

Human Relations Agency
DEPARTMENT OF PUBLIC HEALTH

Item 246 from the General

Fund

Budget p. 158 Program p. 902

Requested 1972-73.....	\$11,215,991
Estimated 1971-72	10,304,983
Actual 1970-71	11,304,983
Requested increase \$911,008 (8.9 percent)	
Increase to improve level of service \$661,984	
Total recommended augmentation.....	\$119,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Defining Outputs. Recommend the department redesign its program budget to more accurately reflect outputs rather than workload and to reflect these changes in the 1973-74 budget. 679
2. Mosquito Abatement. Augment \$119,000. Recommend augmentation to the Vector Control program in support of 7.5 positions involved in mosquito abatement demonstration projects. 683
3. Single Licensing Unit. Recommend consolidation of all licensing activities of the Department of Mental Hygiene, the Department of Social Welfare, and the Department of Public Health into a single licensing unit in the Department of Public Health. 687
Further recommend consolidation include the following:
 - a. Establishment of fees for licensure.
 - b. Uniform expiration dates of licenses.
 - c. Uniform departmental staffing standards.
 - d. Establishment of advisory committee.
4. Electronic Data Processing. Recommend the Bay Area Data Processing Service Center be eliminated and the Department of Public Health purchase its computer services from the Department of Human Resources Development. 696

GENERAL PROGRAM STATEMENT

In conjunction with local health departments, the Department of Public Health is responsible for protecting and improving the health of the people of California. The departmental goals include the control or elimination of environmental or consumer health hazards, the assurance of readily available and high quality health services, the devel-

opment of facilities and manpower to meet health needs, and comprehensive health planning to set priorities for effective and efficient use of health resources.

Departmental Organization

To achieve these goals, the department is organized into the following programs: (1) Environmental Health and Consumer Protection Services; (2) Preventive Medical Services; (3) Community Health Services; and (4) Comprehensive Health Planning.

The administrative and supportive services for these programs are provided by a management and planning program which is also maintained by the department.

Each of the aforementioned programs is divided into elements or bureaus which are responsible for performing the various activities necessary for accomplishment of the programs goals.

Special Projects

The department also conducts special projects which are funded by federal, private or other state agencies. These projects are included as part of the program structure but are listed separately in the budget in order to aid the Legislature in assessing the impact of these activities on the department.

Total Departmental Expenditures

For fiscal year 1972-73, the department proposes a total support and subvention expenditure of \$88,164,551 in state, federal and private funds. This is a net decrease of \$6,272,003, or 6.6 percent, below the \$94,436,554 estimated to be expended in the current year. This decrease is due primarily to the proposed transfer of funds for mental retardation services from the Department of Public Health budget to the Mental Retardation Program budget.

Proposed Department of Health

The Governor's Reorganization Plan No. 1 of 1970 proposed to create a single unified Department of Health by combining the existing Departments of Public Health, Mental Hygiene, and Health Care Services together with selected programs now contained in other departments. The plan was initially to be implemented by July 1, 1971. However, legislation has been passed and signed by the Governor which delays implementation of this plan. Chapter 1434, Statutes of 1970, provided that the plan not become operative until July 1, 1972, and Chapter 1217, Statutes of 1971, provides that this plan not become operative until July 1, 1973.

As the plan is not to become operative in the budget year, we will discuss the Department of Public Health in terms of its current structure.

A breakdown of departmental expenditures, including increases and decreases in the level of funding from various sources and for various activities, is shown in Table I.

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Table 1
Public Health Expenditures

	1971-72	1972-73	Change from 1971-72	
Department support				
General Fund	\$10,304,983	\$11,215,991	\$911,008	(+8.8%)
Federal funds	4,615,283	4,629,861	+14,578	(+3.2%)
Motor Vehicle Fund	71,913	71,913	—	(0.0%)
Health Facility				
Construction Loan				
Insurance Fund.....	50,966	135,732	+84,766	(+166.3%)
Special projects				
Federal funds	6,042,327	5,893,089	+149,238	(+2.5%)
Private funds	347,872	330,352	-17,520	(-5.0%)
State special				
project funds	222,716	109,800	-112,912	(-57.9%)
Subtotals, support	21,656,060	22,386,738	+730,678	(+3.4%)
Reimbursements and				
fees collected	11,387,156	23,436,994 ¹	+12,049,838	(+105.8%)
Net totals, support	33,043,216	45,823,732	+12,780,516	(+38.7%)
Regional dialysis centers.....	692,748	737,748	+45,000	(+6.5%)
Public health subventions				
General Fund—				
CCS	14,480,400	15,061,300	+580,900	(+4.0%)
MR	20,824,653	— ²	20,824,653	(-100.0%)
TB.....	331,441	300,147	-31,294	(-9.4%)
Family planning	400,000	600,000	+200,000	(+50.0%)
Contract counties.....	780,227	800,727	+20,500	(+2.6%)
Local assistance.....	4,797,545	4,797,545	—	(0.0%)
Total General Fund				
subventions	41,614,266	21,559,719 ²	-20,054,547	(-48.2%)
Federal funds	16,978,959	18,279,352	+1,300,393	(+7.6%)
Family repayments				
MR	427,365	— ²	-427,365	(-100.0%)
CCS	1,680,000	1,764,000	+84,000	(+5.0%)
TOTAL EXPENDITURES.....	\$94,436,554	\$88,164,551	-\$6,272,003	(-6.6%)
Recapitulation				
General Fund	51,919,249	32,775,710 ²	-19,143,539	(-36.9%)
Motor Vehicle Fund	71,913	71,913	—	(0.0%)
Health Facility				
Construction Loan				
Insurance Fund.....	50,966	135,732	+84,766	(+166.3%)
Federal funds	27,636,569	28,802,302	+1,165,733	(+4.2%)
Private funds	347,872	330,352	-17,520	(-5.0%)
State funds (excluding				
General Fund)	222,716	109,800	-112,912	(-57.9%)
Family repayments	2,107,365	1,764,000 ²	-343,365	(-16.3%)
Reimbursements and				
fees collected	11,387,156	23,436,994 ¹	+12,049,838	(+105.8%)

¹ Includes \$14,367,196 previously budgeted a subvention for Mental Retardation Services.

² Reduction reflects transfer of MR funds to Mental Retardation program budget.

ANALYSIS AND RECOMMENDATIONS**Support Expenditure**

The total support expenditure proposed for the budget year by the Department of Public Health is \$45,823,732. This includes \$11,215,991 from the General Fund, \$34,400,096 in reimbursements and special project funds from federal, private and other state agency sources, \$71,913 from the Motor Vehicle Fund, and \$135,732 from the Health Facility Construction Loan Insurance Fund.

General Fund Departmental Support Appropriation

The department's proposed General Fund appropriation of \$11,215,991 is \$911,008, or 8.8 percent, above the amount estimated to be expended in the current year. This increase is due primarily to:

- (1) An expansion of the level of service currently being maintained by the department, and
- (2) The assignment of new responsibilities to the department by the Legislature and by the federal government, although additional federal funds are provided where federal responsibilities are increased.

Authorized Positions

The department proposes a total of 1,525.6 authorized positions to perform program duties and to administer the local assistance subventions for which the department has responsibility. This is a net increase of nine positions over the 1,516.6 positions authorized for the current year. The Governor's Budget for 1971-72, as approved, included only 1,444 authorized positions. During the current year the department has administratively added a net of 72.6 positions. Thus, while the budget reflects an increase of nine authorized positions, the department is actually proposing to maintain 81.6 more positions in the budget year than it originally had approved in the current year.

A detailed discussion of those positions administratively added in the current year as well as those proposed for addition in the budget year is included in our review of departmental programs.

Program Budget Statement

We recommend that the Department of Public Health redesign its program budget in order to more accurately reflect outputs rather than workload and that these changes be reflected in the 1973-74 Governor's Budget.

Currently, the department's program budget statement primarily

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enumerates and describes workload activities being performed by the department. It does not present either desired or accomplished outputs which should result from these activities so that there is no way in which to evaluate to what degree the department has been able to achieve its stated goals.

For example, the radiological health element has as its stated goal "the protection of man and his environment from unwarranted radiation exposure." The stated objectives are "(1) to keep exposure from radiation producing machines and materials at or below acceptable levels, and (2) to maintain an environmental radiation surveillance system so that responsible officials and the public can be alerted to take preplanned, remedial action when the existence of hazardous conditions requires such action." The outputs of this element are, however, the number of radiation producing machines registered, the number of users of such machines registered, the number of reports and guides produced and the number of investigations conducted, etc. These stated outputs are actually the workload of the element. They are not indicative of the effectiveness of the element in meeting either its stated objectives or goals.

While a workload summary is informative and desirable, outputs which actually revealed the effectiveness of the element would be much more in keeping with the true objectives of the program budget and would contribute substantially more to a cost-benefit analysis. A more meaningful output statement for the element discussed above would possibly include not the number of machines inspected or the gross numbers of deficiencies discovered and corrected, but rather the number of machines meeting an overall acceptable level of performance and measures to express the numbers of persons satisfactorily or unsatisfactorily protected from excessive exposure to radiation as a result of departmental activity. In addition, a more refined output statement would actually aid the department in allocating its resources. For instance, if a rating system for radiation machines revealed that certain types of machines were 50 percent more likely to have deficiencies than were other types of machines, the department would be able to rechannel its resources to where the need for surveillance was greatest.

These criticisms of the radiation element could be applied to almost any element of the department. We believe that the department should redefine its outputs in order to provide the Legislature with a more adequate basis upon which to evaluate departmental activities. Such redefinition would also appear to aid the department in efficiently allocating its resources.

Department of Finance Task Force

During the current fiscal year, the Department of Finance appointed a task force to examine the program budgeting difficulties of the

Department of Public Health and other departments. While this task force made specific suggestions as to the manner in which Public Health could improve its program budget, these are not incorporated in the budget year's presentation. We believe these suggestions should be incorporated in the Governor's Budget for fiscal year 1973-74.

ENVIRONMENTAL HEALTH AND CONSUMER PROTECTION SERVICES PROGRAM

The two primary goals of this program are (1) to control or eliminate factors in the environment which may be detrimental to personal health and (2) to maintain surveillance and control over the production and sale of consumer goods which may be harmful to an individual's health.

In order to meet these goals, the program is divided into the following elements: Food and Drug, Radiological Health, Water Sanitation, Vector Control and Solid Waste management, Occupational Health and Environmental Epidemiology, Sanitarian Services and supportive laboratory services.

Budget Request

The Governor's Budget proposes a total of \$9,594,992 from all funds in support of this program. This is \$291,435, or 3.1 percent, above the amount estimated to be expended in the current year. This increase results from expanded General Fund support for most of the elements of this program.

In our review of this program, we will only discuss those elements in which the department has made a major change or in which we recommend a change.

Food and Drug Element

We recommend approval.

The department proposes the addition of 7 professional positions to the Food and Drug Element for the budget year. These positions are to be funded from the General Fund at a total cost of \$100,000. The department states that these positions are to be used in the following manner: (1) to meet responsibilities legislatively assigned to the department in recent years but not funded, (2) to increase food and drug plant inspection from once every five years to once every two years, and (3) to increase departmental response to consumer complaints. The inspection of plants once every two years rather than once every five years will partially restore the level of inspection which had been conducted in past years. The department has data which clearly shows that only by frequent inspection can the public be protected from faulty plant operations.

Radiological Health Element

We recommend approval.

- (1) Certification of Persons Who Apply X-ray to Human Beings

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Chapter 1504, Statutes of 1969, required the Department of Public Health to (a) approve schools of radiologic technology and certify all radiologic technologists as of July 1, 1971, and (b) certify specified licentiates of the healing arts who use X-ray equipment as of January 1, 1972. Since the section of the chapter relating to the certification of licentiates of the healing arts became effective on January 1, 1972, the department has administratively established 9.5 positions in the current year which are proposed for continuation in the budget year in order to fulfill the workload requirement created by implementation of this section. All of these positions are reimbursed by fees.

(2) **Licensure of Other Users and Sources of Radioactive Material**

The Department of Public Health evaluates radioactive material license applications and inspects licensees and radiation machine facilities through contracts with the Division of Industrial Safety and local health departments. Currently, the Department of Public Health spends approximately \$217,000 annually in support of these contract services.

For the budget year, the department proposes to increase this expenditure by \$14,283 in order to handle an increased workload. The cost of performing these activities is fully reimbursed by fees.

Water Sanitation Element

(1) **Interagency Agreement with State Water Resources Control Board**

In order to qualify for federal funding under P.L. 91-224, the State Water Resources Control Board must provide assistance to the 16 water basins of the state in their development of water quality plans. To fulfill this requirement, the board has contracted with the Water Sanitation Element for performance of these services. To provide these services the department has administratively added two professional and one clerical positions during the current year and has proposed that these positions be continued in the budget year. The total expense to the General Fund related to these positions will be approximately \$80,000. These funds are to be included in the Water Resources Control Board budget and provided, through contractual arrangements, to Public Health.

This expenditure is discussed in the analysis of the Water Resources Control Board budget, Item 218.

(2) **Water Systems**

We recommend approval.

In order to increase the frequency of inspection of water systems from once every 18–24 months to once a year, the department has proposed the addition of five sanitary engineering positions in the budget year. The department states that increased surveillance is necessary because of the substantial increase in outbreaks of water-borne disease and in the number of water supplies not meeting ac-

ceptable bacteriological standards. These positions are all to be funded from the General Fund at a total cost of \$80,000. We have reviewed the workload data and agree with the necessity for the positions.

(3) Sewage Treatment

We recommend approval.

In the budget year, the department is proposing the addition of one professional position to respond to (1) the increased volume of special service requests from local water districts and (2) the increased requests for evaluation of sewage proposals as to their effect on public health. This additional position is to be supported from the General Fund at a total cost of \$17,000.

Vector Control and Solid Waste Management Element

We recommend that the seven positions added in the current year to develop demonstration projects for mosquito control be continued in the budget year at a General Fund cost of approximately \$119,000.

In the current year seven professional positions were added to this element to develop projects which demonstrated environmental management and naturalistic methods of mosquito control which could be used in lieu of pesticides which are no longer effective.

The department justified the addition of these positions on the basis that there was an urgent need for increased effort in mosquito control and eradication in order to prevent an outbreak of encephalitis.

These positions were funded from a variety of sources other than the General Fund in the current year and are not proposed for continuation in the budget year due to the reduction of outside funds. Nevertheless, the department states that the threat of an encephalitis outbreak has not diminished. While the budget does not discuss the deletion of these positions, the department states the positions were eliminated because of budgetary constraints.

We recommend that these positions be continued in the budget year for the following reasons.

In the past few years mosquitoes have developed immunity to those pesticides which are available for use in mosquito control. Land management projects, such as those conducted by the Department of Public Health in the current year, appear to be an effective means of mosquito control.

In order to maintain the level of mosquito control which was achieved in the past through the use of pesticides, we recommend that these vector control positions, added in the current year, be continued in the budget year.

Occupational Health and Environmental Epidemiology Element

We recommend approval.

Chapter 1455, Statutes of 1971, requires the Department of Public Health to provide local health officers with necessary staff and assistance to conduct epidemiologic investigation of any pesticide poison-

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ing or disease or condition. In order to meet the anticipated workload as a result of this requirement, the department has proposed the addition of four man-years in the budget year at a General Fund cost of \$69,000.

PREVENTIVE MEDICAL SERVICES PROGRAM**Program Statement**

The goals of the preventive medical program include not only prevention and control of chronic and infectious diseases but also provision of high quality comprehensive health services and facilities. In order to accomplish these goals, the program is involved in efforts to establish, expand and improve personal health services.

To perform these activities, the program is divided into the following elements: Adult Health and Chronic Disease, Infectious Disease, Crippled Children Services, Maternal and Child Health, Mental Retardation and Disability Services, and Emergency Medical Services.

Program Structure

Although we have included no specific recommendations regarding departmental reorganization, we do feel that the department should consider alternative methods for distributing the fragmented services now included in the Preventive Medical Services Program.

The present combination of bureaus does not seem to reveal a homogeneous grouping of bureaus in pursuit of a common objective. Functionally, only the Bureaus of Infectious Disease Control and Maternal and Child Health, and possibly portions of the Adult Health and Chronic Disease Element, are primarily concerned with preventive medical programs. The Bureaus of Crippled Children Services, Emergency Medical Services, and Mental Retardation services are primarily concerned with health care delivery. These latter elements appear to be more closely aligned with other elements in other programs, such as the Bureau of Health Facilities Licensing and Certification, which are also involved more in health care delivery than they are with preventive medical programs. A reorganization could potentially aid the department in the achievement of its stated program goals.

Budget for Fiscal Year 1972-73

The budget proposes \$42,887,564 from all funds in support of this program. This is \$8,148,568, or 15.9 percent, below the amount estimated to be expended in the current year. This decrease primarily reflects the administrative transfer of funds for Mental Retardation Services to the Mental Retardation Program budget. The General Fund support appropriation for the total Preventive Medical Program does, however, include increased support for current activities as well as for proposed new activities.

Infectious Disease Element

We recommend approval

(1) Venereal Disease Control

In the current year, the department administratively added 24 professional positions to the Infectious Disease Element in order to increase departmental activity in casefinding and education with regard to venereal disease. These positions are proposed to be funded through a \$238,000 emergency appropriation in the latter half of the current year and are proposed for continuation in the budget year at a General Fund cost of \$427,115. These positions are justified on the basis of the increased magnitude of the venereal disease problem in California.

(a) Venereal Disease Education Materials

Chapter 1212, Statutes of 1971, requires the Department of Public Health to prepare educational materials on venereal disease to be made available for use by the Department of Alcoholic Beverage Control and the State Board of Pharmacy. In order to meet this requirement, the department proposes the additional expenditure of \$20,000 in the budget year.

(3) Measles Control

For the budget year the department proposes an increase of \$149,869 from the General Fund to provide funds in the Infectious Disease Element for a measles control campaign. The department states that the purpose of this campaign is to reach 50 percent of California's children, ages 1 to 12, who are still not immunized against rubella.

Of the total proposed increase, \$12,149 is to be used in support of one assistant microbiologist position in the department, \$32,720 is to be used for operating expenses and equipment, and \$105,000 is to be provided through contracts to counties for promotional and motivational materials and activities needed to conduct measles control campaigns.

Maternal and Child Health Element—Family Planning

We recommend approval.

Chapter 578, Statutes of 1971, appropriated \$1 million from the General Fund to the Department of Public Health to be used, without regard to fiscal year, to match \$3 million in federal funds for provision of family planning services to potential, current and former welfare recipients.

The department has designated \$400,000 of the \$1 million General Fund appropriation for expenditure in the current year. The remainder, \$600,000, is proposed for expenditure in the budget year. The 50 percent increase in expenditure is due to the fact that the program will be in operation during the entire budget year but only a portion of the current year.

Of the total \$4 million in federal and state funds, the department has designated \$1,600,000 for expenditure in the current year and \$2,400,-

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000 for expenditure in the budget year. Of these amounts, \$1,447,926 in the current year and \$2,104,068 in the budget year is to be directly provided to county welfare departments for provision of family planning services. The remainder, \$152,074 in the current year and \$295,932 in the budget year, is to be expended for support of 13.4 positions within the Department of Public Health and for operating expenses necessary for administration of the program.

Interagency Agreement with State Department of Social Welfare

The \$3 million in federal funds available for family planning services is derived through Title IV-A of the Social Security Act. In order to adhere to the single state agency concept, the State Department of Social Welfare (SDSW) must obtain all funds from this title itself. Therefore, in order for the Department of Public Health to utilize these funds, it must develop an interagency agreement with the SDSW for expenditure of these funds. Although Chapter 578, Statutes of 1971, which provided for the \$1 million necessary to match the federal funds, was signed by the Governor on August 13, 1971, the Departments of Social Welfare and Public Health did not sign an interagency agreement until January 2, 1972.

Because of the delay in development of an interagency agreement implementing the family planning program, it is questionable that the program will be implemented before March of this year. Thus, it appears doubtful that the state will benefit from a fully funded and operational family planning program in fiscal year 1971-72 due to the administrative reluctance to expend appropriated funds.

Mental Retardation and Disability Services

Funds for this program are proposed to be provided through a reimbursement from Item 244 of the Budget Act. Therefore, the discussion of the Mental Retardation Program is included in our analysis of Item 244.

COMMUNITY HEALTH SERVICES PROGRAM

The goal of the Community Health Services Program is the development and maintenance of effective local health services, manpower and facilities. In order to accomplish these goals the program is divided into three major program elements: Local Public Health Services, Health Facilities Licensing and Certification, and Health Facilities Planning and Construction. Through these program elements the department performs surveillance and control of health programs as well as both consultative and financial assistance to local health jurisdictions.

This program also has departmental responsibility for administering state subventions and federal grants-in-aid which are made available to local health agencies and facilities.

A total expenditure of \$27,021,839, including \$6,965,535 from the General Fund, is proposed for the budget year in support of the Community Health Services Program which is an increase of \$2,021,276, or 8.1 percent, above the amount estimated to be expended in the current year. This increase reflects implementation of the Health Facility Construction Loan Fund and anticipated increased federal subvention funds for health facility construction.

Local Public Health Services

We recommend approval.

In order to provide community health services in the Multi-Service Center Program, conducted by the Department of Human Resources Development, three health program adviser positions were administratively added during the current year and are proposed for continuation in the budget year. These positions are totally supported from federal funds.

Contract County Services

We recommend approval.

The Governor's Budget for fiscal year 1971-72 proposed the addition of one sanitarian in order to provide environmental health services in Calaveras County. This position was to be supported by reimbursements. As this agreement was not executed, the budget reflects the deletion of this position in the current year.

Health Facilities Licensing and Certification Element

We recommend approval.

The federal government has requested that the department perform more frequent inspections of health facilities and providers of health services which receive federal funds. To fulfill this request, the department has administratively added 12 professional positions in the current year and has proposed these positions for continuation in the budget year. These positions are fully reimbursed by federal funds.

Consolidation of Licensing and Certification

We recommend consolidation, either through contractual agreements or through legislation, of all licensing activities of the Departments of Mental Hygiene, Social Welfare and Public Health within the Department of Public Health or elsewhere in the Human Relations Agency.

Currently, licensing laws and certification regulations for out-of-home care are a patchwork of overlapping programs or bits of programs. The responsibility for licensing and certifying out-of-home care facilities for dependent persons rests with three separate departments in the Human Relations Agency. The problems which currently exist as a result of this division of responsibility include problems of dual or even multiple licenses being required in certain instances and the difficulty of attempting to classify facilities into distinct bins which

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deter the development of comprehensive programs.

As early as 1959, the task force that developed the plan for reorganization of California state government identified licensure problems and recommended consolidation of licensing programs. Similar recommendations have been made by others throughout the past 12 years but without sufficient affirmative action. And, as the number of facilities subject to licensure or certification has increased, the problems relating to licensure and certification have also multiplied.

Although we have not made a detailed presentation of the licensure and certification problem in this analysis, we have discussed it extensively in the past. Sufficient information has been gathered, analyzed and studied. The departments should develop a satisfactory plan for consolidation and implement it in the budget year.

Problems Inherent in Current Division of Responsibilities

When the various licensing laws were enacted and when licensing and certification responsibilities were delegated to the departments, various methods of assignment were used which have, we believe, resulted in confusion and duplication.

For example, the Department of Public Health is responsible for licensing and certifying facilities which provide a specific type of service, which is medical in nature. The Department of Mental Hygiene licenses facilities which provide various services to specific groups of persons—the mentally ill and the mentally retarded. And, the Department of Social Welfare is responsible for the licensure or certification of facilities which provide a type of service—nonmedical—to specific groups of persons. The result of this method of dividing responsibility is that similar types of facilities are not necessarily licensed by the same department. For instance, facilities for the mentally retarded are licensed or certified by the Department of Public Health, the Department of Social Welfare, and the Department of Mental Hygiene. This division of responsibility has created inconsistencies in requirements for facilities and has made it difficult for the purchaser of care to determine what facilities are available and what level of care they actually provide.

In addition, any facility which wishes to provide comprehensive services must obtain several different licenses from several different departments. For instance, a facility which provides residential care and nursing care to the aged must be licensed by both the Department of Social Welfare and the Department of Public Health. And, children's institutions which provide care for both normal and emotionally disturbed children must be licensed by the Department of Social Welfare and the Department of Mental Hygiene.

These multiple licensure requirements necessitate a duplication of effort and expense at both the state and the facility level. Inevitably, the loss in terms of both cost and efficiency is translated into a reduced

level of service for the client or patient who is ostensibly served and protected by the licensing and certification program. Thus, we do not feel that the state, the facility, or the client/patient is effectively served by the current delegation of responsibility.

Establishment of Fees for Licensure

We recommend legislation to establish fees for all licensure and certification actions performed in the Human Relations Agency. These fees should be sufficient to cover cost.

Currently, both the Department of Public Health and the Department of Mental Hygiene charge fees for licensure and certification. Some of these fees are based on the state cost of licensure or certification while others are not directly related to the cost. The Department of Social Welfare does not charge fees for most of the licenses and certificates which it issues.

As these facilities are all licensed or certified by departments within the same agency and serve a similar clientele, they should all be subject to certification and licensure fees based on the same criteria. Therefore, we believe that any change in the licensing acts should include provision for establishment of a consistent fee schedule for all licenses and certificates issued by the Human Relations Agency.

Establishment of fees for licensure or certification of those facilities which currently pay no fees and increasing those fees which don't cover actual costs should result in substantial General Fund savings.

Uniform Expiration Dates of Licenses

We recommend that legislation be enacted to provide that all licenses issued by the Human Relations Agency expire in one year.

Currently, licenses issued by the Departments of Mental Hygiene and Social Welfare expire one year from the date of issuance. However, licenses issued by the Department of Public Health expire on December 31 of each year. Thus, the Department of Public Health generally has a backlog of work during the first three or four months of each year. Staggered renewals would create a more even workload and contribute to the efficiency of departmental licensure and control activities.

Uniform Departmental Staffing Formulas

We recommend that staffing standards, using an integrated or team approach to licensure, be utilized in developing a single licensing authority.

The Departments of Social Welfare and Mental Hygiene use persons who are trained or have experience in social work to perform licensure and certification activities. It is difficult for these persons, whose training is fundamentally in the social sciences, to assist owners and operators of facilities with the management and financial problems they may encounter.

The Department of Public Health, on the other hand, uses a staff of

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field representatives with experience in hospital administration and management to perform surveillance and enforcement functions and to provide assistance to facilities in order to improve the level of service they provide. This department also utilizes a staff of persons with various professional and technical skills to work with the facilities under its jurisdiction on matters of construction and installation planning, nutrition, nursing, sanitation, and other public health measures.

We believe that an integrated staff, such as the one utilized by the Department of Public Health, is more effective in dealing with the multiplicity of problems faced by the facility operator and his occupants than is the social work representative used by the Departments of Mental Hygiene and Social Welfare.

Establishment of Advisory Committee

We further recommend that, in order to represent effectively all service specialties, an advisory committee be appointed to assist the licensing agency in the performance of its functions.

Because the licensing agency will be responsible for a fairly broad spectrum of facilities, we believe that it will need experts from various specialties to assist in the performance of its duties. The committee would be responsible for proposing and/or reviewing facility standards and classifications as well as changes or improvements in the licensing and certification program.

Conclusion

These and other efficiencies and cost savings could result through legislation or appropriate administrative procedures to consolidate licensing and certification activities now being performed by three departments of the Human Relations Agency. Although consolidation of licensing is scheduled to occur when the Department of Health is created, there is nothing in the proposal to insure that the current plethora of licensing classifications and procedures will not continue to exist in the newly created department. We therefore find that consolidation and simplification of licensing and certification activities in the budget year would not only aid in the establishment of the Department of Health but would also provide for increased efficiency in licensing and certification operations.

Health Facilities Planning and Construction Element

We recommend approval.

In the current year, the Health Facility Construction Loan Insurance Fund, which was established by Chapter 970, Statutes of 1969, was determined to be constitutional by the State Court of Appeals. As a result of this decision, the department has proceeded to implement the program in the latter half of the current year.

The budget states that \$50,966 is estimated to be expended in the

latter half of the current year to support departmental positions necessary to administer the fund. The department states that these funds are derived from the unexpended surplus remaining in the Loan Fund from the General Fund loan included in Chapter 970, Statutes of 1969, to implement the program. This entire General Fund loan must be repaid with interest when the fund becomes fully operational.

For fiscal year 1972-73, the budget states that \$135,732 is proposed for support of departmental administration of the program. These funds are to be derived from fees collected by the program, as provided by law, in the current and in the budget years. The budget does not include any "fund condition" statement of this fund. Thus, it is difficult to know the status of this program.

COMPREHENSIVE HEALTH PLANNING

The Office of Comprehensive Health Planning was established in 1967 with federal funds provided by Public Law 89-749, the "Comprehensive Health Planning and Public Services Amendments of 1966." The purpose of the program was to improve the delivery of health services by providing for coordinated planning in both health manpower and facilities development at the regional and state levels by a team of public and private providers and consumers of health services.

Program Organization

The program is currently organized into the following three planning levels: (1) the State Office of Comprehensive Health Planning, (2) Regional Comprehensive Health Planning Offices for the 13 state regions, and (3) Local Comprehensive Health Planning Groups for 56 of the 58 counties. In the current year, regional boundaries were redefined and two regions now consist of single counties and therefore, have no Local Comprehensive Health Planning Groups.

California State Plan for Health

After five years the state office has finally produced a California State Plan for Health for 1971 which was made available to the public in December 1971. While the plan does deal with broad long-range goals for health, it does not quantify health needs for the state in either the current year or the immediate future. And, concomitantly, the plan does not deal with quantification of regional needs. Thus, the plan provides neither the state staff nor the regional and local staffs with any immediately usable data. Providers and consumers of health services must determine where facilities and services are needed and the degree to which such services are needed.

Coordination with State Department of Public Health

While the Office of Comprehensive Health Planning is administratively placed in the State Department of Public Health, the activities of the two are not performed on a coordinated basis. As a state depart-

DEPARTMENT OF PUBLIC HEALTH—Continued

ment, Public Health is making no significant effort to use its support funds or its state subvention funds to encourage comprehensive health planning.

The contract counties program is one example of this. The State Department of Public Health provides public health services to 15 sparsely populated counties on a contract basis. A contract is negotiated with each individual county, regardless of regional patterns for provisions of other services, and no effort is made to provide regional services.

Also, the Governor's Budget proposes the addition of laboratory personnel to train local personnel to perform services now performed at the state level. The proposed laboratory services are not to be developed at the regional level but are to be developed along the old outmoded lines of county services.

Finally, the Regional Center Program for mentally retarded persons, which is also housed in the Department of Public Health, has developed service regions which are in no way consistent with those developed for comprehensive health planning. If two health planning units working in the same department cannot agree on the same boundaries, it is difficult to conceive how comprehensive health planning regions for all health services can ever be developed.

MANAGEMENT AND PLANNING PROGRAM

Staff and support services designed to assure maximum output from available departmental resources are provided by the management and planning program.

The Management and Planning Program (1) evaluates current departmental programs, (2) assists in the development of new programs through liaison with departmental program elements, the administration, and the Legislature, (3) allocates and manages financial, and manpower resources of the department, and (4) also supplies miscellaneous support services to the departmental elements.

In order to provide these services, the program is divided into the following functional elements and bureaus.

Administration—

Bureaus: Program Analysis and Budget Services, Fiscal and Accounting Services, Administrative Services, and Vital Statistics Registration.

Special Services—

Bureaus: Health Intelligence and Research Review, Data Processing Service Center, Personnel Management, and Health Education and Training.

Laboratory Services—

Laboratories: Air and Industrial Hygiene, Food and Drug, Sanitation and Radiation, Public Health Laboratory of Southern Cali-

fornia, Clinical Chemistry, Microbial Disease, and Viral and Rickettsial Disease.

We will only discuss those elements or bureaus in which the department proposes a change in the current or budget year.

Office of the Director

We recommend approval.

During the current year, an administrative assistant position was added to the director's office and is proposed for continuation in the budget year. The position is actually to be established within the Human Relations Agency Secretary's office. The position represents a portion of the Department of Public Health's share of operating expenses for the Human Relations Agency. The department proposes to fund this position from its 314(d) federal funds.

Vital Statistics Registration

We recommend approval.

In this element, the department proposes the addition of three clerical positions in the budget year. The department states that these positions are necessary to handle an increased workload for certification and verification of specific records requested by individuals. These positions are to be totally supported through reimbursements by fees.

Health Education and Training

We recommend approval.

The Bureau of Health Education and Training was administratively established in the current year through the consolidation of several bureaus already maintained in other programs of the department. The following bureaus have been consolidated into the new bureau: Health Education, Training, Center for New Health Careers, and Health Communications. The goals of this program include (1) consumer and health education, (2) in-service training for health personnel, and (3) development of new health career opportunities.

Air and Industrial Hygiene Laboratory

We recommend approval.

Seven professional and one clerical position were transferred from the State Special Project entitled "Air Resources Board—Air and Industrial Hygiene Laboratory" to this laboratory during the current year and are proposed for continuation in the budget year. One biostatistician from this special project also was transferred to the Office of Special Services in the current year and is proposed for continuation in the budget year. These positions are to be supported through a reimbursement agreement with the Air Resources Board.

Under this agreement, the Department of Public Health is reimbursed from the Motor Vehicle Fund for adjusting the calibration of air analyzers for air quality surveillance and control, for instrument

DEPARTMENT OF PUBLIC HEALTH—Continued

evaluation, methods development, training, consultation and administration.

Sanitation and Radiation Laboratory

We recommend approval.

A total of \$2,000 was administratively added during the current year and is proposed for continuation in the budget year in order for the department to fund a portion of a temporary help position. This position is necessary to perform water sample analyses under a reimbursement agreement with the Division of Highways.

Microbial Disease Laboratory

We recommend approval.

The department proposes the addition of two assistant microbiologists in the budget year in order to provide departmental capability to train local public health laboratory personnel to effectively perform routine procedures in microbiology.

The department states that laboratory proficiency testing results have revealed that approximately 56 percent of California's laboratories performed unsatisfactorily on bacteriology proficiency testing specimens in 1970. In addition, departmental workload for performance of relatively routine tests has increased to such a level that the department is no longer able to place the proper emphasis on more complex diagnostic tests. Thus, these positions would be used not only to upgrade the current proficiency of local laboratories with regard to tests already performed by them but would also provide the department with the capacity to shift many of its routine tests to the local level.

The cost to the General Fund for addition of these positions will be \$24,000.

Viral and Rickettsial Laboratory

We recommend approval.

The department proposes the addition of one assistant microbiologist in the budget year to provide technical training to local laboratory personnel in order to increase their capability to provide viral disease diagnostic services. The department states that this position is necessary in order to reverse the present pattern of an annual workload increase at the state level. It has been the policy of the state in recent years to improve the level of competency of laboratory personnel at the local level so that they are more capable of handling difficult procedures. The annual cost to the General Fund as a result of this change will be \$13,000 in the budget year.

THE BAY AREA DATA PROCESSING SERVICE CENTER

The Department of Public Health obtains its electronic data processing services from the Bay Area Data Processing Service Center

(BADPSC). The service center, which is physically and functionally housed in the Department of Public Health, was initially designed to serve eight bay area departments as well as the Department of Health Care Services in Sacramento. At this time, however, only the Department of Industrial Relations and the Department of Public Health receive significant levels of service from the BADPSC.

For fiscal year 1972-73, the Department of Public Health's share of the BADPSC's proposed budget is \$827,988, or 5.2 percent above the amount estimated to be expended in this fiscal year. This amount represents 70 percent of the center's total budget. The department utilizes electronic data processing in order to meet many of its program objectives and also in support of its administrative activities.

Recommendations in the 1971-72 Analysis

The Bay Area Data Processing Service Center was developed to provide service to those departments which share the same general geographic location. At the time the BADPSC was instituted, the Office of Management Services and the Human Relations Agency identified the project as an experiment for consolidating EDP resources on a geographic basis rather than on functional similarities among the participating departments. Since the expressed intent was experimental, we concluded that an evaluation of the project was appropriate and so recommended in the 1971 Analysis of the Budget Bill. We also recommended, as a step toward determining the cost/benefit factors relating to consolidation of data processing activities, that the Office of Management Services and the Human Relations Agency make a fully documented analysis of the technical, management, and fiscal benefits and liabilities of the Bay Area Data Processing Service Center. This recommendation was incorporated in the supplemental report of the Committee on Conference Budget Bill of 1971. The Office of Management Services performed the required analysis of the Bay Area Data Processing Service Center and made 20 recommendations relating to changes that should be made in order to improve the performance level of service provided by that center. At this time, the service center has been able to implement 11 of these recommendations. The BADPSC has not been able to implement several recommendations which require agreements with other user departments. In addition, the BADPSC has not implemented any of the recommendations regarding changes in equipment or the physical layout of the service center.

Consolidation of Electronic Data Processing Services in the Human Relations Agency

In our judgment, the findings of this evaluation indicate that the BADPSC is not effectively meeting the EDP requirements of most of the participating departments. The Public Utilities Commission has continued to receive approximately the same level of service from the

DEPARTMENT OF PUBLIC HEALTH—Continued

BADPSC (\$3,000 per year) over the past three years even though the total Public Utilities Commission EDP budget for the current fiscal year is approximately \$300,000. The PUC obtains most of its EDP services from a private time-sharing firm. The Department of Industrial Relations is dissatisfied with the cost of service and the performance being achieved by the center for Department of Industrial Relations work and has begun the necessary feasibility studies required to seek other alternatives for meeting departmental requirements. The Department of Health Care Services installed a new computer in November 1971, is developing its own system, and will soon withdraw all work from the BADPSC. The Department of Insurance has not been successful over the years in obtaining funds for EDP applications and has not participated operationally in the center to date. In effect, the BADPSC is virtually a Department of Public Health facility and cannot properly be designated a "service center."

We therefore recommend that the Bay Area Data Processing Service Center, with the assistance of the Department of Finance Division of EDP Control and Development and the Department of Human Resources Development, take immediate steps to transfer all EDP work now being performed on the RCA Spectra 70/45 Computer at the BADPSC to the IBM 370/165 Computer being installed at the Department of Human Resources Development. A full discussion of the potential HRD Service Center can be found in our analysis of Item 61, Support for the Department of Finance.

We have for several years supported the concept of consolidated, integrated and functional information data processing for a number of reasons including hardware and personnel savings, increased technical capability through use of large computers, lower unit cost for processing, common data base management and better management control. In our judgment, existing technology and particularly the IBM 370/165 computer now being installed at HRD also provides a unique opportunity to move to more sophisticated data processing techniques. Under this concept each of the bay area departments including the Departments of Public Health and Industrial Relations can process data from remote terminals connected via high-speed telephone lines to the HRD computer. The Department of Industrial Relations, since it is not part of the Human Relations Agency, could also study the feasibility of obtaining EDP services from a private time-sharing vendor in the bay area as does the Public Utilities Commission.

The problems which were encountered in the BADPSC can be avoided with the experience gained from the BADPSC experiment and a more concentrated level of technical expertise available in Sacramento. The results should be better service at a reduced cost to the state.

Department of Public Health
REGIONAL DIALYSIS CENTERS

Item 247 from the General
Fund

Budget p. 166 Program p. 910

Requested 1972-73.....	\$625,248
Available from Chapter 1499, Statutes of 1970.....	112,500
	<hr/> \$737,748
Estimated 1971-72	692,748
Actual 1970-71	648,248
Requested increase \$45,000 (6.5 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Regional Dialysis Center program was established through Chapter 1988, Statutes of 1965, which authorized the Department of Public Health to establish two regional dialysis centers. Chapter 1499, Statutes of 1970, appropriated \$350,000, without regard to fiscal year, to the department for establishment of three home dialysis training centers. Chapter 1500, Statutes of 1970, appropriated \$388,000 for the establishment of two additional regional dialysis centers in that year and authorized establishment of up to four centers.

The purpose of the regional centers is to provide treatment through renal dialysis and/or kidney transplantations to patients suffering from chronic uremia (kidney disease). In addition, the centers provide training in home dialysis to those patients and their families who are determined to be suitable for such training. The centers are also charged with the responsibility of training medical personnel to staff new dialysis units.

Departmental Responsibilities

The Department of Public Health performs the following functions with regard to the Renal Dialysis Program. It acts as a granting agency for state funds which are appropriated for the establishment and continuation of regional centers. This includes providing staff support to the Renal Dialysis and Transplantation Advisory Committee, which determines the location and level of service to be provided by each new renal dialysis center. The department also provides certification, without charge, of renal dialysis units and facilities to be used by the Medi-Cal and Crippled Children Services Programs.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes a General Fund appropriation of \$625,248. In addition, approximately \$112,500 is to be available for expenditure in

REGIONAL DIALYSIS CENTERS—Continued

fiscal year 1972-73 from Chapter 1499, Statutes of 1970. Thus, a total of \$737,748 will be available to the department for development and support of the four regional treatment and the three home dialysis training centers. This proposed expenditure is \$45,000, 6.5 percent above the amount estimated to be expended in the current year. The increase is due to increased costs at all the dialysis centers.

Regional Center Support

The total proposed appropriation of \$625,248 is to be expended for continuing support of the four regional centers in Los Angeles, San Francisco, Sacramento, and Fresno. This amount is \$30,000, or 5.0 percent, above the amount estimated to be expended for support and development of these centers in the current year. The department states that this increase is due primarily to increased operating costs.

Home Dialysis Training Centers Support

Three home dialysis training centers are to be established in the current year through the use of \$97,500 of the \$350,000 appropriated by Chapter 1499, Statutes of 1970. Of the remaining funds available from this appropriation, approximately \$112,500 is proposed for expenditure in the budget year for support of these home dialysis training centers. Consequently, approximately \$140,000 is estimated to be available for continuation of these training centers in fiscal year 1973-74.

Department of Public Health**MEDICAL EFFECTS OF AIR POLLUTION**

Item 248 from the Motor Vehicle Fund

Budget p. 166 Program p. 907

Requested 1972-73	\$71,913
Estimated 1971-72	71,913
Actual 1970-71	54,800
Requested increase—None	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Department of Public Health is responsible for determining the medical effects of air pollution. In order to support this activity, the department maintains three professional and one clerical position in the Occupational Health and Environmental Epidemiology Element which coordinate their work closely with the Air Resources Board.

Because these activities are directly related to air pollution, they are supported from the Motor Vehicle Fund.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes a total appropriation of \$71,913 from the Motor Vehicle Fund for four positions and related lab support in the Department of Public Health. As the department is not anticipating any increased costs for performance of its responsibilities in the budget year, no increase in the appropriation is proposed.

Department of Public Health
CRIPPLED CHILDREN SERVICES PROGRAM

Item 249 from the General
Fund

Budget p. L-43 Program p. 912

Requested 1972-73	\$15,061,300
Estimated 1971-72 (Includes anticipated deficiency appropriation of \$1.2 million)	14,480,400
Actual 1970-71	13,618,348
Requested increase \$580,900 (4.2 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. Eligibility. Recommend the department take steps to insure uniform eligibility determination throughout the state. 701
2. Determination of Need. Recommend the Crippled Children Services Element develop a more adequate means for determining the actual need for Crippled Children Services for each fiscal year. Also recommend the department report to the Legislature what proportion of such need is annually met by the Crippled Children Services Program. 701
3. Billing Procedures. Recommend all vendors be required to submit bills for service within 2 months following the provision of service. 702

GENERAL PROGRAM STATEMENT

The Crippled Children Services (CCS) element of the Preventive Medical Program provides funds for medical, surgical, diagnostic and treatment services to children with physically handicapping conditions, whose parents are unable to pay in whole or in part the total cost of the needed medical care.

CRIPPLED CHILDREN SERVICES PROGRAM—Continued**Shift in Program Emphasis**

When the Crippled Children Services program was established by law in 1927, "handicapping conditions" were interpreted as congenital and acquired conditions which had a good prognosis for recovery. Thus, the program was surgically oriented, stressing orthopedic problems which could be fixed.

Over the years the emphasis gradually changed and currently the goal of the program is to provide expert comprehensive care for chronic, long-term, complicated, physically handicapping conditions for which the cost of obtaining the appropriate care may be "catastrophic" for the low or middle income families who are ineligible for publicly assisted medical programs and/or whose health insurance protection frequently is inadequate for these kinds of illnesses.

Program Administration

Eligibility determination, case management, and other activities involved in the granting of CCS services to individuals are performed locally. By law, the 23 counties with populations over 200,000 determine eligibility and administer the CCS program for their counties "independently." The remaining 35 counties, with populations under 200,000, are called "dependent" counties and the Department of Public Health through the Crippled Children Services program administers their programs directly.

Funding of the CCS Program

Funding for the CCS program is derived from the following sources: (1) the federal government, (2) the State General Fund, (3) county funds, and (4) family repayments.

Until the current year, families were required to contribute up to one-third of their margin, defined as the difference between their gross income and their CCS defined allowable expenses, in repayment for the services rendered their child. In the current fiscal year, the repayment obligation was administratively raised from one-third to one-half of a family's margin.

The Crippled Children Services Program operates under a closed-end appropriation. The program has no contingency fund and is mandated by law not to exceed its appropriation. Thus, the program goal is to provide as much service to as many eligible children as is feasible within budgetary constraints.

ANALYSIS AND RECOMMENDATIONS

The budget proposes a total expenditure of \$19,168,023 including state and federal funds and family repayments. The requested General Fund appropriation of \$15,061,300 is \$580,900, or 4.0 percent, above the amount estimated to be expended in the current year. This increase is to provide funds for an increase in caseload and to cover

increased costs for medical care in the budget year.

1. Eligibility.

We recommend that the state department centralize or otherwise provide for the uniform determination of eligibility for Crippled Children Services:

State law and departmental regulations provide that financial eligibility requirements for CCS services shall be uniform throughout the state. State law and regulations also specifically enumerate those medical conditions which may be covered by the CCS Program. This list is not, however, arranged on a priority of service basis. The absence of a priority list would have no meaning if it were not for the fact that the CCS Program must stay within its closed-end appropriation. In any year in which state or county funds available for CCS services are insufficient to cover the total need for such services, the counties must individually decide which medical conditions are to have first priority in terms of financial participation by CCS and which conditions are to have low priority or are not to be accepted at all. Thus, a situation arises in which certain medical conditions are accepted under the CCS program of one county and are categorically refused in another county. We do not feel that this is the appropriate manner to administer a program that is predominantly funded by the state.

With the current statutorily determined funding system for the CCS Program, there is no way to absolutely guarantee that sufficient funds will always be available for CCS services. Therefore, we feel that it is the responsibility of the state department, not the counties, to determine priorities for expenditure of funds whenever such funds are in limited supply.

2. Determination of Need

We recommend that the Crippled Children Services Element develop more accurate means of determining the actual need for funding in the Crippled Children Services Program. We further recommend that the department report annually to the Legislature the percentage of need being met by the Crippled Children Services Program.

Currently, the department and the counties attempt to estimate the need for Crippled Children Services on the basis of previous year's experience. When the demands for services and funds in a particular year are less than the amount appropriated, this method of estimating is fairly satisfactory. However, when the demand for funds exceeds the amount appropriated, as occurred in 1970-71 and during the current year, this method of estimating appears to be relatively unworkable. One reason is that most counties do not keep records with regard to the persons who are not accepted because of CCS financial constraints. In addition, CCS feels that county's refusal to accept eligible persons because of CCS financial limits subsequently has a dampening

CRIPPLED CHILDREN SERVICES PROGRAM—Continued

effect on the number of applications which it receives in that year and even in the next fiscal year. Thus, in those years in which cutbacks were necessary, the department is not able to estimate how many people were denied service or how many were discouraged from even applying and, hence, did not receive service. The result is that the department is not able to obtain accurate need estimates for the past fiscal year necessary to determine program needs for the next fiscal year. As shown in Table 1, each time the department has applied cutbacks (generally followed by deficiency appropriations) the program has been overbudgeted in the following one or even two fiscal years. The program needs to develop independent parameters of need for Crippled Children Services which may be used by the department, the counties, and the Legislature in determining the appropriate level of funding for Crippled Children Services. Thus, we recommend that the program develop more effective means for determining the need for services and that this information be reported annually to the Legislature accompanied by an estimate of the percentage of that need being met by the Crippled Children Services Program.

Table 1
Crippled Children Services Funding¹
Fiscal Years 1961-62 through 1971-72

<i>Budget year</i>	<i>Budget Act appropriation</i>	<i>Deficiency appropriation</i>	<i>Unexpended balance</i>
1961-62	\$8,305,511	-	\$1,839,389
1962-63	9,094,305	\$1,010,000	194,123
1963-64	13,213,695	-	3,491,936
1964-65	13,495,622	-	3,257,193
1965-66	11,865,096	-	97,208
1966-67	11,562,594	300,000	283,870
1967-68	12,210,371	750,000 (56,200) ²	1,054,174
		806,200	
1968-69	14,447,609	-	3,674,646
1969-70	15,662,550	-	2,071,929
1970-71	13,618,400	-	52
1971-72	12,680,400	1,200,000 ³	-

¹ Until fiscal year 1969-70, the therapy component of the CCS program was budgeted through a separate appropriation. However, for purposes of comparison, we have combined the two appropriations for fiscal years 1961-62 through 1968-69.

² \$56,200 was appropriated through Chapter 1681 in order to provide services to children suffering from hemophilia under the Crippled Children Services Program.

³ Budget states that a deficiency appropriation in the amount of \$1,200,000 will be sought during the 1972 session for the 1971-72 fiscal year.

3. Billing Procedures.

We recommend that all bills from vendors be submitted to Crippled Children Services within two months following the provision of service.

Currently, physicians and other vendors participating in the CCS

Program may submit bills at any time following the performance of service. This open-ended billing process not only hampers the department's ability to accurately determine actual past expenditures on a timely basis but also makes future estimates of needed funds difficult to determine. Furthermore, families are not required to contribute to their repayment plan until a vendor's bill is received. Thus, a repayment plan for services rendered in a particular year may not be collected until the next year or even the year after that.

The Medi-Cal Program currently provides, with certain specified exceptions, that all vendor bills be submitted within two months from the date of service. We feel that these same provisions should be incorporated into the regulations of the Crippled Children Services program in order to improve the management of funds in that program.

Effect of Legislation Signed After the Printing of the Governor's Budget

Chapter 1811, Statutes of 1971, provided by statute that hyaline membrane disease be included in the Crippled Children Services Program. For fiscal year 1971-72, the bill appropriated \$800,000 from the General Fund to the Department of Public Health for services to children afflicted with the disease.

As this bill was not chaptered until December 21, 1971, the Governor's Budget reflects neither the \$800,000 appropriation for the current year nor proposed funds for this condition in the budget year.

A more accurate statement of funds estimated to be expended by the CCS program in the current year should include the \$800,000 appropriated by Chapter 1811. Thus, estimated expenditures for the current year should total \$15,280,400, not \$14,480,000 as reflected in the Governor's Budget. If the department proposes to fund CCS costs for full coverage of hyaline membrane disease in the budget year, the proposed CCS expenditure should include the department's estimate of \$3,750,000 for the cost of funding the condition. Therefore, a total of \$18,811,300, not \$15,061,300 as reflected in the Governor's Budget, should be proposed for the CCS program in the budget year.

**Department of Public Health
TUBERCULOSIS SANATORIA**

Item 250 from the General

Fund

Budget p. L-43 Program p. 911

Requested 1972-73.....	\$300,147
Estimated 1971-72	331,441
Actual 1970-71	249,875
Requested decrease \$31,294 (9.4 percent)	
Total recommended reduction	\$300,147

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONSAnalysis
page

1. Eliminate Tuberculosis Subsidy. Reduce \$300,147.
Recommend legislation be enacted to provide for the
elimination of the subsidy program.

704

GENERAL PROGRAM STATEMENT

Section 3298 of the Health and Safety Code requires the state to provide grants-in-aid to local agencies for the care and treatment of persons suffering from tuberculosis. The specified amount of such aid is \$2.60 per patient-day for the first 36,500 patient-days, \$2.30 for the second 36,500 patient-days, and \$1.75 for all additional days, plus an additional supplemental amount specified in each budget act. The supplemental amount specified for the budget year is \$5.16 per patient-day, the same amount appropriated for the last three years.

ANALYSIS AND RECOMMENDATIONS

We recommend the elimination of the Tuberculosis Sanatoria Subsidy Program at a General Fund saving of \$300,147 in the budget year.

The department proposes a General Fund appropriation of \$300,147. This is \$31,294, or 9.4 percent, less than the amount estimated to be expended in the current year. This anticipated reduction in expenditures is due to implementation of Chapter 577, Statutes of 1971, the so-called Medi-Cal Reform Act, which provides for the inclusion of some tuberculosis patients in the Medi-Cal Program.

The budget request includes \$45,000 to reimburse The Department of Mental Hygiene for the care of recalcitrant tuberculosis patients under the provisions of Section 3295 of the Health and Safety Code. In addition, approximately \$4,500 is included to cover burial expenses for those tuberculars who expire during the budget year.

Effect of Recent Legislation on Level of Tuberculosis Subsidy Program

Chapter 811, Statutes of 1969, which became operative on July 1, 1970, provided that any county which chose to come under the provision of Section 14150.1 of the Welfare and Institutions Code, the Coun-

ty Option Program, would not be eligible to receive any reimbursement from the state under the Tuberculosis Subsidy Program. As a result of this legislation, the expenditures for the Tuberculosis Subsidy dropped from \$2,149,207 in fiscal year 1969-70 to \$249,875 in fiscal year 1970-71.

However, Chapter 577, Statutes of 1971, provided for the repeal of the County Option Program. The Medi-Cal Program, as amended by Chapter 577, now provides for the coverage of tuberculosis patients who (1) are categorically linkable, (2) qualify as medically indigent persons, or (3) are 65 years of age or over and qualify for federal participation in the Medi-Cal Program.

Thus, the Tuberculosis Subsidy Program is now to be used to provide funds to the counties for the care of tuberculosis patients who do not qualify for the Medi-Cal Program and who are cared for at county expense. As there is no longer any county option program, no county will be excluded from the Tuberculosis Subvention Program and all counties will be able to make claims against both the Tuberculosis Subsidy Program and the Medi-Cal Program for the care of their tuberculosis patients.

Elimination of the Tuberculosis Subsidy Program

As stated above, Chapter 577, Statutes of 1971, provides for the coverage of indigent tuberculosis patients by the Medi-Cal program. Because the Tuberculosis Subsidy Program was originally developed to provide state relief to the counties for the care of those tuberculosis patients who were often transient and a burden on counties in which they were not residents, and as the Medi-Cal program is now providing coverage for these persons and, in addition, receiving federal participation for their coverage, we no longer feel that it is necessary for the state to also maintain the county Tuberculosis Subsidy Program. We therefore recommend that legislation be enacted to provide for the elimination of the program in the budget year at a General Fund savings of approximately \$300,147.

Continuation of Public Health Activities

Regardless of whether or not the subsidy program is eliminated, the department should continue to maintain the tuberculosis case finding and education program now currently being carried out in its Infectious Disease Element. Through this program, the department should continue to assist the counties in development of effective tuberculosis control programs and continue to maintain surveillance over the incidence of tuberculosis in the state.

Reconciliation with Program Budget

We are not able to reconcile the proposed appropriation of \$300,147 in the Governor's Budget with the "Reconciliation With Appropriations" on page 935 of the Program Budget. The Program Budget indicates budget act expenditures of \$1,021,424 with estimated savings

TUBERCULOSIS SANATORIA—Continued

of \$721,277. The amount shown in the Program Budget appears to be artificial.

Department of Public Health
ASSISTANCE TO COUNTIES WITHOUT LOCAL
HEALTH DEPARTMENTS

Item 251 from the General
Fund

Budget p. L-43 Program p. 918

Requested 1972-73.....	\$800,727
Estimated 1971-72	780,227
Actual 1970-71	694,444
Requested increase \$20,500 (2.6 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. Contract Counties Program. Recommend the department develop, within existing state funds, a more equitable method of appropriating funds to counties without local health departments and to counties with local health departments.

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GENERAL PROGRAM STATEMENT

Through the Contract Counties Program, the State Department of Public Health provides public health services to counties with populations under 40,000 which do not wish to set up their own public health departments. Counties contract individually with the Department of Public Health for the provision of such services. Each participating county is required to appropriate for public health purposes a sum equal to not less than 55 cents per capita for the total county population. In return, the state appropriates the amount it determines is necessary to provide what it considers to be necessary public health services. The program is authorized by Section 1157 of the Health and Safety Code.

Currently, 15 counties receive public health services through contracts with the Department of Public Health.

ANALYSIS AND RECOMMENDATIONS

The budget proposes a total of \$1,390,770 in support of the Contract Counties Program. This amount includes an appropriation of \$800,727 from the General Fund, \$459,637 as the counties' share, and \$130,406 in federal funds. The proposed General Fund appropriation represents an increase of \$20,500, or 2.6 percent, above the amount estimat-

ed to be expended in the current year. The department states that the 2.6 percent increase is to cover price increases.

Contract Counties Program

We recommend that the department redesign the Contract Counties Program, within the limits of existing state funds, to provide for a more equitable distribution of funds provided for assistance to counties with local health departments and to counties without local health departments.

Inequity between Contract Counties Program and Independent Counties Program

Currently, the state's share of support costs for the Contract Counties Program is equal to approximately 58 percent of the total cost of the program. However, the state's contribution to the support of local health departments maintained independently by counties is equal to only approximately 8 percent of their total cost. As shown in Table 1, this inequity has not only existed for many years but is apparently becoming worse annually in terms of actual dollars appropriated. Since fiscal year 1966-67, the rate of increase in appropriations for the contract counties has regularly exceeded the rate of increase for the counties with local health departments. In addition, the cumulative increase in General Fund support for the Contract Counties Program, where 1.2 percent of California's population lives, is \$290,835 in the budget year over that appropriated in fiscal year 1966-67. The increase for counties with local health departments, where the balance of the population lives, is only \$191,768 since 1966-67.

Alternative Procedures.

In response to a recommendation included in our Analysis for fiscal year 1967-68, the Bureau of Contract County Services prepared a report, entitled "A Report on Alternative Plans for Financing Public Health Services for Rural Counties of California," which outlined alternative plans to the Contract County Program. Plans three and four of that report proposed the establishment of multicounty public health jurisdictions. Although these plans, as developed by the Bureau of Contract County Services, were reported to entail an increased expenditure of state funds for provision of services to these rural counties, we believe that the potential for implementing such plans, without an increase in state expenditures, should again be studied. Public Law 89-749, Section 314(d) of the Comprehensive Health Planning Act, which provides funds for development of health services on a regional basis and which was newly enacted and not fully understood at the time the previous report was prepared, should also be researched in order to determine whether or not such funds could be used to improve the program. Possibly, such funds could be used for a pilot project for determining the feasibility of changing the Contract Counties Program.

COUNTIES WITHOUT LOCAL HEALTH DEPARTMENTS—Continued

It seems appropriate that the Department of Public Health, in which the Office of Comprehensive Health Planning is housed, should itself participate in the development of regional health programs.

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Table 1
Rate of Increase in State Expenditures
A Comparison of Contract Counties and Counties With Local Health Departments
Fiscal Years 1966-67 Through 1972-73

<i>Fiscal year</i>	<i>Contract counties expenditure</i>	<i>Amount of increase</i>	<i>Percent increase</i>	<i>Counties with local health departments expenditure</i>	<i>Amount of increase</i>	<i>Percent increase</i>
1966-67	\$509,892	--	--	\$4,605,777	--	--
1967-68	557,384	+\$47,492	+9.3	4,605,777	--	--
1968-69	645,418	+88,034	+15.8	4,701,076	+95,299	+2.1
1969-70	664,050	+18,632	+2.9	4,743,172	+42,096	+0.9
1970-71	694,444	+30,394	+4.6	4,997,545 ¹	+254,373	+5.4
1971-72 (est.)	780,227	+85,783	+12.4	4,797,545	-200,000	-4.2
1972-73 (prop.)	800,727	+20,500	+2.6	4,797,545	--	--
1972-73	\$800,727			\$4,797,545		
1966-67	-509,892			-4,605,777		
Total increase since 1966-67 reflected in appropriation for budget year...						
\$290,835 = 57%				\$191,768 = 4.2%		

¹ Includes \$200,000 legislative appropriation to provide funds specifically for rubella immunization campaigns.

COUNTIES WITHOUT LOCAL HEALTH DEPARTMENTS—Continued

Department of Public Health

ASSISTANCE TO LOCAL HEALTH DEPARTMENTS

Item 252 from the General

Fund

Budget p. L-43 Program p. 918

Requested 1972-73.....	\$4,797,545
Estimated 1971-72	4,797,545
Actual 1970-71	4,997,545
Requested increase—None	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

This program has the departmental responsibility for allocating state and federal funds to 43 qualified local health agencies. The state funds are allocated in accordance with the provisions of Section 1141 of the Health and Safety Code; and, federal funds are allocated by the state department to local agencies after review of local plans to determine conformance with the provisions of the state plan and in accordance with the provisions of Section 314(d) of Public Law 89-749.

The stated purpose of the program is to promote and support the development of adequate and effective local health programs.

ANALYSIS AND RECOMMENDATIONS

The budget proposes a total of \$9,734,607 in support for this program. This includes \$4,797,545 from the General Fund and \$4,937,062 in federal funds. The General Fund appropriation for the budget year is the same amount as that estimated to be expended in the current year.

Increased Costs

As the General Fund appropriation for the Contract County Program includes an increase to cover price increases in the budget year, we assume that all health departments will experience such increases in the budget year. As no allowance for such increases was included in this item in the budget year or in either of the last two fiscal years, we must assume that the department expects local health departments to absorb these costs themselves.

Decrease in Per Capita Funding

The law provides that funds shall be appropriated to counties with local health departments on the following basis: (1) Each local health department shall receive a basic allotment of \$16,000 per county or 60 cents per capita per county, whichever is less. (2) After deducting this formula amount from the state appropriation for local health services, the remainder shall be apportioned to the counties on the basis of

population served by each health department. As the population of California will increase by 1 percent in the budget year and as the appropriation for local health services has not increased, the per capita appropriation described in section (2) will actually be reduced in the budget year. In other words, the counties will be receiving the same amount of state money for providing service to more people.

The department states that the lack of an increase in the appropriation is due to budgetary constraints.

Human Relations Agency

DEPARTMENT OF REHABILITATION

Item 254 from the General

Fund

Budget p. 166 Program p. 942

Requested 1972-73.....	\$7,025,363
Estimated 1971-72	7,200,966*
Actual 1970-71	6,745,433
Requested decrease \$175,603 (2.4 percent)	
Total recommended reduction	None
* Includes \$332,157 transferred from the Department of Mental Hygiene	

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Cooperative Agreements and Contracts. Recommend the 1973-74 program budget include as a separate element in the Vocational Rehabilitation of the Disabled Program the various cooperative agreements and contracts the department maintains with other agencies together with the amounts of state, federal and other funds included in each agreement.

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GENERAL PROGRAM STATEMENT

The State Department of Rehabilitation is responsible for assisting and encouraging handicapped individuals to prepare for and engage in gainful employment to the extent of their abilities. The department's objective is to help handicapped individuals increase their social and economic well-being and subsequently prevent or reduce public dependency. The department also administers by contractual agreement with the federal Social Security Administration the disability provisions of the Social Security Act for California applicants. The department operates under the authority of the federal Vocational Rehabilitation Act and Division 10 of the Welfare and Institutions Code and carries out the following four programs: (1) Vocational Rehabilitation of the Disabled; (2) Development of Private Sector Rehabilitation Resources; (3) Disability Determination; and (4) Departmental Administration.

ANALYSIS AND RECOMMENDATIONS

For the 1972-73 fiscal year the budget for the Department of Rehabilitation proposes a total program expenditure, after reimburse-

DEPARTMENT OF REHABILITATION—Continued

ment, of \$64,426,756, of which \$57,401,393, or 89.1 percent, is from federal funds, and \$7,025,363, or 10.9 percent, is from the General Fund. The total proposed for expenditure in 1972-73 is \$5,654,343 more than the amount estimated to be expended during the current year. Expenditures from the General Fund are proposed to be reduced by \$175,603, or 2.4 percent, while expenditures of federal funds are proposed to be increased by \$6,554,817, or 12.9 percent.

Comparison of proposed budget year expenditures with actual 1970-71 expenditures shows that 43.4 percent more federal dollars will be expended by the department than was the case two years ago, while the increase in General Fund dollars amounts to only 4.1 percent. This has been accomplished primarily through the use of contracts and cooperative agreements with other General Fund state agencies and local jurisdictions whereby the Department of Rehabilitation utilizes funds appropriated to such agencies for federal matching.

Table 1 shows the man-years budgeted in the Department of Rehabilitation to carry out the programs relating to this item:

Table 1
Number of Man-Years, Department of Rehabilitation

<i>Fiscal Year</i>	<i>Total</i>	<i>Change from Prior Year</i>
1972-73 (proposed)	2,310.6	- 77.0
1971-72 (estimated)	2,387.6	+ 495.5
1970-71 (actual)	1,892.1	+ 28.3
1969-70 (actual)	1,863.8	- 192.9
1968-69 (actual)	2,056.7	

The 1972-73 decrease in positions will occur primarily in the business enterprise element of the Vocational Rehabilitation of the Disabled Program where 168.6 positions have been deleted as a result of the transfer of this element to the private sector. As a partial offset to these deleted positions the budget proposes the addition of 40.7 positions in the Disability Determination Program. Table 2 shows net man-year changes and where they occur.

Table 2
Difference in Man-Years Budgeted for 1972-73 From That Estimated for 1971-72 by Program

<i>Program</i>	<i>Change from 1971-72</i>
I. Vocational Rehabilitation of the Disabled	- 115.4
Physically Disabled	(+ 35.6)
Mentally Ill	(+ 5.4)
Alcoholics	(+ 9.3)
Mentally Retarded	(+ 1.4)
Behavioral Disorders	(+ 1.1)
Sensory Disorders	(+ 0.9)
Daily living element	(- 0.5)
Business enterprise element	(- 168.6)
II. Development of Private Sector Resources	- 1.3
III. Disability Determination	+ 40.7
IV. Departmental Administration	- 1.0
Total	- 77.0

VOCATIONAL REHABILITATION OF THE DISABLED PROGRAM

This program provides services to help disabled persons overcome their physical or mental 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.

Vocational rehabilitation services are broad in scope and include the following:

(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 determine a suitable employment objective.

(3) Physical therapy and restoration to reduce or remove the employment handicap.

(4) Academic and vocational training to prepare the client for employment compatible with his physical and mental ability. In addition, sheltered workshops may be used to provide training and work experience to severely disabled persons.

(5) Job placement in keeping with the client's physical condition and vocational ability. This includes providing equipment to establish a business, and also includes followup adjustment services.

The basic elements of this program are: Basic Vocational Rehabilitation, Rehabilitation for Daily Living, and Business Enterprise. Each of these elements is discussed hereafter. Table 3 shows the basic accomplishments of this program since 1970-71.

Table 3
Vocational Rehabilitation Accomplishments and Costs 1970-71 to 1972-73*

<i>Vocational Rehabilitation</i>	<i>Actual 1970-71</i>	<i>Estimated 1971-72</i>	<i>Estimated 1972-73</i>
Disabled persons rehabilitated	14,430	15,646	18,666
Estimated annual earnings of rehabilitants	\$71,505,928	\$77,525,930	\$92,490,030
Estimated total benefits to government	\$14,217,000	\$16,268,000	\$22,963,000
Federal/state costs of program	\$36,732,106	\$47,329,779	\$54,215,532
Average cost per rehabilitation	\$2,546	\$3,025	\$2,904
<i>Rehabilitation for Daily Living</i>			
Persons served	1,294	1,350	1,400
<i>Business Enterprise</i>			
Food service locations	292	310	350
Gross income of food service locations	\$12,610,557	\$13,610,000	\$14,750,000
Disabled persons employed	112	151	200

* Source: Department of Rehabilitation

DEPARTMENT OF REHABILITATION—Continued**BASIC VOCATIONAL REHABILITATION ELEMENT***We recommend approval.*

Basic vocational rehabilitation services are provided to disabled persons 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 network of local offices throughout the state. Counselors are located in each office and various state service centers and have the following responsibilities: (1) establishing an effective working relationship with handicapped clients, (2) helping clients decide on a plan that will overcome the handicap, (3) arranging for necessary services such as training and medical treatment, (4) systematically reviewing the plan during its course, (5) helping clients secure employment following completion of employment preparation, and (6) following up to insure that services and placements are suitable. Counselors are assisted by vocational psychologists who administer and interpret tests for individual clients and by medical consultants who make decisions concerning medical information in the cases.

The department estimates that 18,666 disabled persons will be rehabilitated during 1972-73. Total expenditures for this element are expected to increase from \$48,939,934 during the current year to \$54,661,287 in 1972-73. This is an increase of \$5,721,353 in program expenditures and is estimated to provide for the rehabilitation of 3,020 persons above the number estimated to be rehabilitated in the current year.

The Basic Vocational Rehabilitation Element includes the following six disability groups: (1) Physically Disabled, (2) Mentally Ill, (3) Alcoholics, (4) Mentally Retarded, (5) Behavioral Disorders, (6) Sensory Disorders.

During 1972-73, the department intends to increase the number of rehabilitations in each disability group with emphasis on clients who are disabled welfare recipients and OASDI recipients. The level of service to alcoholics is also proposed to be increased.

SERVICES TO DISABLED WELFARE RECIPIENTS*We recommend approval.*

Under the provisions of the Welfare Reform Act of 1971 (Chapter

578) \$7,000,000 was appropriated to the State Personnel Board for the purpose of providing employment to welfare recipients. During the current year the Personnel Board contracted with the Department of Rehabilitation for the provision of vocational rehabilitation services to disabled welfare recipients. A total of \$472,649 in state funds was made available to the department for expenditure during 1971-72. Of this amount, \$447,976 came from the Personnel Board and \$24,673 came from the State Department of Social Welfare. When used to match federal funds, a total of \$3,386,498 is available for expenditure during the current fiscal year.

The budget proposes to continue this program in 1972-73. The State Personnel Board is expected to supply state funds available from the Welfare Reform Act in the amount of \$757,061. When used to match federal funds, the Department of Rehabilitation will be able to finance total program expenditures of \$5,408,806 for the rehabilitation of disabled welfare recipients. The department estimates that this will result in the rehabilitation of an additional 2,550 disabled welfare recipients during 1972-73.

During the current year, the department administratively added 130 new positions to carry out this program. The budget proposes to continue these positions during 1972-73. Since this program appears to partially fulfill the employment provisions of the Welfare Reform Act of 1971, and since its success can result in savings in welfare and Medi-Cal costs, we support the program.

REHABILITATION OF OASDI RECIPIENTS

We recommend approval.

As part of the Vocational Rehabilitation of the Disabled Program the department carries out a program aimed at the rehabilitation of disabled persons who are receiving benefits under Old Age Survivors Disability Insurance (OASDI). This program is an adjunct to the Disability Determination Program and is funded entirely by the federal government.

Counselors in the district offices work with OASDI recipients in an attempt to establish rehabilitation plans which will ultimately result in the recipient becoming employed and thus being removed from OASDI rolls.

During the current year the department received an increase of \$539,692 from the Social Security Trust Fund to provide increased services to OASDI recipients. An additional 49.2 positions were added to the district offices. The budget proposes further expansion of this program by the creation of an additional 44.3 positions and the expenditure of an additional \$1,482,830 during 1972-73. The department estimates that these expenditures will result in an additional 600 OASDI recipients being rehabilitated in 1972-73.

DEPARTMENT OF REHABILITATION—Continued**Increased Services to Alcoholics**

Beginning in fiscal year 1971-72, the department initiated a program to increase services to alcoholics in the community. Utilizing funds transferred from the Department of Mental Hygiene for federal matching purposes, the department began new programs and expanded existing programs in an attempt to provide rehabilitation services to alcoholics which could reduce alcoholic admissions to state hospitals.

Under provisions of the Budget Act of 1971, \$332,157 has been transferred from the Department of Mental Hygiene to the Department of Rehabilitation during the current year. These funds, when used to match federal funds, provided for a total program expansion expenditure of over \$1.8 million to develop new programs in various parts of the state.

The department proposes to continue the expansion of this program in the budget year by utilizing up to \$500,000 available to the Department of Mental Hygiene to match federal funds. The budget proposes to continue 16 positions which were administratively added during the current year.

We recommend approval of these 16 positions together with the expanded program for alcoholics.

Since this program is designed to reduce admissions to state hospitals, it should produce savings. State hospital care as well as care provided through community mental health programs is financed 90 percent by the state and 10 percent by the counties. Costs of services through the Department of Rehabilitation are reimbursed on the basis of 80 percent federal funds and 20 percent state funds.

Cooperative Agreements and Contracts

We recommend that the Department of Rehabilitation present a program budget in 1973-74 which includes as a separate element in the Vocational Rehabilitation of the Disabled Program the various cooperative agreements and contracts maintained by the department with other state agencies, school districts, and counties. The description of this element should include the amounts of state, federal and other funds included in each agreement or contract.

During the past several years, the Department of Rehabilitation, either on its own initiative or at the direction of the Legislature, has sought to maximize federal funding with a minimum of state expenditures. This has resulted in the department entering into numerous cooperative agreements or contracts with other state agencies, school districts, and counties which either receive no federal funds or fewer federal dollars for each local dollar expended than the department receives.

Since the Department of Rehabilitation is the single state agency

through which federal funds for rehabilitation purposes must flow in order to obtain the most favorable funding ratio, the department maintains a certain amount of control over activities which, although similar to its own, are actually performed by other agencies and organizations.

This funding arrangement is partly responsible for the vast increase in the expenditure of federal funds shown in the department's budget, while the direct General Fund appropriation to the department has remained relatively stable. We feel that this unique funding arrangement is adequate justification for including the programs so funded as a separate program element in the budget presentation. If this were done, the Legislature could be kept informed of the extent to which such services are provided so that a properly balanced vocational rehabilitation program is maintained.

During legislative hearings on this item we will furnish information regarding the contracts and cooperative agreements which the department maintains together with their effect on the available federal funds. This information will help the Legislature to understand the shifting mix of funds between programs for the so-called "traditional" client groups and those programs aimed at specific target client groups.

DEVELOPMENT OF PRIVATE SECTOR REHABILITATION RESOURCES PROGRAM

We recommend approval.

This program (formerly called Development of Community Resources) is carried out in an attempt to develop and maintain adequate facilities and services in the community so that the department can continue to purchase those services for clients which it does not supply directly. Examples of purchased services include medical facilities, physician services, private and public training facilities, and rehabilitation facilities.

This program has four basic elements: (1) Technical Consultation to Rehabilitation Facilities, (2) Grant Administration, (3) Vocational Training Facilities Development, and (4) Educational Program on Misuse of Alcoholic Beverages.

The budget proposes total expenditures of \$2,817,573 to support this program during 1972-73. Of this amount, \$111,302 is from the General Fund. The total proposed to be expended in 1972-73 represents a decrease of \$12,638 from the amount estimated to be expended in the current year.

The first three elements of this program are primarily intended to insure the continued development and availability of rehabilitation resources in the community together with the supervision of grant supported projects under various sections of the Vocational Rehabilitation Act.

The fourth element, Education Program on Misuse of Alcoholic

DEPARTMENT OF REHABILITATION—Continued

Beverages, is carried out under Section 19801 of the Welfare and Institutions Code. Under this section the department has the responsibility for developing a comprehensive statewide educational program relating to the misuse of alcoholic beverages. The program operates primarily by developing those community resources which can be effective in improving the quality of public education relative to the misuse of alcohol.

DISABILITY DETERMINATION PROGRAM*We recommend approval.*

Under contract with the federal government, the Department of Rehabilitation conducts a program to determine whether or not persons are disabled and eligible to receive payments under the provisions of the Social Security Act. The law provides that payments can be made if the worker is unable to perform substantial gainful activity because of physical or mental disabilities. In addition, each disabled applicant is also considered for vocational rehabilitation referral. Support for the Disability Determination Program is 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 potential vocational capabilities in the disability determinations and the medical consultants are responsible for all medical evaluations. It is the counselor's job to decide which applicants should be referred to the Department of Rehabilitation. The large majority of applicants for disability insurance are older, severely disabled persons.

Claims for disability insurance benefits are filed at district offices of the Social Security Administration. Federal claims representatives determine whether applicants have social security insurance coverage. They also secure initial medical and vocational evidence which is forwarded to the field offices of the Department of Rehabilitation. A doctor and a disability determination counselor team adjudicates the claim. If further information is necessary to make a determination, state agency personnel initiate appropriate action. This may include medical examinations, contact with employers, sheltered workshop evaluations, psychological testing or interview with the applicant.

During the current year workload in this program was increased due to a shift in responsibilities from the local social security offices to the department under the terms of the contract. To handle this workload an additional 144.5 positions were added administratively to the program at a cost of \$1,829,325 for a total current year expenditure of \$9,028,951. The budget proposes to continue these positions together with an additional 40.7 positions in the budget year for a total program cost of \$9,700,554. Total program expenditures are supported from federal funds. The department estimates that during the budget year

155,000 disability determination applications will be processed. This represents an increase of 12,000 above the current year and 24,030 above the 1970-71 fiscal year.

DEPARTMENTAL ADMINISTRATION PROGRAM

We recommend approval.

This program includes the office of the director, management services, and field support services. These activities provide executive direction, planning, policy determination and staff support for operation of all departmental programs.

The budget proposes the expenditure of \$2,744,264 to support this program in 1972-73, an increase of \$113,961 above the amount estimated to be expended in the current year. Under program budgeting concepts, the entire amount for support of this program is charged to other programs.

No major changes are proposed for this program during 1972-73. Shifts in staffing were made during the current year to reflect the changes in workload associated with the increase in the programs mentioned above. A total of 17.6 new positions are proposed for the budget year, 15.6 of which were administratively added during the current year.

SOCIAL WELFARE

SUMMARY

Proposed total program expenditures 1972-73	
(all funds)	\$2,783,873,402
Estimated total program expenditures 1971-72	
(all funds)	\$2,665,225,134
Increase (4.6 percent)	+ \$118,648,268

RECOMMENDATIONS

(1) We recommend that the Legislature require the State Department of Social Welfare to submit all proposed new regulations to the Executive Committee of the County Welfare Directors Association for its advice.

(2) We recommend that the Legislature require the State Department of Social Welfare to submit the proposed regulations to the Executive Committee no later than 30 days prior to the date of filing with the Secretary of State, unless a regulation is to be adopted on an emergency basis in which case it shall be submitted to the Executive Committee no later than fifteen days prior to the date of filing.

(3) We recommend that the County Welfare Directors Association and the Director of the State Department of Social Welfare be required to jointly develop specific criteria establishing the basis for the issuance of emergency regulations. The association and the