefits			
Average administrative cost/benefit.....	\$2.26	\$2.95	\$3.01
Support as a percent of benefits paid.....	3.9%	4.8%	4.9%
Disability benefits			
Average administrative cost/benefit.....	\$3.93	\$4.13	\$4.22
Support as a percent of benefits paid.....	3.3%	3.3%	3.4%

The department states that unemployment insurance benefits will be paid by the embossed card method on a statewide basis starting July

1, 1972. This process uses negotiable checks and eliminates present varied payment systems such as local cash pay, bank pay and central mail pay systems. According to the department, the public will be better served at no increased administrative cost following the change.

Voluntary Plans Review Element

This element continues its surveillance of the self-insurers (nonoccupational illnesses and injuries) at approximately the same level as during the current year.

Appeals Process Element

This element covers the activity of the autonomous Unemployment Compensation Appeals Board. The board and its staff implement the fair hearing process relating to the application and interpretation of state law governing unemployment and unemployment compensation disability. In the budget year the board will assume a new responsibility in respect to the state withholding for personal income tax which will be fully reimbursed by the Franchise Tax Board.

RURAL MANPOWER SERVICES PROGRAM

This program was implemented on July 1, 1971, by using the former Farm Labor Services Division as a nucleus to expand the services offered by the division. The expansion of services now brings all the manpower services delivered by the department to all the rural areas of the state. One of the primary objectives of the program is the involvement of the rural community in self-help-type manpower operations. This is done in order to free the RMS staff for projects which cannot be accomplished otherwise. Full implementation of the program is not anticipated prior to July 1, 1972. The program is almost totally funded by federal grant (\$4,573,358) and the level of service for the budget year is approximately the same as in the current year.

MIGRANT SERVICES PROGRAM

This program provides services to the migrant farmworkers and their families at 26 locations throughout the state. The primary objective is the provision of low-cost housing and sanitary facilities for the transient farm laborer and his family. Ancillary services in the field of public health and day care services are also provided. The department proposes a total expenditure program of \$2,810,886 in the budget year. This figure is composed of a federal grant of \$2,075,860, a state appropriation of \$409,298 from General Fund and \$325,728 from rental income.

New Funding Approach for Day Care Services

Prior to the proposed budget year, the state has been using rental income supplemented by a small state appropriation to support the day care program associated with the master migrant plan. Off-season

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT—Continued

maintenance of the camps was funded by state appropriation from the General Fund.

During the current year we are advised the federal auditors disallowed the use of rental revenue from the state farm labor camps as matching funds for day care services.

In view of this federal decision, the budget year funding for day care has been shifted to a total General Fund appropriation of \$409,298. The off-season maintenance is now funded from rental revenue, estimated to be \$325,728. The day care appropriation will be transferred to the State Department of Social Welfare under an interagency agreement for the federal matching on a three-to-one basis.

Termination of Migrant Housing Fabrication and Vocational Training

We are advised that, upon the scheduled completion of the 1971-72 production of 90 housing units in October 1972, the production plant in Fresno will be closed down. This is due to federal budgetary restraints and lack of commitment for additional migrant housing units. We further understand that several public entities have expressed an interest in acquiring a number of the housing units by purchase agreement from the state. The production and sale of sufficient units to meet those needs, if authorized, would sustain the operation of the plant's fabrication and vocational training program for an estimated eight months.

TECHNICAL ASSISTANCE, REVIEW, COORDINATION AND INNOVATIVE ANTIPOVERTY PROGRAMS

The department has proposed a total support expenditure of \$932,669 for this program. The amount is composed of \$862,780 in federal grants and \$69,889 from the General Fund.

We recommend that Item 236 be reduced by \$26,608, leaving \$44,013 as the state share of the support for the State Office of Economic Opportunity. This program has been funded during the current year by federal grants totaling \$919,736 and \$100 from the General Fund. Language was included in the 1971 Budget Act which provided that additional support for this program was contingent upon the passage of legislation. Such legislation was not passed.

The General Fund support for this office for the 1970-71 fiscal year was \$44,013. During the past year the program was expanded administratively and the federal government allowed the state to use "in-kind" funding with the \$44,013 to match the expanded federal grant. The proposed budget for the current year, 1971-72, contained \$69,889 as the state share of the funding for the office. In our *1971 Analysis of the Budget Bill*, we recommended that the level of state support be reduced to the 1970-71 level since we received no data indicating the necessity for the increase.

The Legislature reduced the state funding to \$100. We do not be-

lieve that the present level of state funding should continue. However, we still see no justification for expanding the state funding beyond the level expended during the past fiscal year.

COMMISSION ON AGING PROGRAM

The department proposes an expenditure program of \$747,840 for fiscal year 1972-73. This consists of \$69,000 from the General Fund and \$678,840 from federal funds. The amounts are an increase of \$46,178 in state funds and \$3,533 in federal grant funds over the current year. The increased level of state funding restores it to what it was prior to the current fiscal year.

It is our understanding that the conditions of the federal grant will permit the commission to use an amount not to exceed \$75,000 for purposes of administration. This will leave approximately \$603,000 of the federal grant under the Older Americans Act to be used in funding community programs for the aged. The funding of these projects, in the judgment of the commission, is dependent upon the viability of the project and the availability of funds. The local community shares the cost of the projects at 25 percent the first year, 40 percent the second year, 50 percent the third year, and 100 percent the fourth and following years.

The commission advises that currently it has 54 active funded projects to which it has committed \$263,722. During the remainder of fiscal year 1971-72 the commission expects to approve approximately 20 additional projects. Thirty-two of the 54 projects will be phased out by June 30, 1972, leaving an estimated balance of 42 active projects at the beginning of fiscal year 1972-73.

During the current year the commission through its staff will implement a pilot project of providing information and assistance to elderly citizens through the HRD centers in Los Angeles, Orange, and Riverside Counties. These services will be performed on a reimbursable basis by interagency agreement.

THE ADMINISTRATION AND MANAGEMENT SERVICES PROGRAM

This program has as its objective the accomplishment, through the departmental program managers, the basic departmental goals.

The program provides executive guidance, supervision and policy determination for the department. It also provides all necessary ancillary housekeeping services (personnel, fiscal, data processing, reports and analysis, etc.).

The Administration and Management Services Program proposes a funding allocation of \$14,608,747 to the departmental programs in the budget year. This is an increase of \$750,592 or 5.4 percent over the current year allocation estimates and includes a reduction of 6.9 man-years of employment.

This program's staffing and funding allocation for the five-year period commencing with fiscal year 1968-69 follows:

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT—Continued**Staffing and Funding Allocations
Management and Administration Services Program**

	1968-69	1969-70	1970-71	1971-72	1972-73
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>
Staffing man-years	848.1	942.1	824.1	889.1	882.2
Funding allocation	\$10,565,959	\$12,829,971	\$10,999,239	\$13,858,155	\$14,608,747

MANPOWER PROGRAMS

In his State of the State Message, the Governor rightly called attention to the fact that the state has a hodgepodge of federally mandated manpower programs. It is difficult, if not impossible, to catalog them or determine if there is costly duplication.

For information purposes, we have described hereafter the major manpower programs administered through the Department of Human Resources Development. Excluded are many programs funded through the Federal Office of Economic Opportunity, the Model Cities Program, and Health, Education, and Welfare.

FEDERAL MANPOWER PROGRAMS ADMINISTERED BY HRD

From a program budget concept, the programs described hereafter are elements of either the Job Training or the Job Development and Placement programs of the department.

Federal-State Employment Service

This program provides the entire state labor force with job market information as well as providing all applicants for jobs with recruiting and testing services, referral to training if required to enhance employability, and job placement. This program is 100 percent federally funded and in the current year 2,304 positions were budgeted at a cost of \$25,292,910 and in fiscal year 1970-71 made 335,802 placements.

Rural Manpower Service

This program is the former Farm Labor Service with the expanded function of providing to the rural areas of the state all the manpower services provided by the Employment Service in urban areas. The title and functional change was made on July 1, 1971. In addition to providing these services to rural residents and industry, including agriculture, the service administers the Migrant Master Plan providing transient farm laborers and their families with seasonal housing.

Displaced Worker Program (DWP)

This program was inaugurated in November 1970 with the objective of assisting the unemployed aerospace worker through retraining and placement. It was 100 percent federally financed. A total of nine million dollars was allocated to California and the program was implemented in four areas: Orange, Los Angeles, San Diego and Santa Clara

Counties. The local Cooperative Area Manpower Planning System Councils of these areas provided some of the input as to the implementation of the program. Funding authority for the program expired in February 1972. Most recent information states that approximately 10,000 placements have been made; 1,000 went into on-the-job training, 2,000 have entered retraining classes and 40 have been relocated.

Technology Mobilization and Reemployment Program for Engineers, Technicians and Scientists (TMRP)

This program was inaugurated in June 1971 and is fully federally funded in an amount of approximately \$14 million. Unlike the aforementioned program, it was rather rigidly structured by the Department of Labor at its inception, leaving little or no flexibility in its application by the department. Its objective is to help the displaced engineers, technicians and scientists from the aerospace industry to put their talents to work in new occupations. The program was initially limited to the same four county areas as the displaced worker program. In November 1971, the federal authorities relaxed the rigid geographic areas limit to permit the funds to be used statewide in areas of high technological unemployment. Because of the program criteria and other limitations, it has been more difficult for this program to achieve its objective. As of October 1971, 610 persons had been placed in jobs and 209 were in an on-the-job training status.

Public Employment Program (PEP)

This program implements the Emergency Employment Act of 1971 as enacted by Congress and signed by the President on August 9, 1971. Its objective is to provide meaningful employment of a transitional nature in the public sector. "Transitional" means that the employment offered will lead to permanent employment in either the public or private sector. Approximately \$101 million was allocated under Section 5 of the act to city, county and state governments in California. This program is 90 percent federally funded and requires a 10 percent match in cash or in kind. The state government's allocation for state agencies totaled \$11,911,000. HRD also acts as program agent for what is termed "balance of state" which includes all counties with less than 75,000 population. A sum totaling \$4,527,000 was allocated by the Manpower Administration for these areas. No funds were allocated to state government under Section 6 of the act. Section 6 funds were allocated by the Secretary of Labor to the areas which had sustained an unemployment rate of 6 percent or more for a three-month period of time. However, the "balance of state" did receive, through HRD, an allocation of \$1,613,000 under Section 6. The department states that initially the funds over which it has control will result in approximately 2,470 persons being employed by state agencies and in counties with a population less than 75,000. The act expires June 30, 1973.

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT—Continued**Manpower Development and Training Act (MDTA)—Institutional Training**

This program was inaugurated in 1962. Under a contractual agreement between the state and the Department of Labor, it provides for the occupational training or retraining in the classroom setting for the unemployed and underemployed of which at least two-thirds must be disadvantaged. It is 100 percent federally funded. The department's responsibilities include selection of the occupation, the candidates and the referral and placement of the graduates. The training is accomplished through contractual arrangements with the schools. Trainees in this program receive training, subsistence and transportation allowances. This program was funded in the estimated amount of \$12 million for training subsistence and transportation allowances in the current year. This and the following MDTA programs are funded through June 30, 1972 when MDTA expires unless it is further extended by congressional action.

Manpower Development and Training Act—On-the-Job Training (MDTA—OJT—JOBS Optional)

This program was taken over by the department from the Department of Labor in the current year. Its objective is to place the unemployed, at least 50 percent of whom must be disadvantaged, in a job training situation on a job site. It is 100 percent federally funded. The program is one of several that actually develops jobs for the participants. This is accomplished through a contractual arrangement with the employer who is reimbursed for his expenses related to the training. The training is conducted on the job under journeymen supervisors and the trainee is paid wages for his labors.

Supplemental Training and Employment Program

This is the second increment of a training program and was initiated in May 1971 to provide 13 weeks (maximum accumulated time of 39 weeks) of work experience to recent graduates (within the past 12 months) of a manpower program who have had difficulty in finding employment. The program provided approximately 8,000 slots and was funded in the amount of \$6 million. Expenditure authority for this program expired on December 31, 1971.

Work Incentive Program (WIN)

This program, which requires a 20-percent funding match from the state, was inaugurated in the second quarter of fiscal year 1968-69. The objective of the program is to provide employability services to the employable recipients of Aid to Families with Dependent Children (AFDC). These services include orientation, individual counseling, remedial education, vocational and on-the-job training, work experience and special work projects. Through these services, the program endeavors to meet its goal of placing the AFDC recipient in employ-

ment which will remove them from their present plight of dependency on public support. The Budget Act of 1972 provided for a total funding of \$28,588,710 for 17,600 slots. An additional amount of \$2 million was appropriated in Chapter 578 of the 1971 session of which \$1.1 million has been allocated to this program.

The manner in which the \$1.1 million has been allocated will fund an additional 1,040 slots in the balance of the current year and each of the two succeeding fiscal years. The total funding for the current year program is \$5,972,742 from the General Fund (20 percent) and \$23,890,968 (80 percent) in two federal grants.

Recent federal legislation, Public Law 92-223, signed by the President in December 1971, changes the funding to require states to pay 10 percent rather than 20 percent. The budget does not reflect the change.

FEDERAL PROGRAMS FOR WHICH HRD PROVIDES SERVICES

HRD provides supportive services on a direct categorical grant or reimbursement basis to several federal manpower programs. We discuss the more important of these programs below:

Concentrated Employment Program (CEP)

This program is administered by five nonprofit organization sponsors who have entered into contracts with the Manpower Administration to provide vocational, prevocational and other training for the disadvantaged. The contractors have subcontracted with HRD for recruitment, enrollment, counseling, job development and placement services. HRD provided 331 man-years of reimbursed staff support to this program in the current year. The reimbursement is estimated as \$2,804,864 in the budget year.

Job Opportunities in the Business Sector (NAB—JOBS)

The department supplies staff support to this program as directed by the Manpower Administration. Personnel so assigned are not responsible to HRD for policy or administration. The objective of the program is to encourage private industry to hire, train and retain the hard-core unemployed and underemployed 18 years of age and over. Forty-nine man-years of support are to be provided during the budget year under a grant of \$632,848.

JOB Corps

The department provides recruiting, selection, counseling, and placement services to this program on a categorical grant basis. It will provide 49.5 man-years of supporting services under a federal grant of \$591,219 in the budget year.

Other Federal Manpower Programs

In most instances the extent of the department's involvement in these other programs is the providing of services relating to job place-

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ment and counseling through its regular federal-state employment service.

STATE MANPOWER PROGRAMS**Service Center Program**

The department provides employability services to persons living in economical disadvantaged areas through eight service centers. This program has as its objective the meeting of the needs of the total person; economic, education, health and social. In the current year, 278 man-years of service were budgeted for this program. The budget provided for a total expenditure of \$3,743,893. The proposed expenditure and staffing for the budget year are \$3,857,581 and 278 man-years respectively.

Private Employment Agency Project (PEA)

This project is funded by an OEO grant of \$300,000 and its objective is to determine whether or not the state-federal employment service or private employment agencies can provide the better placement services for the hard-core unemployed disadvantaged. The project was implemented in August 1971.

Employables Program

This program was established in Ventura County in late June 1971 as a pilot project to determine the possibilities of separating the employable AFDC-U recipient from the nonemployable recipient. The objectives of the program are to concentrate the combined efforts of the HRD staff and county welfare staff assigned on the employment potentialities of the recipient as well as providing him with the regular social service to which he may be entitled. The project requires the very close cooperation of the county welfare staff. It is the department's intention to expand the program statewide in fiscal year 1972-73 and include the AFDC-FG mothers for whom child care facilities are available.

Community Work Experience Program

This program also deals with the AFDC recipient. The objective of the program is to require AFDC recipients to perform some meaningful public service in a nonsalaried capacity in order to maintain their eligibility for continued public assistance. It will be implemented on a pilot basis in certain selected counties with the cooperation of the county welfare departments during fiscal year 1972-73.

COOPERATIVE AREA MANPOWER PLANNING SYSTEM (CAMPS)

This statewide manpower planning system was completely reorganized by the Manpower Administration during the early part of the current fiscal year. The objective of this reorganization is to provide for a meaningful input from the local level on the appropriateness and

funding of all manpower programs referred to the federal Manpower Administration for consideration.

To implement the system, the Manpower Administration has funded manpower planning staffs for the Manpower Area Planning Councils in nine urban areas throughout the state. These staffs are generally located in the office of city mayors. In addition to these staff positions, HRD provides 14 federally funded executive secretary positions to the councils. In rural areas this type of planning staff support to the Ancillary Manpower Planning Boards is provided by three federally funded positions also employed by HRD and serve seven rural areas.

Recommendations made by the various Manpower Area Planning Councils and Ancillary Boards are forwarded directly to the Regional Manpower Administrator with a copy to the State Manpower Planning Council. The state council may comment upon these recommendations to the Regional Manpower Administrator. The State Manpower Planning Council plans are to be likewise forwarded to the Regional Manpower Administrator for consideration and action. In this instance the Manpower Area Planning Councils are provided a copy of the state plan upon which they may comment. Differences between such local recommendations and the comments on such manpower planning and funding by the state council are reconciled at the Regional Manpower Administrator's level. Because the funding source of the majority of such programs is through the Department of Labor, necessarily the federal budgetary constraints and policy decisions will be reflected in the emphasis and direction of the programs. As this manpower planning system, since its reorganization, has not gone through a complete cycle of local submission of programs and recommendations for funding, its impact on the federally funded state administered manpower programs cannot be assessed at this time.

Department of Mental Hygiene SUMMARY

Proposed total program expenditures 1972-73	
(all funds)	\$397,872,324
Estimated total program expenditures 1971-72	
(all funds)	368,862,329
Increase (7.9 percent)	29,009,995

GENERAL PROGRAM STATEMENT

Proposed total expenditures for all programs conducted by the Department of Mental Hygiene during 1972-73 are \$397,872,324. These programs are to be financed by \$340,275,179 from General Fund appropriations and \$57,597,145 from federal funds and reimbursements.