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DEPARTMENT OF SOCIAL WELFARE

744 P STREET
SACRAMENTO 95814



November 2, 1971

Special Joint Subcommittee
Senate Health and Welfare Committee, and
Assembly Welfare Committee
State Capitol
Sacramento, California 95814

Gentlemen:

The attached chart cites the status of each section of the Welfare Reform Act of 1971. Also attached are replies to questions presented to this Department by a representative of Senator Beilenson's Office concerning the implementation of welfare reform.

In addition, there are data regarding significant actions taken to date in the implementation of the Welfare Reform Act of 1971.

Sincerely,

ROBERT B. CARLESON
Director of Social Welfare

Attachments

Joint Health & Welfare Committee

Sections in SB 796		84
Sections Within the Purview of SDSW for Implementation		59
Sections Implemented by SDSW Action as of 11-1-71		43
Percentage of Sections Implemented - 11-1-71		73%
Sections Remaining to be Implemented		16
In Process	12	
Other	4	

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Department of Social Welfare

A number of allegations have been presented to the State Department of Social Welfare by a member of Senator Beilenson's staff, with a request that answers be presented at today's hearing.

I

The initial thrust of these allegations is based upon the conclusion that numerous sections of SB 796 have not been implemented by SDSW. There is nothing in SB 796 requiring simultaneous implementation of all of its provisions. Section 43, thereof, provides, with few exceptions, only that the act would become operative on October 1, 1971.

Prior to and subsequent to that date, efforts toward implementation of that act have been undertaken by many departments of both State and county government. Many provisions are specifically to be implemented by other departments of State government with or, in some cases, without SDSW involvement. Moreover, many provisions of SB 796 are self-implementing and require no regulatory treatment by SDSW. In certain instances, regulations or other guidance might be desirable for purposes of clarity or uniformity, but are not necessary for such provisions to become operative and binding on the counties which must apply them. Often, knowledge gained only by experience is crucial in identifying those problem areas which would benefit from such treatment.

Implementation of SB 796 by regulatory and administration action began on August 16, 1971. Initially, each provision was assigned a priority status based on five criteria: (1) significance (goal-related); (2) urgency; (3) complexity; (4) resources; and (5) savings. Another important consideration was the length of time required to complete the necessary research and drafting.

Steps were taken to insure that all parties involved with implementation were fully informed and utilized in the development of necessary administrative and regulatory changes. Since this act had a significant impact on the 58 counties of California, those counties played an important role in the development of the implementation plans and schedules. A task force made up of county welfare directors, members of county administrators' offices, and district attorneys' offices was established. It was the purpose of this task force to advise on the setting of priorities and the assessing of the impact of each provision on county administration.

At the same time the Department began drafting regulations, where needed, to implement the act. Some regulations already existed in draft form while others, on a priority basis, had to be developed from scratch. Input from the Regulations Unit was given to the county task force and to all county welfare administrators at a series of meetings set up to inform them of reform implementation and to receive their input in return.

Assignments were made to SDSW staff to develop plans for those new provisions of the bill which were added during negotiations between legislators and the Administration. Also, assignments were made and task forces established to review and develop implementation plans for those provisions of the bill which required research and analysis prior to regulation or program development.

Certain provisions of the act relate to programs that, prior to going into effect, must be approved by the Secretary of the Department of Health, Education, and Welfare. Assignments were made for the development of an implementation plan for each of those programs. Discussions were held with representatives of the Secretary on the Community Work Experience Program and on the provision of the act relating to 150 percent limitation on gross income. These discussions

have continued up to the present date and it is expected that these issues will be resolved in the near future.

On September 2, 1971, as a result of joint State-County meetings, the first of a series of telegrams and letters was sent to all county welfare directors informing them of the steps that were necessary in order to implement the most critical aspects of the act on October 1, 1971. These guidelines were established as a result of meetings with the county task force and covered the most significant portions of the act.

Attached to this memorandum you will find a status report covering each section of SB 796 and additional reports listing in chronological order significant actions taken by SDSW in implementing this act.

Certain regulations promulgated by the Director, SDSW, have been challenged as being "contrary to law". The Director is, of course, required to formulate and adopt regulations which are consistent with law (Section 10553 W&IC). Further, the Director is the only person authorized to adopt regulations to implement, interpret or make specific the law enforced by the Department (Section 10554 W&IC). In each of the subject areas raised by the objections listed below, either the applicable law has been misinterpreted or there has been a failure to recognize that the regulatory provisions in point are reasonable and proper interpretations of specific portions of SB 796.

WORK-RELATED EXPENSES

OBJECTION:

"Section 28.1 of SB 796 establishes a standard (i.e., flat) allowance of \$50 per month for work-related expenses.

"Section 44-133.241 of SDSW regulations, adopted September 29, 1971, allows only \$25 for part-time employment of 10 days or less per month.

"There was no discussion of such a reduction in allowance for part-time workers. There is no statutory authority for the reduction. It penalizes part-time workers, reducing their incentive to work. It also creates undue additional administrative burdens for the counties."

REPLY:

Section 28.1 of SB 796 provides that work-related expenses "shall be limited to a standard allowance of fifty dollars (\$50.00) per month, plus reasonable and necessary cost of child care." The September 2, 1971

telegram to the counties from the State Director, the official regulations distributed on September 28, 1971 and the regulations scheduled to be filed on September 28, 1971, all contain such provisions. The act specifies that the \$50.00 amount shall be the standard and shall limit the amount of work-related expenses allowed. The act does not provide that allowed work-related expenses shall never be less than this amount. Utilizing the \$50.00 standard, the Director's guidelines and regulations provide that where a recipient works less than ten working days per month, he shall be entitled to one-half of the standard. Where a recipient works more than ten working days per month, then he is entitled to the full standard.

The treatment of the standard allowance of \$50.00 per month in departmental regulations recognizes that the language "per month" carries the reasonable implication that in those cases in which the recipient is employed for one-half of the month or less, the allowance should be prorated for that period.

It is felt that the subject regulation complies with the spirit of SB 796, is a reasonable interpretation of Section 28.1 and does not conflict with any agreements reached between the legislative negotiators and the Administration. However, if the Director determines that the average monthly work-related expenses for those employed less than full-time were considered in setting the standard allowance at fifty dollars per month, this regulation will be so amended. This determination will be made after public hearing and a further study of the history of Section 28.1.

CHILD CARE

OBJECTION:

"Section 28.1 of SB 796 allows as a work-related expense the reasonable and necessary costs of child care.

"Section 44-133.242 of SDSW regulations, adopted September 29, 1971, allows such a deduction only when 'the county determines that adequate care for the recipient's children cannot be provided during his working hours by nonworking persons in his household.' This regulation adds a totally new condition to the child care provisions of Section 24 [sic] one which is unauthorized by law."

REPLY:

The objection goes to the Director's interpretation of "reasonable and necessary costs" of child care. The regulation, in effect, states that the cost of child care which could be provided by nonworking persons in the household is unnecessary. In other words, it is not necessary to pay for a service which could be provided by the family, itself; therefore, the cost of such a service is not considered necessary.

The limitation on allowable child care costs is a specific and reasonable interpretation of the word "necessary" as used in Section 28.1 and is certainly within the Director's authority to issue.

SPECIAL NEEDS

OBJECTION:

"Section 28 of SB 796 defines non-recurring special needs as those arising from 'sudden and unusual circumstances beyond the control of the needy family.'

"Section 44-265.3, adopted October 5, 1971, defines non-recurring special needs as those arising from catastrophic acts of God, such as

fire or earthquake. It also imposes a dollar limit which is not imposed by statute. Both provisions narrow the statute beyond recognition."

REPLY:

Section 28(d)(2) provides that an allowance shall be made for non-recurring special needs "caused by sudden and unusual circumstances beyond the control of the needy family". Section 28(d)(3) provides that the Department shall establish rules and regulations assuring uniform state-wide application of subdivision (d).

The Director has made a specific interpretation of the language of Section 28(d)(2), as follows:

"A special need shall be allowed to replace certain items that are owned by the recipient when they are destroyed by fire, flood, earthquake, storm or other acts of God."

This interpretation is reasonable and insures uniform application of the provisions of Section 28(d)(2) statewide.

Further, Section 28(d)(2) provides that an allowance be made to such needs. It does not require that these needs be met in full, irrespective of any other limitations which might reasonably be imposed. The principle has been recognized and applied in Departmental regulations for many years with respect to other subject matter - such as the automobile allowance. Moreover, such a maximum is an effective means of assuring uniform applicability of this provision throughout the State.

OAS GRANTS

OBJECTION:

"Section 34 of SB 796 calls for payment of relative contributions directly to the county welfare department, rather than as previously to

the recipient. The purpose is to assure payment of the full grant entitlement to the recipient, with the county treating relative contributions as recoveries.

"Sections 43-103 and 43-109 of SDSW regulations, adopted September 24, 1971, fail to direct the counties to adjust OAS grants upward in accordance with the new statute. A consequence of this failure is likely to be improperly reduced grants to aged recipients." REPLY:

One purpose of Sections 33 and 34 of SB 796 is certainly that stated above. In addition, the recipient is to receive a full grant regardless of the amount contributed by the responsible adult child to the county. Any additional income received by the recipient normally is required by State and Federal law to be reflected in the grant calculation.

STEPFATHER INCOME

OBJECTION:

"Section 8.6 of SB 796 specifies that the wife's community property interest in her husband's income is determined after first excluding \$300 per month plus prior support liability (for his natural children).

"Section 44-133.5 of SDSW regulations, adopted September 24, 1971, allegedly is contrary to the statute in two respects:

(1) It defines the wife's interest as one-half the husband's gross income, rather than one-half the net after exclusions. (Where the remainder of income after exclusions is less than half the gross, the remainder, rather than half the remainder, as provided by law, is counted as the wife's interest).

(2) It excludes only the amount of prior support actually being paid, rather than the prior support liability."

REPLY:

Section 8.6 of SB 796 provides that in determining the wife's interest in the community property earnings of her husband, prior support liability of her husband, plus three hundred dollars (\$300) gross monthly income shall first be excluded. It was intended that the subject exclusions protect the lower-income stepfather and that the support of his natural children be given priority.

The official guidelines and regulations of SDSW properly provide for exclusions of amounts actually paid by a stepfather for the support of his natural children. There was never any intent expressed by the legislative negotiators or the Administration to exclude amounts which the stepfather is obligated to pay for the support of his natural children, but which amount he fails to pay or make available to his natural children. There was an intent to provide an exclusion for such payments when they are actually made. Providing a windfall exclusion for stepfathers who fail to provide support for their natural children would be inconsistent with the entire philosophy of the Welfare Reform Act and Section 8.6, as well as the principles specified in Section 42 relating to reforming the welfare program and meeting the minimum needs of truly needy individuals on an equitable basis.

The manner in which the exemptions are applied to the stepfather's gross monthly income and the manner in which the wife's interest in the community property is computed, are consistent with traditional community property concepts and with the language and spirit of SB 796. State Department of Social Welfare regulations fully protect all low-income stepfathers and provide that the full \$300, plus the amount paid to

support the stepfather's natural children are fully excluded before calculations are made. In no event, can a stepfather have less than these amounts excluded from consideration.

150% LIMITATION ON GROSS INCOME

OBJECTION:

"Section 25.2 of SB 796 expressly provides that the 150% limitation on gross income shall be exclusive of grant payment. The telegraphic guidelines issued by SDSW, dated September 2, 1971, are silent as to whether the grant payment is to be excluded in determining the gross income. The consequence of a failure to clarify this point may be to deny aid illegally to thousands of AFDC families."

REPLY:

Section 25.2 of SB 796 provides that the 150% limitation on gross income shall be "exclusive of grant payment". This quoted language was inserted for the first time in the August 5, 1971 amendments to SB 796 as a result of the legislative-administration negotiations. During June 1971, the Department had conducted a public hearing on a proposed regulation on this subject which did not exclude the grant payment. Subsequent to the August 5, 1971 amendments to SB 796, the Department has not at any time issued any guideline which provides for the inclusion of the grant payment. The State Director's September 2, 1971 telegram to all county welfare directors also did not provide for the inclusion of the grant payment. The Department's conduct at all times subsequent to August 5 have been fully consistent with the amendments which provided that the gross income shall not include the grant payment.

The Director also has indicated in writing to the counties that he is not implementing the 150% limitation provision at this time until the issue of whether it is permitted by federal law is resolved to his satisfaction. In any event, the grant payment would be excluded in any regulation or guideline promulgated by the Director unless it resolved some special element of a special federal demonstration project, or other such possibility not presently under consideration.

LOANS OR GRANTS TO UNDERGRADUATE STUDENTS

OBJECTION:

"Section 21 of SB 796 specifies that state loans or grants to undergraduate students of accredited colleges not be considered in determining eligibility or amount of the grant. The purpose of this provision to prevent welfare authorities from deducting such student loans and grants from the family income and thus discouraging young people of poor families from continuing their education.

"SDSW regulation 44-111.432, dated September 24, 1971, would exempt such funds only 'when the conditions under which they are obtained and used prevent their use for current living costs'".

REPLY:

The language in Section 21 of SB 796 exempts such loans or grants "to the extent permitted by federal law". Federal law, namely, 45 CFR 233.20(a)(3)(iv)(b) excludes such loans and grants when they are "obtained and used under conditions that preclude their use for current living costs".

The Department's regulation on this point accurately reflects the legislative intent reflected in the language of Section 21.

Certain regulations have been objected to on the grounds that they have no basis in law and that they implement concepts considered in negotiations between legislators and the Administration but not included in SB 796. This allegation confuses measures requiring legislative authority with those for which such authority might be desirable but not necessary.

In addition, there was no agreement in the negotiations covering SB796 to limit welfare reform to that bill. The Governor's Welfare Reform Plan of March 3, 1971, encompassed a wide range of items which either were not discussed in SB 796 negotiations or were discussed and, for a variety of reasons, put aside as being inappropriate to that bill. The Department will continue, as a part of its proper function, to administratively improve the operation of California's welfare system.

SPECIAL NEEDS - SPEND-DOWN

OBJECTION:

"In welfare reform negotiations, the Legislature specifically and repeatedly rejected a spend-down provision proposed by the Administration, which would have made recipients ineligible for special need grants until they had spent down a portion of their allowable cash reserves.

"Section 44-265.13 of SDSW regulations, adopted October 5, 1971, requires that recipients spend all of their cash reserves before qualifying for special needs. This violates agreements with the Legislature and has no basis in law."

REPLY:

The "spend-down" provisions discussed in negotiations applied to all personal property. The Department's regulations go only to the utilization of liquid assets. Such a provision is not contrary to State or federal

law and is consistent with the purpose for which such assets may be reserved in the first place, i.e., "to meet the current and future needs while assistance is received on a continuing basis (45 CFR 233.20(a)(3)(1)).

MULTIPLE GRANT HOUSEHOLDS

OBJECTION:

"The Burgener bills proposed to consider a portion of the grant to an aged, blind or disabled recipient living with an AFDC family available to the AFDC family, with a consequent grant reduction. The Senate rejected Burgener bills, and the same proposal was rejected by the legislative negotiators in welfare reform talks.

"Section 44-115.8 of SDSW regulations, adopted October 5, 1971, incorporates this proposal without legal basis and despite the repeated rejection of the concept by the Legislature."

REPLY:

When two recipients of the same aid or different aids are living together, no provision was made in prior regulations for "economics of scale." This multiple grant loophole required closing. There was a provision for reducing need standards for adult aid recipients living in independent shared housing situations. Reductions for "economics of scale" when two or more FBU's share housing is also taken care of in another regulation. This then only leaves a possible loophole when one or more adult aid recipients share housing with one or more FBU's.

Since, for administrative ease, the uniform standard of assistance in the adult aids only identifies one need item - Housing and Utilities - provision for reducing allowances for "economics of scale" for adult aid recipients and FBU's was restricted to this same item of need. From a practical standpoint, it is the only area where real "economics of scale" can be realized. This is accomplished by Section 44-115.8.

IV

One regulation and one possible policy determination under consideration have been objected to on the basis that the Director has unjustifiably relied on SB 796 with respect to each. This allegation fails to recognize that a major reform of the welfare system could have repercussions regarding many subject areas not directly covered by legislation. Such is the case as described below.

IN-KIND INCOME

OBJECTION:

"Section 44-115.61 of SDSW regulations, adopted October 5, 1971, arbitrarily reduces grants to children living with non-needy relatives. This is accomplished by considering the room and board provided the child to be an "in-kind" contribution and deducted from the grant. There is no legal basis for this reduction."

REPLY:

In the past, a housing allowance and similar allowances were provided for recipients in calculating their grant. This system has been replaced with a flat grant approach, the maximum amount of which includes all such former allowances. Where a recipient does not have such needs, he is charged with in-kind income, and that allowance is eliminated from the flat grant. In the case of an AFDC child living with a nonneedy relative, the child is treated in this respect in the same manner as an AFDC child living with a needy relative, and such in-kind contributions are recognized.

The Department's position with respect to this situation is consistent with State law, and is required by 45 CFR 233.20(a)(4)(i) and (a)(3)(ii)(a).

STATUS OF THE UNBORN CHILD FOR PURPOSES OF AFDC

OBJECTION:

"For over 20 years, pregnant needy women have been considered eligible for AFDC on the basis of their unborn child. SB 796 did nothing to weaken this policy. Yet in the past few weeks, there have been communications between SDSW and county welfare directors (including proposed regulations in writing) indicating the Department intends to use SB 796 as a means of denying aid to the unborn child. At least one county welfare department was prompted to send termination of aid notices, subsequently cancelled, to all women whose eligibility was so based. Further, the Director and the chief SDSW legal officer advised that the matter still is under consideration. The consequence of SDSW action in this area would be to deny an expectant mother funds for feeding and other care of the fetus.

"Any change in the existing policy as to the status of the unborn child could do grave violence to long-standing law and practice."

REPLY:

Currently, two-thirds of the states participating in the AFDC program do not consider a fetus to be a child from the time of conception, for the purposes of determining eligibility for AFDC. Section 39.01 of the SB 796 contains new provisions relating to medical care for pregnant minors. On March 17, 1971 a public hearing was conducted by the State Department of Social Welfare concerning the subject of an unwed pregnant minor's eligibility for AFDC.

Subsequent to the enactment of SB 796, the Director of the Department of Social Welfare has not furnished guidelines or regulations relating to the subject of whether a fetus should qualify, together with its mother-to-be, for eligibility in the Aid to Families with Dependent Children Program.

There have been informal discussions between the Director's staff and certain county personnel concerning this subject. One county sent out a notice to its pregnant recipients pertaining to this matter. The Director of the Department of Social Welfare immediately instructed that county to retract its notice and informed all counties that this issue has not been resolved.

The Director presently has not made any decision concerning the eligibility of a fetus. In addition, neither staff recommendations nor the transcript or testimony of the March 17, 1971 hearing have been presented to the Director for consideration. No regulations on this subject are expected to be effected prior to November 1, 1971.

In closing, however, it's clear that neither State nor federal law require the existing policy on this matter which is strictly within the Director's discretion.

Memorandum

To : Mr. Robert B. Carleson, Director

Date : October 4, 1971

Subject: Progress Report;
Implementation of
Welfare Reform Act
of 1971

From : Department of Social Welfare

PURPOSE OF REPORT

The purpose of this report is to provide a summary of activities and events pertaining to the implementation of the Welfare Reform Act of 1971 and, more specifically, efforts exercised toward realizing the objectives enunciated therein. In the interest of directness and simplicity, the report will not allude to the plethora of operational details associated with such activities or events, e.g., the innumerable letters, memoranda, telephone calls, field trips, conferences, speaking engagements, interviews, and various coordinative and other procedural actions incidental thereto. Rather it will address itself to significant measures or major steps that have contributed to or detracted from the orderly implementation of the Act.

The report is divided into three parts:

1. Planning for Reform; General
2. Departmental Reorganization
3. Regulations

Part 1. Planning for Reform; General

A. Analysis of Welfare Reform Act of 1971

IMPLEMENTATION STUDY SESSION 8-11-71

On August 11, 1971, a meeting was held in Sacramento with seven field deputies and other staff assistants. A format was designed by which each participant was to prepare an implementation plan for each element of the reform package citing pertinent legal sources, summarizing contemplated changes, describing resource requirements, outlining implementation methods and timetables, evaluating possible alternatives or processes and specifying estimated State and county savings.

FOLLOW-UP
STUDIES
8-18-71

A week later, on August 18, the same participants reconvened in Sacramento to present their individual reports under the following broad headings:

1. Grant Payments and Treatment of Income

Amount of Aid (10500); Earned Income Exemptions (11008); Scholarship Exemption (11008.7); Interest on Savings (11009R); Treatment of Casual Income (11018); Lump Sum Income (11157); Immediate Need (11266); AFDC and Flat Grants (11450); Work-related Expenses (11451.6); Food Stamp Cash-Out (11453.1); and AFDC Mismanagement (11454).

2. Eligibility Control

Confidentiality (10850); Verification Eligibility (11056); Exempt Personal Property (11155); Annual Income Averaging (11250.6); Eligibility of College Students (11253); Redetermination of Eligibility Under Penalty of Perjury (11265); Welfare Hearings (OAP); 150% Need Limit (11267); and Standardized Eligibility (11050).

3. Employment and Training

Job Development Program, Welfare Recipient (W&I Code 5250 ff); Career Opportunities Development (W&I Code, Div. 4, 12000 ff); and Community Work Experience Program (W&I Code 11325 ff).

4. Absent Fathers

Award of Attorney Fees to County (CC 248); Attachment of Earnings (CCP 690.6); Social Security Numbers (H&S 10125); Grand Jury Review of Support Activities (W&I Code 10602.5); Absent Parent Obligation (11350); Enforcement of Support (11476); Support Recoveries (11487); Support Enforcement Fund (16200.1); Support by Remarried Mothers (CC 5127.5).

5. OAS Relative's Responsibility

Support of aged Parents (CC 206); OAS Relative's Responsibility (W&I Code 12101); Contributions Paid to County (12101.1); and Discretion of SDSW Director (12107).

6. Residence

Out-of-State Recipients (11100); Emergency Residency Requirement (11252.5); Durational Residence Requirements (11105); and Illegal Aliens (11104).

7. Overpayments

Duplicate Warrants (Gov. Code 29851); Restitution for Underpayments, Overpayments and Fraud (W&I Code 11004); and Repayment of Aid by Ineligible Recipient (11020).

8. Social Services

Family Planning (10053.2); Child Care (10811); Social Services (10812); and Health Care for Minors (14010).

**CRITERIA USED
FOR DETERMINING
PRIORITIES**

On the basis of the aforesaid analyses, priorities for implementation were ascertained using the following criteria:

- Significance (goal-related)
- Urgency
- Complexity
- Resources
- Savings

**HIGH PRIORITY
ELEMENTS OF
REFORM PACKAGE**

The ten highest priorities in relative order of rank were found to be:

1. AFDC and Flat Grants
2. Work-related Expenses
3. Relatives Responsibility
4. Lump Sum Income
5. Immediate Need
6. 150% of Need Limit
7. Eligibility of College Students
8. Scholarship Exemption
9. Durational Residence Requirements
10. Restitution for Underpayments, Overpayments and Fraud

SUMMARY
REPORT
8-26-71

Relative priority for other elements of the total reform package, as well as elements not evaluated for priority (because of responsibilities charged to other agencies), were contained in a summary report dated August 26, 1971.

B. Signing of the Bill

SB 796
SIGNED
8-13-71

On August 13, 1971, Senate Bill 796 was signed by the Governor, effectuating same on October 1, 1971.

IN-DEPTH
EXECUTIVE STAFF
SESSION
8-14 & 15

C. Executive Staff Conference

On August 14 and 15, 1971, an Executive Staff Conference was held to discuss the elements of a Reform Implementation Plan, with highest priority assigned to (1) the development and issuance of regulations and (2) departmental reorganization.

Other related subjects that were discussed included: County relationships, budgeting, fair hearings, communications, departmental morale, contracts regarding simplified administration, the Community Work Experience Program (CWEP), licensing requirements, ATD review requirements, State-county task forces regarding Mandated Social Services and Social Security numbers, public information, Reorganization Plan No. 1, and Food Stamps.

TRANSMITTAL
OF ACT &
SUMMARIES
8-19-71

D. General Summary of Welfare Reform Act of 1971

Copies of summary statements were sent to county welfare directors and departmental staff, including bureau chiefs and above (along with copies of SB 796).

BILLS SENT
8-19-71

E. SB 796 Transmitted to All Counties

The chaptered version of Senate Bill 796, Chapter 578, the Welfare Reform Act of 1971, was sent to all county welfare directors, all county administrative officers, and all county district attorneys on August 19, 1971.

CWD MEETING
ARRANGED
8-20-71

F. Arrangements for General Meeting of All County Welfare Directors

On August 20, 1971, SDSW transmitted letters to all county welfare directors inviting them to personally attend an all-day get-acquainted conference at the Sacramento Inn on September 17, 1971.

LETTER REGARDING G. Intent to Appoint Ad Hoc Advisory Committee
AD HOC
COMMITTEE
8-20-71

Also, on August 20, 1971, the Director forwarded a letter to all county welfare directors announcing his intention of appointing an advisory committee of county representatives to work with our Regulations Development Section and other State welfare officials in the implementation of the welfare reform package.

COMMITTEE
OFFICIALLY
APPOINTED
8-26-71

H. Appointment of Advisory Committee of County Representatives for Implementation. (See details in regulations section of this report.)

On August 26, 1971, the Director forwarded letters of appointment to seven county welfare directors, two county administrative assistants, one deputy district attorney, and one chairman of the County Board of Supervisors to serve on a committee of county representatives. The committee was formed to serve in an advisory capacity to the Director and other State officials regarding implementation. It was selected in such a way as to bring foremost experts in the field together with administrative and legislative people representing all geographic as well as functional cross-sections of the welfare system.

PLEDGING
COOPERATION
TO EXTENT OF
CAPABILITIES
9-9 & 10

I. CSAC Meeting

The Department was represented at a statewide meeting of welfare directors, hospital administrators and health care managers sponsored by CSAC on September 9 and 10 at the Mansion Inn in Sacramento. The Department pledged its cooperation toward facilitating the orderly implementation of welfare reform.

INTENSIVE
DISCUSSION OF
PENDING
REGULATIONS
9-29-71

J. Statewide Meeting of Key County Technical Personnel with State Representatives

On September 29, 1971, in deference to the suggestions of the county welfare directors, a large, statewide meeting was held at the Woodlake Inn in Sacramento, at which meeting key county staff people were invited to exchange views and concerns with State staff in eight, concurrent workshop sessions that ran all-day. Each session was moderated by a State employee and afforded secretarial staff and a county resource advisor. Special State resource teams conferred with all eight sessions on the following subject matter areas:

- Flat Grants Regulation
- Treatment of Income Regulation
- Stepfather Regulation
- Out-of-State Recipients Regulation
- Eligibility and Grant Separation Regulation
- OAS Relative's Responsibility Regulation
- Food Stamp Regulations

A special session addressed to social services was also held.

TRAINING
CAPABILITIES
READIED -
9-28-71

K. Initiation and Coordination of Training Sessions
with State Technicians and Key Staff

On September 28, 1971, an all-day training workshop session was arranged for field deputies, training officers, and key departmental staff. The briefing session covered welfare implementation, and paved the way for more extensive sessions conducted during the week of October 4, 1971, in anticipation of scheduled regional workshops in the counties.

WORK PROGRAM
PROGRESSING
WELL

L. Joint Development of Community Work Experience
Program

In a cooperative enterprise with the Department of Human Resources Development and under the coordinative auspices of the Human Relations Agency, SDSW has met frequently with appropriate officials of such agencies as well as HEW representatives during the past three months to foster a comprehensive plan for community work experience as proposed jointly by President Nixon and Governor Reagan. The preliminary aspects of such a program are virtually complete pending approval of the demonstration project by HEW and consent by participating counties.

PEP/CHILD
CARE

This office has also worked with HRD to coordinate the new Public Employment Program of the Emergency Employment Act of 1971, to afford child care centers for working mothers.

Part 2. Departmental Reorganization

DEPARTMENT
ORGANIZATION
CHART 8-24-71

Organization Updated

Organization charts were sent on August 24, 1971, to all county welfare directors and departmental staff, (bureau chiefs and above) to facilitate interagency communications re. impending reorganization and reform actions; the charts were based on the Department's March 1, 1971, organization plan, stressing the separation of fiscal from social services and providing SDSW with legal capabilities in fair hearings, in-house legal counsel, and expanded fraud detection and litigation services.

Part 3. RegulationsPREPARATORY
REGULATIONS
WORK

The drafting of regulations for welfare reform was initiated prior to the passage of SB 796; the Regulations Development Section has been working arduously since August 13, 1971, to develop or otherwise revise proposed drafts in conformity with provisions of the Welfare Reform Act of 1971.

DIRECTOR'S
LETTER
REGARDING
ADVISORY
COMMITTEE
8-20-71A. Formation of Advisory Committee

On August 20, 1971, letters were sent to all county welfare directors announcing the Director's intention of appointing a committee of county representatives to serve in an advisory capacity to himself and the Regulations Development Section, to facilitate implementation of the Welfare Reform Act of 1971.

APPOINTMENT
OF ADVISORY
COMMITTEE

On August 23, 1971, personal or telephone contact was made with individual county representatives requesting them to serve on advisory committee.

FIRST
"GUIDELINES"
TELEGRAM TO
COUNTIES
9-2-71B. Guidelines for Implementation Developed

County Committee met on September 1 and 2 to draw up Guidelines for Implementation, stressing items demanding immediate priority and allowing counties lead-time for implementation. A telegram dated September 2, 1971, containing Guidelines for Implementation of Welfare Reform Act of 1971 and follow-up memo dated September 3, 1971, were sent to all county welfare directors. Also, telegram was sent on September 7 advising counties not to include reference to 150% need limit in notice to recipients.

ADDITIONAL
STUDY SESSIONS
9-8-71

County Committee met again on September 8, 1971, regarding additional welfare regulation changes, including AFDC flat grants, special needs, 150% need limit, and relative's responsibility.

ADDITIONAL
COMMITTEE
STUDY SESSION
9-10-71C. Special Needs Criteria Prepared

County Committee reconvened on September 10, 1971, to develop criteria for special needs regulation, as per Director's request.

SECOND
GUIDELINES
TELEGRAM
9-13-71D. Additional Guidelines Sent Out

Transmitted Welfare Reform Act of 1971, Guidelines for Implementation via telegram (Supplement No. 1) on September 13, 1971.

L.A. COUNTY
NOTICE TO
RECIPIENT

CORROBORATIVE
SDSW TELEGRAM
9-15-71

E. Los Angeles County Release of Notice

Anticipating official action in the way of an SDSW regulation on "unwed pregnant minors", Los Angeles County improperly released notices to recipients prior to the promulgation of such action, causing the distribution of another telegram on September 15, 1971, Welfare Reform Act of 1971, Guidelines for Implementation (Supplement 2), indicating that "regulations implementing this subject have not been finalized" and reaffirming present policies.

TELEGRAM TO
COUNTIES
REGARDING
GRANTS
9-27-71

F. Telegram/Counties/Grants

An SDSW telegram was transmitted to counties regarding equalization of grant and grant entitlement on September 27, 1971.

FEDERAL COURT
ORDER REGARDING
NOTICES
9-28-71

G. Federal Court Decision Regarding Notices

On September 28, 1971, the United States District Court for the Northern District of California issued a TRO restraining action regarding any terminations, suspensions and reductions of AFDC grants not complying with "notice" requirements cited in MPP Sections 22-001 through 22-067, approved in Wheeler v. Montgomery.

SUPREME COURT
ORDER
9-29-71

H. Supreme Court Stay of Section 28

On September 29, 1971, a California Supreme Court Order, pending final determination of proceedings, stayed the operation of Section 28 of the Welfare Reform Act of 1971. This order was amended on September 30, 1971.

MEETING WITH
EXECUTIVE
COMMITTEE; CWDA
9-30-71 (AM)

I. Session with Executive Committee (CWDA)

Meeting was held with Executive Committee of the County Welfare Director's Association on the morning of September 30, 1971, concerning problems of implementation, including:

1. SDSW Audit Policy, i.e., can State issue a fairly explicit memo in recognition of difficulties facing counties during critical period of transition?
2. Can SDSW Audit Policy be modified during implementation and transition so that audits may be conducted insofar as possible almost concurrently with changes? (County budgets can then be prepared in the light of changes.)

- 3. Regarding Federal court decision, SDSW was advised that "Counties can't get supplemental checks out by October 8," as directed; requested that SDSW go to 9th District for extension, rescission or other relief.
- 4. Many counties may not get their checks out under prevailing court orders.
- 5. Counties need "leadtime" for proper implementation.

SUPREME COURT
 AMENDED ORDER
 9-30-71

J. Supreme Court Amended Order

On September 30, 1971, the California Supreme Court, as a result of an SDSW request, issued an Amended Order staying Section 28 of the Welfare Reform Act of 1971, only insofar as it affects Subsection (A) of Section 11450 of the Welfare and Institutions Code; pending which order Subsection (A) of Section 11450, as amended in 1968, shall remain in effect, as modified.

TELEGRAM TO
 COUNTIES
 REGARDING
 SUPREME COURT
 ACTIONS
 9-30-71

K. Telegram Regarding Court Actions

SDSW transmitted a telegram on September 30, 1971, to all county welfare directors citing the California Supreme Court's actions of September 29 and 30, citing manner in which grants shall be paid, correcting October 1 payments in second October payment, etc.

TELEGRAM TO
 COUNTIES
 REGARDING
 STAFFER
 NOTICES
 10-1-71

L. Telegram - Regarding Staffer Notices

SDSW transmitted a telegram on October 1, 1971, to all county welfare directors requesting them to mail to us a copy of the staffer notice sent to all recipients per SDSW telegram of September 2, 1971.

SDSW TELEGRAM
 REGARDING
 REGULATION
 DISSOLVING
 TWO EQUAL
 INSTALLMENTS
 10-1-71

M. Regulation Regarding Equal Installments

To ease the plight of counties which may have not mailed October 1 welfare checks because of the uncertainties surrounding recent court orders, Director sent telegram on October 1, 1971, announcing his filing of a regulation with the Secretary of State revising SDSW Regulation 44-315.512 so that AFDC grants are no longer required to be paid in two equal installments, allowing for corrections for overpayment or underpayment in the October 15, 1971, payment.

October 4, 1971

TELEGRAM
DESCRIBING
GRANT METHODS
10-4-71

N. Telegram Regarding Computation of AFDC Grants

SDSW sent telegram on October 4, 1971, describing method of computing grants in deference to Amended Supreme Court Order of September 30, 1971, and giving explicit examples regarding use of Minimum Standard of Adequate Care Table (11452), not the Coded Cost Schedule.

Memorandum

To : Robert B. Carleson, Director

Date : November 1, 1971

Subject: Progress Report;
Implementation of
Welfare Reform Act
of 1971

From : Department of Social Welfare

**INTRODUCTION
TO "OCTOBER
SUPPLEMENT"**

Forwarded herewith is an "October supplement" to the Progress Report on Implementation of the Welfare Reform Act of 1971. This document should be appended to and considered a part of the parent report, issued on October 4, 1971. Its purpose is to summarize and update some of the implementation efforts made by this Department during the month of October 1971. Characteristically the report alludes to events contributing to or detracting from the orderly implementation of the Welfare Reform Act of 1971.

**RECENT COURT
ACTIONS****CONFUSION CAUSED BY LAST-MINUTE COURT ORDERS**

Because of a decision issued by the Federal District Court (Wollenberg) on September 28, 1971, and because of another order issued by the State Supreme Court on September 29, 1971, and amended on September 30, 1971, staying Section 28 of the Welfare Reform Act of 1971, insofar as it applies to Section 11450 (a) of the W&I Code - many counties were thrown into utter confusion as to what to do regarding the mailing of October 1 welfare checks - checks that were already computed and ready for mailing in accordance with operative Welfare Act provisions and SDSW guidelines or regulations.

**STUFFER
NOTICES
REQUESTED
10-1-71****COUNTIES ASKED TO SEND STUFFER NOTICES TO SDSW**

To determine the adequacy of notices, SDSW, on October 1, sent a telegram to all counties requesting them to mail a copy of the stuffer notice transmitted to all their recipients.

**"MIDNIGHT
REGULATION"
FILED 10-1-71****SDSW FILES EMERGENCY REGULATION TO EASE COUNTY BURDEN**

To enable the counties to release the checks and make legal adjustments subsequent to the aforesaid court actions, SDSW filed late in the evening of October 1, 1971, an amendatory regulation that no longer required that AFDC grants be paid in two equal installments; this action allowed for the correction of overpayments or underpayments in the mid-month check. A telegram was sent on October 1 advising counties of that action.

SATURDAY PHONE
CALLS 10-2-71

PERSONAL PHONE CALLS TO CWD'S TO RELEASE OCTOBER CHECKS

To make sure that all counties received the aforesaid weekend dispatch, personal telephone calls were made on Saturday, October 2, 1971, to as many county welfare directors as possible advising them to release checks as prepared and make corrections in later installments.

BACK-UP MEMO
TO COUNTIES
10-4-71

COUNTIES SENT EMERGENCY REGULATION

On October 4 a back-up communication was directed to all county welfare directors citing the aforesaid installment change, along with a copy of the emergency regulation.

CITING STRICT
CRITERIA FOR
NOTICES 10-5-71

STRICT CRITERIA FOR NOTICES DISPATCHED TO COUNTIES

On October 5, an SDSW communication was forwarded to all county welfare directors, citing strict criteria for "proper notice", basing same on the findings of a California Superior Court which held valid the notice of the Ventura County Department of Social Welfare, after a full trial on the merits.

AGO'S OPINION
ON COURT ACTIONS
10-5-71

Also in the same letter a formal opinion of the Attorney General was enclosed to facilitate the determination of grants as the result of the intervening action by the California Supreme Court.

AFDC FLAT
GRANT "REWRITE"
TRANSMITTED
10-5-71

CLARIFICATION OF SUPREME COURT ORDER DISPATCHED

Also on October 5, 1971, all county welfare directors were sent a communication (along with rewritten copies of the flat grant regulation) clarifying further the effects of the California Supreme Court Order, with special reference to grant computation.

"RENOTIFY
ALL RECIPIENTS"
10-5-71

COUNTIES INSTRUCTED TO RENOTIFY RECIPIENTS

Another communication was dispatched to all county welfare directors on October 5, 1971, with instructions "to renotify each and every recipient adversely affected by the Welfare Reform Act of 1971," by means of the second October warrant and through the utilization of SDSW Form ABCD 239.

ABCD 239

WORK PROGRAM
MEETING
10-7-71

MEETING WITH FEDERAL OFFICIALS REGARDING WORK PROGRAM

Meeting was held on October 7, 1971, with Federal officials from HEW and DOL concerning state's application for Community Work Experience Project, a demonstration project, on which occasion project plans and criteria were also discussed.

FEDERAL
DISCUSSION
REGARDING
150% OF NEED
LIMIT
10-7-71

DRAFT REVISION OF 150% OF NEED LIMIT

Also on October 7, 1971, the concept of "150% of need limit" was further discussed with Federal officials.

LETTER -
REGARDING
UNWARRANTED
COMMUNICATIONS
10-12-71

COUNTIES ASKED TO CITE DIFFICULTIES CAUSED BY UNWARRANTED
COMMUNICATIONS

Lamenting the state of confusion caused by the various legal challenges and unwarranted communications by poverty lawyers to county welfare departments, SDSW sent a letter on October 12, 1971, to all county welfare directors asking them to cite any difficulty caused by such directives.

QUESTIONNAIRES
SENT 10-8-71

REFORM IMPLEMENTATION QUESTIONNAIRES - TO MEASURE PROGRESS

To measure the progress of welfare reform implementation and to promptly correct errors that may have developed as a result, SDSW sent a letter on October 8, 1971, to all county welfare directors requesting them to provide answers to an enclosed questionnaire concerning the status of county operations to date.

STANDARD
ALLOWANCE
FOR WORK-
RELATED
EXPENSES
CHALLENGED
10-8-71

WORK-RELATED EXPENSE STANDARD ENJOINED

On October 8, 1971, a preliminary injunction was issued by the Sacramento Superior Court (Conover, et al v. Hall et al), enjoining implementation of the standard allowance for work-related expenses (\$50 per month), exclusive of child care. On the same day, an appeal of this injunction was filed with the Third District Court of Appeal. The attorney general indicated that the injunction was thereby stayed pending appeal.

CWDA
EXECUTIVE
COMMITTEE
MEETING
10-13-71

MEETING WITH EXECUTIVE COMMITTEE (CWDA)

On October 13, 1971, members of the SDSW management staff met with the Executive Committee of CWDA to review and evaluate the status of welfare reform implementation - in the face of pending legal roadblocks and resulting administrative difficulties.

SACRAMENTO
COURT ACTION
ON WORK-RELATED
EXPENSE STAYED
10-15-71

SACRAMENTO COUNTY COURT ACTION STAYED (WORK-RELATED EXPENSE
STANDARD)

On October 15, 1971, SDSW sent a letter to all county welfare directors advising them that the preliminary injunction of the Sacramento County Superior Court (Conover case), had been stayed on appeal and that counties should continue to follow those regulations establishing a standard allowance for work-related expenses.

SENT CLAIMING
INSTRUCTIONS
FOR IMMEDIATE
ASSISTANCE
10-20-71

CLAIMING INSTRUCTIONS FOR IMMEDIATE ASSISTANCE ISSUED

SDSW Circular Letter No. 2563, relating to AFDC claiming instructions for immediate assistance, was forwarded to all county welfare directors and county auditors on October 20, 1971.

CLAIMING
INSTRUCTIONS
FOR ABSENT
PARENT
CONTRIBUTIONS
10-20-71

CLAIMING INSTRUCTIONS FOR ABSENT PARENT CONTRIBUTIONS ISSUED

SDSW Circular Letter No. 2562, relating to claiming instructions for absent parent contributions was forwarded to all county welfare directors, county administrative staff, Fiscal supervisors and county auditors, on October 20, 1971.

CLAIMING
INSTRUCTIONS
FOR SPECIAL
NEEDS
10-21-71

CLAIMING INSTRUCTIONS FOR SPECIAL NEEDS ISSUED

SDSW Circular Letter No. 2564, relating to claiming instructions for special needs, was forwarded to all county welfare directors, county administrative staff, Fiscal supervisors and county auditors on October 21, 1971.

LOS ANGELES
CONFERENCE
ON IMPLEMENTATION
10-27-71

IMPLEMENTATION REVIEW MEETING; LOS ANGELES

Conference was held with Special Advisory Committee of County Representatives to review and plan implementation processes, on October 27, 1971, in the Press Room, International Hotel, Los Angeles.

FEDERAL COURT
RULING ON
NOTICES
10-29-71

FEDERAL DISTRICT COURT RULES AGAINST ADEQUACY OF NOTICES

The San Francisco Federal District Court ruled on October 29, 1971, that many notices sent to welfare recipients on September 15, 1971 as the result of September 2 guidelines were incomplete, based on the Contra Costa County model, and ordered supplemental payments by November 15, 1971. Fortunately, additional October 1, 1971 notices on the new ABCD 239 form had been sent as a precaution and the court order is not anticipated to have a substantial fiscal impact.

DCA ORDER
STAYING
GALLAGHER
TRO 10-29-71

CALIFORNIA APPELLATE DISTRICT COURT OVERRULES SACRAMENTO COURT; RELATIVES' RESPONSIBILITY

The Third Appellate District Court of California issued an order on October 29, 1971, staying a temporary restraining order issued by the Sacramento County Superior Court in "relatives' responsibility proceedings", (Dykstra case) and ordered said Court to show cause on January 19, 1972 why relief prayed for by the State or California should not be granted.

REGULATIONS FILED
TO DATE
10-29-71

INVENTORY OF REGULATIONS FILED TO DATE

As of the first business day of the month of November (November 1, 1971), the State Department of Social Welfare had filed eleven emergency regulations consisting of several hundred pages with the Secretary of State, toward accommodating the purposes of the Welfare Reform Act of 1971. Under broad subject-matter headings these regulations were as follows:

<u>Title</u>	<u>Date Filed</u>	<u>Effective Date</u>
1. OAS Responsible Relatives	9-24-71	10-1-71
2. Treatment of Income	9-24-71	10-1-71
3. Out-of-State Recipient	9-24-71	10-1-71
4. Community Property (Stepfather)	9-24-71	10-1-71
5. Separation of Eligibility and Grant Determination	9-24-71	10-1-71
6. Work-Related Expenses	9-29-71	10-1-71
7. Unequal Payments - AFDC	10-1-71	10-1-71
8. AFDC Flat Grants (Rewritten to comply with Supreme Court Order)	10-5-71	10-1-71
9. Budget Planning Period Allowance	10-29-71	10-29-71
10. Restitution - Overpayments and Underpayments	11-1-71	11-1-71
11. Personal Property	11-1-71	11-1-71