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OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-20-72

RELEASE: Immediate

#30

Governor Ronald Reagan today appointed San Jose attorney George W. Bonney to the Santa Clara Judicial District Municipal Court.

Bonney, 49, a Republican, will receive an annual salary of \$32,273. He succeeds Judge John Dutton, who has retired.

A partner in the San Jose firm of Rankin, Oneal, Center, Luckhardt, Bonney, Marlais, Lund and Hinshaw since 1967, Bonney has practiced law in the San Jose area since 1962.

He is a graduate of the University of Wisconsin and earned his law degree from the University's law school.

Bonney is a member of the Saratoga Parks and Recreation Commission and is active in the American Bar Association, the State Bar of California, the Santa Clara County Bar Association, the Santa Clara County Trial Lawyers Association and the Association of Defense Counsel of Northern California.

He and his wife, Kerminette, have three children. The family lives in Saratoga.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-20-72

RELEASE: Immediate

#31

Governor Ronald Reagan today reappointed Ralph A. Nissen, a Williams rancher and state agricultural leader, as chairman of the California Exposition and Fair Executive Committee.

The governor also reappointed Woodrow A. Miller and named Robert R. Gallaway of Sacramento to four-year terms on the committee.

Nissen, a member of the committee since 1968, has served as chairman since 1969. His address is P.O. Box 216, Williams.

Miller, a Colton honey company owner and a consultant to three federal Secretaries of Agriculture, has served on the committee since 1967. He lives at 185 Laurel Street, Colton.

Gallaway, vice president of a Sacramento real estate and insurance company, will succeed Orval L. Bane of Reedley, who did not seek reappointment.

Gallaway lives at 1040 45th Street, Sacramento.

All three appointees are Republicans.

Executive committee members receive necessary expenses.

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WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-20-72

MEMO TO THE . . .

Remarks by the governor at the L.A.

County Campaign Round-up Kickoff on

Saturday, January 22, will be delivered

at the Los Angeles Police Academy, 1800

Academy Road, Los Angeles, instead of

the Biltmore Hotel.

# # #

EJG

GOVERNOR'S SCHEDULE

January 24, 1972

through

January 30, 1972

Monday, January 24

Evening

Sacramento Metropolitan Chamber of Commerce  
Annual Dinner, Senator Hotel. (Speech)

Overnight - Sacramento

Tuesday, January 25

11:30 a.m.

Picture with American Legion Auxiliary Poppy  
Chairman, Governor's Office.

11:40 a.m.

Presentation of Awards to "VFW Voice of  
Democracy Contest" winners, Governor's  
Office

Overnight - Los Angeles

Wednesday, January 26

10:00 a.m.

Press Conference with young journalists from  
San Gabriel Valley at Pasadena Star News,  
525 East Colorado Boulevard

Trustees Meeting

Overnight - Sacramento

Thursday, January 27

Office Appointments

Overnight - Sacramento

Friday, January 28

11:55 a.m.

YMCA Model Legislature, Room 4202, State  
Capitol. (Remarks - Q&A)

Overnight - Los Angeles

Saturday, January 29

No Appointments Scheduled

Overnight - Los Angeles

Sunday, January 30

No Appointments Scheduled

Overnight - Sacramento

# # #

Governor Ronald Reagan today hailed President Nixon's program for building a number of huge new Veterans' Administration hospitals in California. "The efforts President Nixon is making to substantially expand and improve our VA hospitals in California demonstrate his continuing concern for the medical care and treatment needs of the many veterans who live in our state," the governor said.

The President's budget submitted to Congress today, allocates \$48.8 million for the construction of a new VA hospital at Wadsworth in Los Angeles, \$33.5 million for a new VA facility at Loma Linda and \$19.4 million for a new VA hospital in San Francisco.

The governor said that the Nixon administration also is requesting \$9.9 million for the construction of additional VA nursing home care facilities in Southern California.

He said another Veterans' Administration hospital in San Diego, built at a cost of \$38.5 million, will officially be dedicated March 15, 1972.

"In addition to better meeting the medical needs of California veterans, these projects will provide new jobs and help breathe new life into the state's economy," the governor said.

Nationally, the President's fiscal 1973 VA hospital construction program request is the largest of its kind in 21 years, the governor added.

The new VA hospital at Wadsworth will replace an existing facility.

President Nixon announced his decision to build the new Loma Linda VA hospital last August. It will replace the San Fernando Veterans' Administration hospital which was damaged in the 1971 earthquake.

# # #

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-24-72

RELEASE: Immediate

#34

Governor Ronald Reagan today announced the reappointments of Maurice J. Dahlem and George E. Kinsey to four-year terms on the board of the California Museum of Science and Industry.

Dahlem, an executive of a national accounting firm and a Los Angeles civic leader, has served on the board since 1970. He lives at 2141 La Mesa Drive, Santa Monica.

Kinsey, a retired Los Angeles businessman, has served on the board since 1956. He lives at 450 North Rossmore, Los Angeles.

Both men are Republicans.

Board members are entitled to necessary expenses.

# # # # #

WAS

Governor Ronald Reagan today appointed Earl Gagosian, San Diego business leader, and landscape architects Kenneth K. Kammeyer of Corona and John Vogley of Oakland to the State Board of Landscape Architects in the Department of Consumer Affairs.

Gagosian, President and chairman of the board of Royal Inns of America, will represent the public on the board while Kammeyer and Vogley will represent architects.

Gagosian, 48, who worked his way up as a laborer for a motel chain, to found Royal Inns of America, lives at 9776 La Jolla Farms, La Jolla with his wife Kay and their two children.

Kammeyer, who heads his own landscape architectural firm in Corona, is a former Corona Park Commissioner, a past president of the California Association of Landscape Contractors, a Fellow of the American Institute of Park Executives and is a former assistant professor of ornamental horticulture at California State Polytechnic College. His home is at 4020 Garretson Street, Corona.

Vogley, who operates his own firm at Pier 7, San Francisco, is a member of the American Society of Landscape Architects and has served as an assistant professor and lecturer in landscape architecture at the University of California at Berkeley. He lives at 2130 Mountain Boulevard, Oakland.

All three appointees are Republicans.

Board members serve four-year terms and are paid \$25 per diem while on official duty.

# # # # #



OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-24-72

RELEASE: Immediate

#36

Governor Ronald Reagan today named John P. Starkey, president of a San Diego mortgage company, to fill an unexpired term on the State Park and Recreation Commission and reappointed commissioners Lowell W. Berry of Oakland and Mrs. Clarice E. Gilchrist of Piedmont to four-year terms.

Starkey, a San Diego civic leader, will fill the unexpired term of Daniel D. Villanueva who has resigned. The term ends in January, 1973.

Starkey lives at 3115 McCall Street, San Diego.

Berry, a retired Oakland businessman and civic leader, has served on the commission since 1969. He lives at 5401 Broadway Terrace, Oakland.

Mrs. Gilchrist, who lives at 25 Sea View Avenue, Piedmont, with her husband Guy, has served on the commission since 1968. Her late husband, Joseph R. Knowland was chairman of the commission from 1956 to 1960.

All three are Republicans. Their appointments are subject to Senate confirmation.

Commissioners receive necessary expenses.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-24-72

RELEASE: Immediate

#37

Governor Ronald Reagan today appointed Edward H. Gauer of San Francisco and reappointed George N. Keyston of San Mateo, to four-year terms on the board of the 1A District Agricultural Association (Cow Palace).

Gauer, a San Francisco civic leader and board chairman emeritus of Roos/Atkins, will succeed Walter T. Rodman of Woodside who has resigned.

Gauer lives at 2761 Scott Street, San Francisco.

Keyston, a Burlingame businessman, has served on the board since 1968. He lives at 441 Edgewood Road, San Mateo.

Both men are Republicans.

Board members are entitled to necessary expenses.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-24-72

RELEASE: Immediate

#38

Governor Ronald Reagan today named Mrs. Thaya M. Enloe of 121 South Oregon Street, Dorris, to fill an unexpired term on the board of the 10A District Agricultural Association (Tulelake-Butte Valley Fair).

Mrs. Enloe, a secretary of the Butte Valley High School, will succeed Robert T. Ryan of Dorris, who has resigned. His term ends in January, 1974.

Mrs. Enloe is a Republican.

Board members receive necessary expenses.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-24-72

RELEASE: Immediate

#39

Governor Ronald Reagan today announced he has asked for the resignation of Kerry Mulligan, chairman of the California Water Resources Control Board, because Mulligan has engaged in certain outside activities which are "incompatible with the responsibilities of an executive official of state government."

The governor took the action when he learned that Mulligan has served as a consultant for a private engineering firm which has sought contracts with public agencies outside California.

"Such a business relationship is incompatible with the responsibilities of an executive official of state government," the governor said. "It is the policy of this administration that the professional activities of such officials shall be limited to the public duties and responsibilities of their office. Any compromise is unacceptable," he added.

The governor's action was taken irrespective of any allegations or evidence which may have been the basis for the issuance of warrants yesterday by Honolulu officials for Mulligan's arrest.

"I sincerely hope the criminal allegations themselves are untrue. In any event, I believe the action I have taken is necessary and proper," Governor Reagan said.

# # # # #

EJG

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-25-72

MEMO TO THE PRESS

January 25, 1972

Attributed to Governor's Office spokesman:

Before anyone is appointed to public office by the governor, their outside activities are thoroughly discussed with them to determine whether or not those activities might conceivably conflict with the appointee's responsibility and duty to protect the public interest. In addition, all appointees are required to divest themselves of any direct or indirect interest which might conflict with their official duties.

The clear intention and direct implication of these precautions are expected to be sufficiently explicit to prevent the appointees from subsequently engaging in such activities.

However, after five years in office, the governor today directed each Agency Secretary to once more go over the subject of outside activities and possible conflict of interest with each individual appointee in their agency.

In addition, he has directed Agriculture and Services Agency Secretary Earl Coke to meet with representatives of the State Personnel Board to review the current regulations governing outside activities of all state employees.

State Department of Social Welfare  
Sacramento, California  
Contact: John A. Svahn  
445-2077

#6-72

January 25, 1972

State Social Welfare Director Robert B. Carleson today announced the sharpest yearly December drop in California's welfare caseload in thirty years---down 71,700 persons from December of 1970.

He said there were 2,189,480 on the state's welfare rolls in December, 1970, compared to only 2,117,732 persons receiving welfare last month, the most dramatic reduction since December of 1941 when America's involvement in World War II shrunk California's welfare rolls by 200,000 under the December, 1940 level.

Carleson, in a year-end review of the welfare picture in the state, said last month's total welfare caseload held virtually steady---only 665 recipients more than the November caseload figure of 2,117,067. He called the increase "infinitesimal," since it amounts to only three ten thousandths of one percent of the total number of persons on welfare in California.

Carleson also noted that the total cost of welfare in California went down by \$1,121,798 between November and December---from \$163,187,200 in November to \$162,064,402 in December.

"We had anticipated this type of leveling off during the peak winter months," he said. "Nevertheless, the ever-so-slight augmentation is infinitesimal when one recalls that the number of Californians on welfare increased by some 60,000 persons between November and December of 1970---just a year ago."

Carleson credited Governor Reagan's far-reaching welfare reform program---especially the administrative reforms which were implemented by his department during the year---with having enabled the state to bring welfare back under control during the last nine months of 1971. He noted that until the reforms were put into effect, California's welfare caseload was increasing at the staggering rate of 50,000 a month.

"Had welfare gone unreformed in California," he said, "State Social Welfare Department projections show that there would now be nearly one half million (495,000) more persons on our welfare rolls than there actually are. The cost of the increase in caseload would have amounted to an additional \$120 million burden on the taxpayers," he added.

Carleson said the cumulative drop in the number of recipients on welfare since March totals 176,000---the largest yearly drop in postwar history in California.

He said, "1971 will go down in history as the year California---in the face of tough odds and dire predictions that it couldn't be done---brought welfare back under control, without throwing in the towel and tossing the problem in the lap of the federal bureaucracy. A massive and costly federally controlled program is not the solution to the welfare problem. Reform can and must be accomplished at the state level, and our reforms are pointing the way," Carleson said.

# # # # #



## PUBLIC ASSISTANCE CASELOADS AND EXPENDITURES

December 1971

Program	Recipients			Payments		
	Dec. p/ 1971	Nov. 1971	Dec. 1970	Dec. p/ 1971	Nov. 1971	Dec. 1970
Grand total . . . . .	2,117,732	2,117,067	2,189,480	\$162,064,402	\$163,187,200	\$159,759,311
Cash grant recipients . . . . .	2,062,131	2,059,181	2,088,495	158,373,081	159,391,917	154,504,085
General home relief . . . . .	55,601	57,886	100,985	3,691,321	3,795,283	5,255,226
CASH GRANT PROGRAMS				Average monthly payments <sup>a/</sup>		
AGED PERSONS (OAS) . . . . .	315,286	315,462	321,713	\$110.74	\$105.95	\$115.27
BLIND PERSONS (AB/PSB) . . . . .	13,820	13,940	13,949	155.83	151.70	160.64
DISABLED PERSONS (ATD) . . . . .	190,778	191,441	184,889	132.15	129.33	131.81
FAMILIES WITH DEPENDENT CHILDREN						
Family groups (AFDC-FG): <sup>b/</sup>						
children . . . . .	907,721	908,874	888,064	84.10	87.32	78.53
cases . . . . .	386,465	386,983	363,989	197.52	205.08	191.60
total persons . . . . .	1,273,241	1,273,253	1,238,422	59.95	62.33	56.31
Unemployed cases (AFDC-U):						
children . . . . .	141,683	139,780	179,142	82.85	89.37	78.27
cases . . . . .	50,766	50,131	61,193	231.24	249.20	229.14
total persons . . . . .	235,490	231,916	295,628	49.85	53.87	47.43
Boarding Homes and Institutions (AFDC-BHI):						
children . . . . .	33,516	33,169	33,894	184.10	178.44	155.50
GENERAL HOME RELIEF						
Total persons . . . . .	55,601	57,886	100,985	\$ 66.39	\$ 65.56	\$ 52.04
Family cases . . . . .	2,459	2,336	14,492	86.91	80.65	70.95
Persons in family cases . . . . .	7,491	7,353	51,069	28.53	25.62	20.13
One-person cases . . . . .	48,110	50,533	49,916	72.28	71.38	84.68
Unemployed in labor force (%) (Seasonally adjusted) . . . . .	6.1 (6.1)	5.9 (6.2)	7.1 (7.2)	xxx xxx	xxx xxx	xxx xxx
Civilian population (excluding military) . . . . .	20,117,000	20,091,800	19,833,500	xxx	xxx	xxx

<sup>a/</sup> Cash grant averages for adult aids computed from "net" person counts.<sup>b/</sup> Excludes U cases.<sup>p/</sup> Preliminary.

Governor Ronald Reagan today announced that 15,000 California motorists with clean driving records have been rewarded with one-year extensions of their drivers licenses, and offered further extensions if they continue to drive safely.

Another 15,000 who recently had accidents or traffic convictions have been offered drivers license extensions if they show clean driving records in the future.

"This good driver incentive plan" the governor said "may drastically alter the concept that all drivers--good or bad--should have their licenses renewed at standard intervals.

"If our pilot program with these 30,000 drivers works out as expected, the Department of Motor Vehicles will be able to devote less time to motorists who drive safely year after year, and concentrate more thoroughly on the small percentage of problem drivers.

"Each year approximately 75 percent of California's driving population is not involved in an accident or convicted of a moving traffic violation. Presently, there is no program in effect which gives recognition to the drivers who maintain these good records year after year."

Last year the California Legislature passed a resolution, authored by Senator Tom Carrell, which asked DMV to "conduct a study of a safe driving incentive plan under which the drivers license expiration date for drivers with clear driving records would be extended without any examination." The study will be a part of the Inter-Agency Highway Safety Program funded by the Federal Highway Administration.

Acting on the resolution, DMV randomly selected from its files 15,000 motorists whose preceding one year records showed no accidents and no traffic convictions. Each was mailed a congratulatory letter and a certificate extending his driver's license for one year. Each letter also offered additional extensions to those who maintained clear records.

Another 15,000 letters were sent to selected motorists whose driving records were less than perfect. These letters offer each driver a one-year driver's license extension provided no reportable accidents or convictions enter his statewide record for a year.

"There is a good chance that the state can adopt a 'Good Driver Incentive Program' permanently, assuming that the selected motorists perform as expected," said DMV Director Robert C. Cozens.

The "Good Driver Certificate" is designed for the driver to carry with his driver's license. Law enforcement officers have been alerted to the fact that the certificate is a valid extension of the matching driver's license.

The legislature has asked for a report on the effectiveness of the incentive plan by early 1974.



OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-27-72

RELEASE: Immediate

#41

The following letter was received by the governor's office today from Jack Hatton, Chief of the Division of Industrial Safety.

"Dear Governor Reagan:

"On January 13, 1972, an announcement was made at the hearing held in Sacramento by the Assembly Select Committee on Industrial Safety, Jack R. Fenton, Chairman, that I had informed your office of my offer to resign as Chief of the Division of Industrial Safety. At that time the Division's operations were being severely criticized. Immediately prior to my announcement, I was called to your office and the Division's position at the hearing was discussed in a meeting attended by Earl Coke, William C. Hern and myself. As a result of the discussion, a decision was made that I proceed to make the announcement.

"Since the time of my appointment, almost five years ago, it has been a privilege and a real source of satisfaction to work in an administrative capacity with this fine Division, which has an enviable nation-wide reputation. Within its ranks are some of the most capable safety engineers in the land.

"Since assuming this important post, I have tried to be ever mindful of the responsibilities of the job in preventing injuries to workmen within this vast state of some 400,000 places of employment and over 8 million employees. Because of the combined efforts of management, labor and government, assisted by the Division's staff, it is a pleasure to report to you that during your administration California's annual industrial disabling injury rates have made new all-time lows. Furthermore, we are glad to report that the Division and the Industrial Safety Board have revised or adopted a record number of safety orders and regulations during your administration. During 1970, as a result of the efforts of the Division's field engineers, more than 275,000 unsafe conditions were corrected within the state's industrial establishments. These, Governor, are accomplishments we can all be proud of.

"I would also like to tell you that many members of the Division's supervisory people and many of the field engineers as well as myself are not in agreement with the charges made against the Division during the recent hearings.

"Unfortunately, prior to the hearing neither the Division supervisory staff nor I were made aware by the Assembly Committee of the specific cases that were to be discussed. As a consequence, the Division's supervisory people did not have an opportunity to review the files and familiarize themselves with the facts. Some of the ten or twelve cases discussed were several years old and could not be remembered in detail since the Division conducts some 135,000 inspections per year. Hence, some answers to specific questions posed by Committee members had to be "I do not recall" or "I can't remember." Such responses were branded by the Committee as being evasive, which was not the case at all. The hearing would have been more fair and objective had the Assembly Committee advised the Division administration of the specific cases that were to be discussed.

"However, in the final analysis, it is important that the Division's operations continue to be successful and that it receive the support it is entitled to. It is for this reason, Governor Reagan, that I restate my offer to resign, if by so doing the Division will be helped.

Sincerely,

Jack Hatton,  
Chief, Industrial Safety Division."

Governor Ronald Reagan today announced he has accepted the resignation of Jack F. Hatton as chief of the Division of Industrial Safety in the Department of Industrial Relations.

The governor said he is asking Roy G. Bell, chief of the Division of Industrial Accidents during the past five years, to take over Hatton's duties as chief of the Division of Industrial Safety for the time being.

In his letter accepting Hatton's resignation, Governor Reagan said the administration has "been planning some management realignment of the Department of Industrial Relations ever since the budget discussions last fall.

"I accept your offer to resign so that the reorganization can begin immediately," the governor said.

Here is the text of Governor Reagan's letter to Hatton:

"I appreciate your letter of this date, explaining the circumstances surrounding your offer to resign.

"As you know, we have been planning some management realignment of the Department of Industrial Relations ever since the budget discussions last fall. As submitted to the legislature, the final budget provides for this realignment to be implemented beginning July 1.

"Under the circumstances, however, I feel we should begin the management realignment immediately so no more time will be lost. The necessary changes in the budget for the current year will be requested from the legislature when the current reviews are completed.

"Therefore, I accept your offer to resign so that the reorganization can begin immediately.

"Thank you for your services and best wishes in the future," the governor said.

The two divisions Bell will direct deal specifically with industrial safety. The Division of Industrial Accidents adjudicates claims following industrial injuries. The Division of Industrial Safety emphasizes accident prevention, by adopting, inspecting and enforcing safety procedures.

Bell, 60, was head of all safety, workmen's compensation and medical programs for Hughes Aircraft Company from 1952 until he was named by the governor as chief of the Industrial Accident Division in January, 1967.

He was west coast manager for the National Management Association from 1947-52.

He taught safety administration classes part time at Cal Tech's Institute of Industrial Relations from 1962-65. He has been active in National Safety Council affairs for the past 19 years and is a former chairman of the Aerospace Safety Committee of the Aerospace Industry. He resides in Foster City.

Hatton, 64, was chief safety engineer for the Lockheed-California Company before joining the administration in 1967.

# # # # #

EJG

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-27-72

RELEASE: Immediate

#43

The following message from Governor Ronald Reagan today was delivered to members of the California Congressional Delegation in Washington, D.C.

"Urgency of reopening West Coast ports is vital to economic well being of California's agriculture, industry and labor. Urge your support of immediate hearings on HJ Resolution 1025 which is needed to terminate the immediate strike and to overcome interruptions of future foreign trade.

"Export of California's agricultural products exceeds \$550 million annually. Direct losses from 1971 West Coast dock strike approximated \$23.8 million to California agriculture. Resumption of dock strike indicates agricultural export losses in direct costs will exceed \$2 million weekly.

"Continuation of strike will result in permanent loss of agricultural and industrial foreign markets, as well as incalculable losses to California labor force. In addition are indirect marketing costs which substantially add to total loss.

"Domestic market prices are depressed from additional supplies which normally flow into foreign markets. Likewise, California is dependent upon imported materials used in production and processing.

"Please counter any efforts detected to delay or obstruct rapid passage of this bill. All Californians need it as soon as possible."

# # # # #

EJG

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-28-72

RELEASE: Immediate

#44

Governor Ronald Reagan today reappointed Clare W. Jones of Fresno and Ira J. Chrisman of Visalia to the California Water Commission, subject to Senate confirmation.

Jones, a Firebaugh rancher, has served on the commission since 1968 and Chrisman, a Visalia cattleman, has been a commissioner since 1960.

Jones lives at 1045 West San Ramon Avenue, Fresno. He is a Republican.

Chrisman, a Democrat, lives at 1300 Westcott Street, Visalia.

Commissioners serve four-year terms and are paid necessary expenses and \$50 per day while on official duty. Their salaries may not exceed \$2,000 in any one fiscal year.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-28-72

RELEASE: Immediate

#45

Governor Ronald Reagan today reappointed Robert E. Herdman, a Solvang rancher, to a four-year term on the California Highway Commission, subject to Senate confirmation.

Herdman, who lives at 753 Alamo Pintado Road, Solvang, has served on the commission since 1968. He is a Republican.

Commissioners receive necessary expenses.

# # # # #

WAS



OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-28-72

RELEASE: Immediate

#46

Governor Ronald Reagan today named West Orange County Municipal Judge Lloyd E. Blanpied, Jr., to the Orange County Superior Court.

Judge Blanpied, 48, will receive an annual salary of \$35,080.

He succeeds Judge Howard Cameron, who has retired.

Appointed to the West Orange County Judicial District Municipal Court by Governor Reagan in 1969, Judge Blanpied previously practiced law in the Los Angeles area for 18 years.

He has been active in Orange County civic, legal and youth organizations and has served as a trustee of the Newport-Mesa Unified School District.

A native of Los Angeles, Judge Blanpied is a graduate of the University of California at Los Angeles and earned his law degree from Stanford University.

He and his wife Orrilla have two children. The family home is at Newport Beach.

Judge Blanpied is a Republican.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-28-72

RELEASE: Immediate

#47

Downey Municipal Judge William E. McGinley was appointed to the Los Angeles County Superior Court today by Governor Ronald Reagan.

Judge McGinly, 45, a Republican, succeeds Judge H. Burton Noble, who has retired. He will receive an annual salary of \$35,080.

Named to the Downey Judicial District Municipal Court by Governor Reagan in 1969, Judge McGinley previously served as a Los Angeles County Deputy District Attorney for 16 years.

He is a native of Los Angeles and earned his law degree from the University of Southern California.

He and his wife Margaret have two children. The family home is in La Mirada.

# # # # #

WAS



Governor Ronald Reagan today announced he has asked State Finance Director Verne Orr to seek immediate approval from the Federal Pay Board of state employee merit salary increases which were frozen during President Nixon's Phase I wage and price freeze.

State employee merit salary adjustments which fell due during the freeze---August 15 through November 13---could not be paid, by order of the Federal Cost of Living Council. However, the increases have been paid since the end of Phase I.

The governor's action, if approved, would enable the state to pay retroactively merit salary adjustments which have not yet been provided for the Phase I period.

Orr noted that the state has, for many years, granted merit salary increases for deserving employees. Most state positions are in steps and employees are entitled to five percent merit advances until the top step of each position is reached, providing that satisfactory improved skill within the position has been demonstrated.

Concerning merit salary increases, the Phase I freeze affected only those employees at less than the top step whose employment anniversary date fell between August 15 and November 13, Orr said.

#####

EJG

Governor Ronald Reagan today urged the legislature to memorialize Congress to settle the west coast dock strike immediately.

The governor also sent a telegram to Senator Alan Cranston urging him to "push" legislation to settle the dock strike now.

"I am shocked at news reports quoting you as saying that dock strike settlement legislation can be deferred for a month," the governor's telegram said.

The wire to Cranston also said:

"This strike is costing all Californians millions of dollars every day in agricultural and industrial export business, as well as hamstringing those dependent upon imports.

"I am increasingly concerned with what seems to be your unconcern for job providers in agriculture, business and industry. But I urge you to consider the plight of all working Californians, particularly those whose jobs are directly and perhaps permanently being adversely affected. For their sake, if for no other reason, please reconsider your position and push this legislation with all possible speed.

"Your constituents cannot afford further delay," the governor's wire concluded.

In another message, to Assembly Speaker Bob Moretti and Senate Pro Tem James R. Mills, the governor said:

"All Californians are being severely hurt by the prolonged dock strike. I have met separately with both parties to the dispute, but could not persuade either of them.

"I asked the President to request congressional relief. He has done so.

"Senator Packwood and Congressman Quie have introduced companion resolutions designed to settle the dispute immediately. I have asked all of our Congressmen to support these resolutions.

"I urge you to memorialize the Congress as soon as possible, by whatever joint, non-partisan action would be most effective, that the dock strike is of vital concern to all of us, and its immediate settlement by congressional resolution is our only hope for relief regardless of whether or not the strike negotiations resume."

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GOVERNOR'S SCHEDULE

January 31, 1972

through

February 6, 1972

Monday, January 31

Depart for Washington, D.C.

Overnight - Washington, D.C.

Tuesday, February 1

10:00 a.m.

Testimony before Senate Finance Committee re  
H.R. 1, Room 222, New Senate Office Building

Evening

Dinner at The White House

Overnight - Washington, D.C.

Wednesday, February 2

Return to Los Angeles

7:30 p.m.

National Association of Professional Educators'  
Dinner - Palladium. (Speech)

Overnight - Sacramento

Thursday, February 3

No public appointments scheduled

Overnight - Los Angeles

Friday, February 4

10:00 a.m.

PRESS CONFERENCE - Century Plaza Hotel

2:30 p.m.

Taping of KNBC's "News Conference", NBC  
Studios, Burbank

Evening

California Newspaper Publishers Association  
Annual Dinner, Century Plaza Hotel. (Remarks  
and Q & A)

Overnight - Los Angeles

Saturday, February 5

7:30 p.m.

California Young Republicans' Convention,  
Sheraton Palace Hotel, San Francisco

Overnight - Sacramento

Sunday, February 6

No appointments scheduled

Overnight - Sacramento

# # #

Governor Ronald Reagan today issued the following statement:

"Yesterday our representatives in Paris submitted an offer for settlement of the tragically long war in Vietnam, an offer unique in the annals of international relations. Under its terms there is no victor, no vanquished, no vengeance, no retribution. The killing stops, men return to their homes and this nation turns its great capacity for building to restoration of all the wartorn lands of Southeast Asia--- ally and enemy alike.

"Those to whom this offer was made have heard the terms but they listen for something else. They listen to hear if the people of America affirm that offer. If instead there is only the discordant babble they have heard for so long then young men will go on fighting and dying.

"The American people must make themselves heard if they truly want peace.

"In this day of modern and instant communications, the opinions of the American people in every village and city are constantly monitored by Hanoi. It is time for Hanoi to hear what the majority of the American people truly think, rather than listening to individual, self-appointed spokesmen.

"I therefore urge the people of California to show the way. We can do this by speaking through our various organizations, beginning with our political parties and including churches, service clubs, unions, schools, trade associations and governmental bodies at city, county and state level.

"Let resolutions be passed urging North Vietnam to join in the proposed program for permanent peace in Southeast Asia. Let them know our nation is united behind this unselfish proposal. I am asking the Senate and the Assembly to pass such resolutions."

# # # # #

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-28-72

RELEASE: Immediate

#52

Governor Ronald Reagan today announced the appointment of Los Angeles Municipal Court Judge Robert C. Nye to the Los Angeles County Superior Court.

Judge Nye, 51, a Republican, will receive an annual salary of \$35,080. He succeeds Judge Beach Vasey, who has retired.

Appointed to the Los Angeles Judicial District Municipal Court in 1971 by Governor Reagan, Judge Nye had previously served for three years as a Los Angeles County Superior Court Commissioner.

He was also in the private practice of law in the Los Angeles area for 15 years and served for five years as a prosecutor in the Los Angeles City Attorney's office.

A native of Los Angeles, Judge Nye is a graduate of Loyola University and earned his law degree from the University.

His home is in Los Angeles.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-31-72

RELEASE:

7 A.M. TUESDAY,

February 1, 1972

PLEASE GUARD AGAINST PREMATURE  
RELEASE.

#53

Governor Ronald Reagan today made the following statement before the Senate Finance Committee in Washington, D.C.

(Also attached is additional material which the governor presented to the committee).

"Mr. Chairman, members of the Committee, I appreciate the opportunity to testify here today---particularly since I have never before had this privilege and honor---and also because I consider the welfare problem the gravest domestic issue our Nation faces.

"Two years ago welfare was out of control nationally and California was no exception. At that time HR 16311, and later HR 1, were presented as a solution to the problem. One of its authors responded publicly to a critical question by answering that 'it's better than sitting on our hands and doing nothing.'

"I share the President's desire to reform welfare and certainly share his belief that there should be a restoration of the work ethic. However, as you are aware, I have had some very serious reservations about several of the approaches to welfare reform embodied in HR 1.

"In August 1970 I presented to this Committee a statement regarding the version of HR 16311 which was pending before your Committee. Many of the provisions of that bill to which I objected in my statement are in HR 1.

"My remarks today will concentrate on 6 areas of major concern I have with HR 1 and with the need for federal action in achieving real welfare reform. I believe that:

1. States are better equipped than the federal government to administer effective welfare reforms if they are given broad authority to utilize administrative and policy discretion.
2. A system of a guaranteed income, whatever it may be called, would not be an effective reform of welfare, but would tend to create an even greater human problem.
3. A limit should be set on the gross income a family can receive and still remain eligible for welfare benefits.



4. For all those who are employable, a requirement be adopted that work in the community be performed as a condition of eligibility for welfare benefits without additional compensation.

5. The greatest single problem in welfare today is the breakdown of family responsibility. Strong provision should be made to insure maximum support from responsible absent parents.

6. A simplified system of pensions should be established for the needy aged, blind, and the totally and permanently disabled.

"In August of 1970 the size and cost of welfare had grown into a monster which was devouring many of California's programs and was failing to meet the needs of those who, through no fault of their own, have nowhere else to turn but to government for subsistence. We didn't just become aware of this problem in 1970 but our earlier efforts to deal with it weren't too successful; perhaps because we relied on professional welfare experts to propose solutions and all too often they were more familiar with what they were sure they could not do, so the situation became worse instead of better. Finally, to avert a fiscal and human disaster, I asked several members of my administration, who had proven themselves in other state administrative posts, to form a task force and to devote full time for as long as it took to see if and how real reform of welfare could be developed and implemented. They expanded their task force to include experienced attorneys and other management and fiscal experts from the private sector. These men and women served on a volunteer basis for four months reviewing federal laws, state laws, and federal and state regulations. They interviewed over 700 people involved in administering welfare in California at all levels, and developed proposals and ideas for a realistic and humane reform of welfare.

"In early March of 1971, not quite a year ago, we presented the legislature with the most comprehensive proposal for welfare reform ever attempted in California and perhaps the nation. All in all, there were over 70 major points involving administrative, regulatory, and legislative changes.

"We had already gone ahead in January with those changes we could make administratively and we continued through the spring and summer until the legislature finally agreed to most of the statutory changes we'd asked for, plus others which were negotiated.

"It should be pointed out that we weren't exactly exploring uncharted land. Our task force findings had led to the conclusion that the basic original structure of the welfare system was sound. It was based on a concept of aid to the needy aged, the blind and disabled and to children deprived of parental support. Able-bodied adults were expected to support themselves, their children and their aged parents to the extent of their capabilities. The system was meant to be administered by the states and counties with the federal government sharing the cost.

"But we had also learned that, almost from the start, this basic structure had been undermined, sometimes by federal or state law, but more often by regulations, state and federal. Regulations drawn up by the federal agency administering welfare reflected the philosophy of the permanent employees rather than an interpretation of the law. Thus the original legislative intent was often distorted.

"Back in January when we began, there were plenty of experts telling us that no state could reform welfare; that the statutory, regulatory and administrative constraints were too many and too inflexible. Figures now indicate that they were wrong.

"According to HEW, national welfare and Medicaid costs combined increased last year by 27 percent. In California, we estimate an increase in welfare and Medicaid costs of only 5.9 percent next year. And that doesn't tell the full story of what has happened and is still happening because of our reforms. We suspect we may be playing it too safe.

"For several years up until last April, California's case load increased more than 40,000 persons per month. This held true even when the economy was booming and we had full employment. Our projections were that by this last December we would have added another 495,000 to the rolls. Not only did this not happen, but in December we had 176,000 fewer welfare recipients than we had in March, 1971. In that nine month period we have reduced spending, federal, state and local, by more than \$120,000,000 below what it would have been without the reform. Though the December figure increased by a few hundred recipients, it was 60,000 less than the increase in December of 1970, and the lowest December increase in 30 years.



"Because of these savings, we have achieved one of our primary goals---we have been able to increase the grants to the truly needy. An AFDC family of four, to cite an example, receiving \$221 last spring now receives \$280 a month. A cost of living increase was granted in December to the aged, blind and disabled. In the current fiscal year, we will spend \$338,000,000 less in federal, state and county funds than would have been necessary without the reform. In our 72-73 budget I mentioned a moment ago, we are asking for \$708,000,000 less than would have been required without reform.

"Let me stress once again---the important thing is we didn't find any new magic formula. We simply overhauled the present structurally sound welfare system. We insured adequate aid to the aged, the blind, the disabled, and children who are deprived of parental support and reduced aid to the non-needy with realistic work incentives so that funds could be redirected to the truly needy. Our program requires employable recipients to accept work if offered, and that if jobs are not available, to work in the community in order to remain eligible. Absent fathers are now legally indebted to the county for benefits paid to their families with a provision for wage attachments and property liens, if necessary. Fiscal incentives are provided to help counties trace absent fathers.

"But maybe most important is the fact that the California plan retains most of the administration and responsibility for an effective and efficient welfare program at the level closest to those who benefit and those who must pay the bill.

"Members of our task force found that with provision for reasonable administrative discretion, combined with fiscal responsibility and discipline, the most effective administrative efforts in California were those carried on in the medium and smaller sized counties. We retained the concept of state supervision and county administration of welfare on a partnership basis.

"In spite of our reforms, many of the greatest loopholes which still permit abuse, inhibit effective state action, and which have led to a loss of public confidence, remain in federal law and federal regulations---mainly regulation. We see a fiscal and administrative disaster if the administration of the welfare system is centralized here in Washington as proposed in HR 1. As you've already heard, HEW claims that HR 1 would save California \$234,000,000. Actually, it would increase our costs by nearly \$100,000,000.

"We are presently being challenged in court on nine of our eighty-four changes on the grounds that we are in violation of federal law. Regardless of the outcome, we believe we are not in violation of Congressional intent before it was reinterpreted in regulations.

"To get back to the matter of HR 1, I respectfully urge this Committee to eliminate the proposal to provide welfare benefits to intact families with employed fathers. I am not unaware of nor insensitive to the plight of the low earner but I believe relief to those families can be provided in the form of Social Security and income tax exemptions. It doesn't seem right to reduce a man's take-home pay with taxes and then send him a government dole which robs him of the feeling of accomplishment and dignity which comes from providing for his family by his own efforts. By the same token, we feel that the able-bodied recipient should be given the maximum opportunity to support his family by doing work in his community which will benefit the community. At the same time it develops and maintains his ability to perform effectively in a regular job when it becomes available. We don't suggest this in any punitive way nor are we advocating useless make-work chores. Not only will the individual benefit from participating in useful work, but those who foot the bill will be more apt to approve if they see community services being performed. If I could anticipate a possible question concerning the usefulness of such a community work force let me just mention one of the many possibilities. The Los Angeles school system reported last week that vandalism was costing that one city alone \$50,000,000 a year. Night watchmen might change that.

"I was pleased to see that the Talmadge Amendment to the tax bill was adopted by Congress and signed into law by the President. Most of the features of the Talmadge Amendment parallel very closely the "separation of employables" portion of our California welfare reform program. However, many of the so-called work incentives in the present system, and in HR 1 as passed by the House of Representatives, continue to insure aid to the non-needy, and able-bodied adults are not required to work in the community.

"We recommend that a realistic and absolute ceiling be placed on the income that a family may have and still be eligible for welfare. The experts tell us on one hand (and I believe them) that all but a few welfare recipients would prefer to work if work or jobs were available.

Yet, on the other hand, they tell us that we cannot expect someone to be willing to take a job or go to work if his welfare grant is significantly diminished. These expert opinions obviously are in conflict. I propose a combination of work incentives including a mandatory work requirement and, in the case of a mother-headed family, reasonable child care expenses and a portion of her income could be exempted until she has stabilized her work situation. However, an absolute ceiling on the gross income a family may receive and still be eligible for welfare should be set at 150 percent of the standard of need. The proposed limitation of work related expenses contained in HR 1 should be retained.

"We believe that the present grant sharing ratio between the state and the federal government should be retained. However, since eligibility of 85 percent of the caseload is due to an absent father, real fiscal relief can be provided the states by helping them solve the problem. We propose that the federal government adopt a plan similar to California's which would finance the effort to locate absent fathers and enforce compliance with child-support laws. The best source of funds would be to permit the states or counties to retain 100 percent of the federal share of grants recovered through collections from absent fathers and through efforts of fraud control units.

"I support the concept of a simplified system of pensions for the needy aged, blind, and totally and permanently disabled. Sums of money spent on costly and complicated eligibility and grant determination systems for these categories would be better spent in increasing benefits to these people, many of whom have provided adequately for themselves during their productive and working days, but who have found that inflation has wiped out the fruits of their past accomplishments.

"The effectiveness of the states' and counties' administration of welfare has come under heavy criticism and attack. Perhaps in a number of instances this may be justified. However, it is almost impossible to hold a state accountable for effective administrative practices and policies under the present straight jacket of federal statutes, court interpretations, regulations, and abuses of administrative discretion. Give the states the broadest authority to administer the system with proper goals and objectives and then hold us accountable for our effectiveness in meeting these goals and objectives. Senator Curtis' approach in S-2037 to severely constrain the power of federal administrators and return authority to the states is definitely going in the right direction.

"I am submitting at this time to you a more detailed listing of amendments that we would offer to HR 1 and urge your favorable consideration of them. They are the product of our experience with an actual reform program that is succeeding in California, they are not theory. I believe that we have demonstrated in California that a responsible approach to reform of the present welfare system is possible and that given tools, discretion, and adequate financial assistance, states and counties are in the best position to provide a welfare system patterned to meet the real needs of those in America who, through no fault of their own, have nowhere else to turn but to government.

"What California has done---other states can do.

"Welfare needs a purpose---to provide for the needy of course---but more than that, to salvage these our fellow citizens, to make them self-sustaining and as quickly as possible, independent of welfare. There has been something terribly wrong with a program that grows ever larger even when prosperity for everyone else is increasing.

"We should measure welfare's success by how many people leave welfare, not by how many more are added.

"Thank you."

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ADDENDUM NO. 1 TO  
TESTIMONY BY GOVERNOR RONALD REAGAN  
BEFORE THE SENATE FINANCE  
COMMITTEE FEBRUARY 1, 1972

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PROPOSED FEDERAL LEGISLATION

The following legislative proposals for the U.S. Congress set forth problems in current federal law and proposed changes as related to public assistance. No attempt has been undertaken in this listing to deal directly or exclusively with those proposals found in HR-1.

The proposals pertain specifically to the following issues:

1. State option for administration.
2. Relief to low-income families
3. Overall limit for AFDC family income.
4. 30 and 1/3 disregard in AFDC.
5. Work-related expenses.
6. Community work program.
7. Employables program.
8. Sanctions imposed for refusal to work or train.
9. Fiscal incentives for efficient management.
10. Increased federal reimbursement for child support activities.
11. District Attorney costs in enforcing family support.
- 11a. Recipient's failure to cooperate with law enforcement agencies.
- 11b. Federal participation in costs of District Attorney welfare fraud investigation and collection.
12. Aliens on welfare.
13. Fair hearings.

14. The 18- to 21-year-old adult.
15. Modification of statewideness requirement of social services.
16. Vendor payments of non-recurring items of special need in AFDC.
17. Simplified eligibility.
18. Denial of AFDC where there is a continuing child-parent relationship with non-related adult.
19. Wage attachment for federal employees.
20. Dependents for military personnel on welfare.
21. Deny aid to strikers.
22. Marital and community property resources.
23. Confidentiality.



## STATE OPTION FOR ADMINISTRATION

OBJECTIVE: To provide for a free, unimpeded choice by each State as to whether it wishes to provide for administration of public assistance programs by the State, designated local governmental units, or by the Federal government.

DESCRIPTION: The federal statutes should be amended to provide the state options as to the method of administration desired, without variable incentives connected with the choices.

PROBLEM: Most recent proposals for federal statute changes include strong fiscal incentives - or disincentives - in connection with various options as to which governmental unit should administer the welfare programs. These extraneous influences prevent an objective consideration of which level of government in a particular state can provide the best and most efficient governmental service.

CALIFORNIA EXPERIENCE: California experience with local governmental units indicate that there are a number which are experienced, trained, with good management leadership, which could assume full responsibility for administration and do a better job than either the State or Federal governments. On the other hand some counties may not be well-equipped for the job and should not administer a program which could be better done by State agencies.

RELIEF TO LOW-INCOME FAMILIES

OBJECTIVE: To improve the financial status of fully employed low-income families.

DESCRIPTION: Exempt low-income families from the federal and state income tax (including withholding) and provide them a rebate of their social security taxes, including the employer's contribution thereto.

PROBLEM: Many fully employed families work for compensation which is insufficient to meet their minimum needs. This becomes more severe as the size of the family increases. Because they are fully employed, they are ineligible for the AFDC programs. Rather than create a new category of welfare recipients, it is proposed that the situation of such low-income families be improved by providing automatic exemptions from state and federal income taxes and an automatic rebate of social security taxes including the employer's contribution thereto. The solution concerning these families is to provide a better return for their efforts through such exemptions and rebates rather than place them on public relief unrelated to their work efforts and productivity.



OVERALL LIMIT ON AFDC FAMILY INCOME

OBJECTIVE: Establish reasonable fiscal controls, and limit eligibility to truly needy families according to a standard which can be accepted by the nonwelfare wage earner and taxpayer.

DESCRIPTION: In determining "eligibility" (as differentiated from "amount of aid paid") apply a gross income limitation of 150% of the state's standard of need. Anyone whose gross income exceeds 150% of the need standard is not eligible and does not need "work incentives." If gross income is less than 150% of need, then the various exemptions and work incentives are applied to determine how much the aid payment should be.

PROBLEM: Earned income exemptions are available to recipients once they become eligible for welfare. Thus, families already on public assistance end up remaining on welfare, even after the breadwinner secures well-paid employment. This occurs because the first \$30 and 1/3 of any additional income plus all work-related expenses are exempted in determining continued welfare eligibility and size of the cash grant allowed. To correct this, an absolute limit should be placed on the amount of gross spendable income a family may have and still remain on public assistance. This limit should be 150% of the "needs standard" as set by state regulations. This will require an amendment to Social Security Act Section 402(a) (8) in order to place a realistic ceiling on the amount of income a recipient may receive and still remain eligible for welfare.

CALIFORNIA EXPERIENCE: In one agricultural California county a survey showed 95 AFDC families with gross earned income ranging from \$500 to \$1,344 per month, yet continuing eligible for public assistance

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because of the various income exemptions. A more expanded five-county survey showed 84% of AFDC working families had income ranging from \$401 - \$1,334.41. California has requested a federal demonstration project in order to apply and evaluate the 150% policy, which was incorporated in the California Welfare Reform Act of 1971.

30-1/3 INCOME DISREGARD IN AFDC

OBJECTIVE: To modify the income disregard provision in AFDC.

DESCRIPTION: Modify the \$30 and 1/3 of the income disregard provision to base the computations on net earnings after deductions rather than gross earnings as is now required. Incorporate the \$30 into a standardized work related expense.

PROBLEM: Section 402(a)(8) of the Social Security Act allows the exemption each month of the first \$30 and 1/3 of the remaining gross earned income of an AFDC recipient in determining continued welfare eligibility and the amount of the grant. This law has been interpreted by federal regulations as requiring this deduction to be made from "gross" income instead of from "net" income (after deduction of mandatory withhold items, work related and child care expenses). This interpretation is one of the factors in the "high income" welfare cases which keeps people in the caseload long after earnings exceed actual need. Section 402(a)(8) should be amended to expressly require this earned income deduction to be made from "net" income rather than "gross" income.

CALIFORNIA EXPERIENCE: Based on California grant standards utilizing the \$30 and 1/3 exemptions from gross income there results a possible continuation on grant status (mother and 3 children) until the gross income exceeds \$1,500 per month. This is by no definition a needy family. This interpretation was one of the direct causes of a 7-county suit challenging state welfare regulations last year. In common with other states, California has no administrative discretion with respect to the application of AFDC earnings exemptions without risking the withdrawal of federal financial participation in California's AFDC program. We find it impossible to defend to irate taxpayers a computational system which awards grants at these income levels.

### WORK-RELATED EXPENSES

OBJECTIVE: Establish a reasonable fiscal control and simplify administrative processes.

DESCRIPTION: Provide a flat standard allowance of \$50 to cover reasonable costs of employment, plus reasonable and necessary standard amounts for child care where applicable. Such allowances would be automatically allowed for earned income recipients.

PROBLEM: Social Security Act, Section 402(a) (7) and federal regulations allow an AFDC recipient to deduct hundreds of dollars of work-related expenses from gross income in determining eligibility for public assistance. A policy of allowing all alleged costs of employment on an "as paid" basis requires an inordinate amount of administrative time and excessive paperwork and, often, extensive verification procedures. In addition, these become extra "exemptions" on top of the 30 and 1/3 incentives already provided. Thus, the large amounts provided on an "open ended" basis contribute to the number of very high income cases that also receive a public assistance grant. Federal law should provide a reasonable standard allowance for this type of deduction, plus an allowance for child care.

CALIFORNIA EXPERIENCE: In the Welfare Reform Act of 1971 California established a flat standard allowance of \$50 to cover reasonable costs of employment. In addition, there was a provision to cover reasonable and necessary amounts for child care. This standard was implemented for a short period. It has been challenged in the courts and temporarily enjoined as being in violation of the Federal law. The injunction was issued on the basis that Federal law did not allow a standard for work-related expenses.

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During the period that it was in effect, the standard significantly simplified the administration of eligibility and grant calculation.

COMMUNITY WORK PROGRAMS

OBJECTIVE: To establish a community work requirement for those recipients who are not working full time or participating in a work or training program.

DESCRIPTION: To require employable AFDC recipients not working full time or participating in a work or training program, to work in essential community improvement projects as a condition of receiving welfare; thus offering the recipient an opportunity to develop a pattern of work experience and a personal work history that may assist him in securing and holding a private or public sector job. Participation will not be required in excess of the amount of the grant. In-kind necessary work expenses shall be provided.

PROBLEM: Federal regulations have been interpreted as prohibiting federal financial participation in aid payments made to AFDC recipients who are required by state law to participate in a community work experience program, unless the program is part of the WIN program or administered under the Economic Opportunity Act. Title IV of the Social Security Act should be amended to expressly require federal financial participation in aid payments to recipients participating in such programs.

CALIFORNIA EXPERIENCE: California, by action of the Legislature, has designed a demonstration community work experience program. President Nixon, in August of 1971 said he wanted to see put into effect the kind of broad-based demonstration project we envisage. We are presently awaiting HEW approval of the details of our request for the project.

### EMPLOYABLES PROGRAM

OBJECTIVE: To place employable AFDC recipients into self-sustaining employment under a program which combines welfare social services and employment services by distinguishing between employable and unemployable applicants and providing them with extensive job-seeking assistance.

DESCRIPTION: Provide a single organizational structure under the overall direction of the state employment and manpower agency to resolve the special requirements of employable welfare recipients; maximize communication between welfare and employment services; and provide services required by the Social Security Act, to provide a full range of services stressing job information, placement, development, training and search.

PROBLEM: This program entails the cooperative effort of several agencies, e.g., the state welfare department, the county welfare departments, and the state employment and manpower department, with the latter agency administering services to certain AFDC recipients with emphasis placed on the furtherance of Section 402(a)(14) and (15) of the Social Security Act. It is difficult to promulgate such programs without securing waivers to the single-state agency requirements. Legislation to ease implementation would prove most valuable and helpful to the furtherance of such programs.

CALIFORNIA EXPERIENCE: Nine months of an active "employables program" has brought about significant results. In Ventura County, California's first "employables" county, approximately 40 percent of the employable recipients registered with the employables unit left the rolls as a result of efforts of the unit.



SANCTIONS IMPOSED FOR REFUSAL TO WORK OR TRAIN

OBJECTIVE: To establish clear sanctions for failure without good cause to search for and accept employment or to participate in work and training programs after certification (referral) to WIN.

DESCRIPTION: Provide for clear, easy-to-administer sanctions for refusal to search for and accept employment or participate in work and training programs after certification to WIN.

PROBLEM: Federal law fails to provide effective sanctions for employable AFDC recipients who refuse, without good cause, to accept or participate in employment or training programs after certification to WIN. The present sanction which requires a 60-day counseling program without the loss of public assistance benefits for the offending individual, does not effectively dissuade such refusals.

Social Security Act, Sections 402 and 433 should be amended to expand the sanctions so that acceptance and participation in job search, work and training is thereby encouraged. Legislation should provide that a range of sanctions could be imposed by the states including removal from public assistance for a period of up to one year.

CALIFORNIA EXPERIENCE: In light of intensive WIN employment services, the 60-day counseling period does not significantly increase the number of recipients returning to WIN after a sanctionable act. In addition, the 60-day period makes administration of sanctions inefficient, costly and provides an additional opportunity for an unwilling recipient to avoid work and training. Such a recipient may voluntarily return to WIN after 59 days and subsequently refuse training only to start another 60-day period of counseling.

## FISCAL INCENTIVES FOR EFFICIENT MANAGEMENT

OBJECTIVE: Federal matching formulae providing incentives toward attainment of certain goals, previously limited to assistance or service aspects, should be extended to provide for attaining a goal of simplified and more efficient management.

DESCRIPTION: Amend existing federal law, and build into any new law which authorizes supplemental assistance programs by states, provision for higher federal reimbursements in relation to decreasing administrative costs caused by demonstrable work simplification and simplified administration.

PROBLEM: At no time has the federal government established incentives or methods to evaluate management practices, nor to provide federal fiscal incentives for more efficient management and desirable work simplifications.

CALIFORNIA EXPERIENCE: California is convinced that a major part of the problem in the growing maze of red tape and bureaucracy, and the faltering delivery systems of assistance and services, is due to lack of attention to basic management techniques and failure to recruit trained management specialists into a field dominated by professionally trained social workers with little understanding or background in management.

Increased Federal Reimbursement for Child Support Activities

Objective: To increase local effort and incentive for child support through increased federal reimbursement.

Description: Too many families are on welfare because of the failure of parents, usually the absent father, to contribute to the support of the children.

Problem: Where a parent is capable of supporting his children, but refuses to do so, his support obligation should be enforced. The taxpayer should not be forced to make up for the capable parent's unwillingness to provide adequately for his own offspring.

Increased absent parent support activity at the county and state level is necessary. At present, federal law (Section 403(a)(3) of the Social Security Act) allows federal reimbursement of 50% of state costs in establishing paternity of AFDC children, locating absent parents, and collecting support from them (Section 402(a)(17), (18), (21), (22)). No federal participation is available for "preventive welfare"--where the collection effort removes the family from the welfare rolls or prevents the family from ever needing welfare.

California Experience: In order to increase local collection efforts, California has developed the Support Enforcement Incentive Fund (W&IC Section 15200.1). This fund returns to the counties 75% of the nonfederal collections from absent parents which actually reduce the welfare grant to the families. Since its implementation on October 1, 1971, a number of counties in California are actually showing a profit on their county collection efforts. California's plan will definitely result in increased efforts, but more is necessary.

1. The Federal Government should give the states and counties a bonus to spur collection efforts. A federal support enforcement incentive should be created to allow the state or local jurisdiction to retain money saved by its collection efforts-- that is the 50% federal participation in the welfare grants.
2. The Federal Government should ease up participation restrictions on child support activities and accord the same priority as the items listed in Section 402(a)(3)(A).

Obviously, it will never be possible to collect child support from 100% of absent fathers; some may be unemployed, deceased, unknown, or in prison. But certainly, with greatly improved enforcement and financial incentives, the percentage of

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absent fathers contributing to the support of their own children can be significantly increased and future negligence deterred. Every dollar that is raised through this source reduces the need for more taxes to pay for welfare.

DISTRICT ATTORNEY COSTS IN ENFORCING FAMILY SUPPORT

OBJECTIVE: To allow full costs of law enforcement agencies in enforcing family support.

DESCRIPTION: Amend federal law to clarify the intent of Congress so that the restrictions in federal regulations which limit federal reimbursement of local law enforcement agencies.

PROBLEM: The Social Security Amendments of 1967 (PL 90-248) included provisions requiring welfare agencies to enter into cooperative arrangements with courts and law enforcement officials in relation to obtaining public assistance child support. These provisions included authorization for federal financial participation in the costs incurred as a consequence of such cooperative arrangements. Despite the fact that the Statute (402 (a)(18) Social Security Act) makes no mention of a required level of operation before federal sharing becomes available, federal regulations (45 CFR 220.61 (f)(4)(v)) limit federal sharing to costs above the level of activity in effect prior to the enactment of the regulation. DHEW based their "maintenance of effort" provision on their reading of congressional intent as expressed in the Ways and Means Committee Report on H.R. 12080, particularly the following:

"The Committee expects that this expenditure of federal funds will result in increased effort to enforce the laws against desertion and nonsupport. The Committee also expects of the Department of Health, Education, and Welfare extreme diligence in working out the implementation of this provision to protect the federal funds and to assure maximum benefit from the money expended."

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A similar restriction does not exist if the activity is performed by the welfare agency. There is a need for a clear expression of congressional intent that there will be federal reimbursement for all expenditures by the district attorney and other law enforcement agencies in obtaining absent parent child support. Such amendments would be made in Social Security Act Sections 402(a)(17)(A) and 402(a)(18).



RECIPIENT'S FAILURE TO COOPERATE WITH LAW ENFORCEMENT AGENCIES

OBJECTIVE: To simplify, and make effective, a procedure to secure child support due from an absent father without applying penalties against the children of a mother unwilling or unable to cooperate with law enforcement officers in locating the absent parent to secure support.

PROBLEM: Federal legislation is needed to provide for an alternative to remove a recipient of AFDC from the welfare rolls for failure to cooperate with the District Attorney in locating or naming an absent parent.

SOLUTION: California has provided an alternative means of requiring cooperation. Welfare and Institutions Code Section 11350 makes the grant paid to the family of an absent parent a debt owed to the county by such parent, limited only by his ability to pay at the time of creation of the debt. Because the debt is owed to the county, it may sue in its own name for recovery, and when necessary, subpoena the recipient as a witness to answer such questions.

RECOMMENDATION: The Federal Government should adopt the "debt to the government" concept in all cases where welfare is paid because of a person's failure to support where he is liable for support. To avoid constitutional problems, the amount of the debt should be limited by the ability to pay of the debtor at the time the debt arises.

FEDERAL PARTICIPATION IN COSTS OF DISTRICT ATTORNEY WELFARE FRAUDINVESTIGATION AND COLLECTION

OBJECTIVE: To provide greater federal incentives and fiscal support to law enforcement agencies such as the district attorney for prosecuting fraud, recovering funds fraudulantly obtained, and related legal actions in connection with applicants and/or recipients of public assistance.

PROBLEM: Presently there is no federal matching of funds for district attorney costs incurred in prosecuting welfare fraud and recovering money fraudulantly taken. Prosecution of fraud involves the same steps as recovery of child support intake, law enforcement and collections. The collection activities return federal money and consequently reduce the burden on taxpayers. The real key is preventing the fraud from occurring.

RECOMMENDATION

1. The Federal Government should allow reimbursement of state costs of fraud prosecutions in the same priority as the items listed in Section 402 (a)(3)(A) of the Social Security Act.
2. A Fraud Prevention Incentive Fund should be established that would return to the counties any federal money collected in fraud prosecutions. The fund should not be based on convictions, but should reflect actual funds collected.
3. The Federal Statutory approach should not be based on convictions but on actual funds lost due to fraud. HEW suggests that fraud exists in only 1% of the cases based on convictions. However an actual case evaluation study done in California during 1970 proved that fraud exists in at least 15% of the cases.

ALIENS ON WELFARE

OBJECTIVE: The support of citizens of other countries shall be a fiscal obligation of the federal government.

DESCRIPTION: The federal government should assume full fiscal responsibility for any welfare payments made to aliens. Federal government controls entry and should finance the welfare benefits granted to aliens. Amendment of the various public assistance programs is needed to produce this result.

PROBLEM: The control of the entry of aliens into the United States is the responsibility of the U.S. Immigration and Naturalization Service. The states have no effective means of regulating the number of aliens who either legally or illegally gain entry. Because the federal government controls their entry, the federal government should be required to fully finance welfare benefits for any alien who becomes dependent upon public assistance. States should not be required to support citizens of another country, when the state and county governments have no effective voice in determining admission standards. Federal legislation will be required to have the federal government assume full fiscal responsibility for any welfare payments made to aliens who reside in California.

CALIFORNIA EXPERIENCE: Some 107,269 illegal aliens, alone, were apprehended in California during the 1969-70 fiscal year. This accounts for one-third to one-half the national total. Many aliens find they can receive more in one month on public welfare than they can by working for a year in their native country. Also, the intrusion of aliens not on welfare into the labor pool tends to lower the wage scale for farm labor generally and reduces the number of jobs which might

normally be available to welfare recipients and others with low incomes. The net result is that many United States citizens, who are potentially self-supporting, must seek welfare aid because they cannot compete for available unskilled employment with aliens.

FAIR HEARINGS

OBJECTIVE: To simplify administrative procedures leading to more prompt decisions on legitimate appeals and fair hearings.

DESCRIPTION: Amend the appropriate sections of the Social Security Act, to provide for an evidentiary hearing by a local welfare agency as a required preliminary to a hearing conducted by the state agency. Include the specific criteria which determines under which circumstances it is proper to continue aid payments pending a decision in an appealed case.

PROBLEM: Present regulatory provisions lead to gross abuse of the appeal process, and improperly waste exorbitant amounts of federal, state, and county, money being paid to ineligible recipients. Specific Congressional direction, which protects the rights of applicants and recipients yet eliminates the complex procedural problems which prevail, is badly needed. At the present time, a public assistance applicant or recipient may request a full fair hearing by a state referee after the occurrence of any county action with which he disagrees. Many of these problems could be settled without a formal fair hearing at the state level. To correct this situation, it would be necessary to amend the fair hearing requirements in each of the Public Assistance Titles to permit states to meet these requirements through a two-step hearing process the first of which could be less than a full-blown fair hearing but would meet the test of an evidentiary hearing in accordance with the Goldberg decision.

CALIFORNIA EXPERIENCE: Legal aid and federally funded poverty lawyers along with California WRO have **deliberately** jammed the appeal process in California with thousands of requests for fair hearings. The result has

has been to continue payments to literally thousands of potentially ineligible persons whose cases are tied up in the backlog.

THE 18- TO 21-YEAR-OLD ADULT

OBJECTIVE: Limit the AFDC program to legally defined children.

DESCRIPTION: Provide that in states where adulthood is recognized at the age of 18, such young adults may not be considered dependent children for purposes of the AFDC program, notwithstanding their relationship to an educational or training program.

PROBLEM: At the present time federal law permits persons between the ages of 18 and 21 to be defined by states as a dependent child for AFDC purposes. Federal law recently granted voting rights to persons 18 years of age and above. States are beginning to recognize this age as the legal age of adulthood, providing the rights, privileges, and responsibilities enjoyed by those persons who, in the past, were 21 years of age and older. The Aid to Families with Dependent Children program is a program for children. The limited resources available for this program should be limited to those persons who have been defined legally as children in order to maximize protection and benefits. If it is found desirable to provide assistance to young adults who wish to receive further education or training, provision of such assistance should be handled through educational and manpower programs where a wide variety of opportunities could be reviewed and utilized, including loans, work training, work education, and other adult oriented programs.

CALIFORNIA EXPERIENCE: The California State Legislature in late 1971 adopted the statute recognizing the age 18 instead of the age 21 as the age of adulthood. Virtually all California statutes including those governing welfare have been changed to read age 18 instead of age 21. Therefore, when this law becomes effective March 4, 1972, persons over the age of 18 will no longer be eligible for AFDC assistance as a dependent child.



MODIFY STATEWIDENESS REQUIREMENTS OF SOCIAL SERVICES

OBJECTIVE: Expressly recognize the wide variation within a state as to the needs for social services, and the resources available within communities to meet such needs. To enable better allocation of tax resources, the concept of "statewideness" must be altered to permit greater flexibility in establishing and providing social services in the areas of greatest need.

DESCRIPTION: Amend the Social Security Act to clearly permit a state to provide social services in such counties, areas, or districts, as the states or counties deem necessary.

PROBLEM: The statewideness concept has some validity when applied to assistance payments financed by two or three levels of government, and where it is realistically possible to provide uniform statewide application of requirements.

Decreeing a statewide requirement and standards for a variety of services requiring a high degree of education and training, is an exercise in futility because of the great variation in local attitudes, the actual need for the services, the trained personnel, the availability of housing, cultural interests, and all of the same problems which prevent extending adequate health care into every area of a state. Allocation of limited resources to areas of greatest need, or where the most productive use of services would occur, would better serve the taxpayer and recipient alike.

VENDOR PAYMENTS FOR NON-RECURRING ITEMS  
OF SPECIAL NEED IN AFDC

OBJECTIVE: To assure that placement of destroyed or stolen household appliances essential to decent and healthful living can be provided promptly in the most efficient method.

DESCRIPTION: Amend the Social Security Act to provide appropriate exceptions to the "money payment" principle.

PROBLEM: Situations often arise when a relatively large one time expenditure is necessary for such essential items as a refrigerator or washing machine. At present because of matching requirements, grant limitations, and the money payment requirement, recipients are almost always forced into a purchase arrangement covering several months at high interest rates.

It would be more efficient and better for the recipient if the money payment principle were waived in these situations and the agency permitted to pay a vendor directly for the full cost, with such cost reported on claims as an assistance payment eligible for federal matching.

CALIFORNIA EXPERIENCE: California has found that requiring the money to be paid directly to the recipient involves extensive accounting and case control procedures, red tape, and unnecessary paper work thereby increasing costs while at the same time causing needless expenditures by the recipient. This could all be avoided through authorizing appropriate exceptions to the money payment requirements.

SIMPLIFIED ELIGIBILITY

OBJECTIVE: To achieve reliability of determinations of eligibility and establish more control over that process.

DESCRIPTION: The requirements in the various titles governing "proper and efficient administration" should be revised so as to make the use of "simplified methods" in determining eligibility optional rather than mandatory with the states.

PROBLEM: Social Security Act Section 2(a)(5)(A) (old age assistance and medical assistance for the aged); Title 4, Section 402(a)(5)(A) (aid and services to needy families with children and child welfare services); Title 10, Section 1002(a)(5)(A) (Aid to the Blind); and Title 14, Section 1402(a)(5)(A) (aid to the permanently and totally disabled) of the Social Security Act each provide in part that:

"A state plan for (categorical aid stated) must...  
provide such methods of administration...as are found by  
the secretary to be necessary for the proper and efficient  
operation of the plan,...."

The secretary has implemented these sections in part to provide for a declaration process by which the states would be required to accept the statements of applicants or recipients as conclusive in determining eligibility. The potential for mistakes and misrepresentations in such a system is obvious and has been documented in a report recently released by the secretary.

CALIFORNIA EXPERIENCE: A Grand Jury report of one county's experience with this system is replete with incidents revealing the abuses and consequent loss of public confidence and funds as a result of this method. One woman with no children was able to obtain AFDC in five different offices in that county.

DENIAL OF AFDC WHERE THERE IS A CONTINUING CHILD-PARENT  
RELATIONSHIP WITH NONRELATED ADULT

OBJECTIVE: Prevent aid going to a child on the basis of his being deprived of support or care because of the continuing absence of a parent when the child has in fact a continuing parent-child relationship with a non-related adult including a step-parent.

DESCRIPTION: Permit a state to deny aid to a child where the child is living in a parent-child relationship with a nonrelative adult, e.g., child whose father/mother has deserted and where child is living with his father/mother and his/her unmarried partner (MARS).

PROBLEM: Section 406 of the Social Security Act currently provides that a child who is deprived of the presence of one parent is a "dependent child" for AFDC purposes; notwithstanding the fact that another person who is not a relative of the child has taken over the role of parent and provides the care and support normally provided by the absent parent or relative.

Proposed changes in 406 would provide that when a nonrelated adult assumes the role of parent the child shall not be considered deprived nor a "dependent child" within the federal definition.

WAGE ATTACHMENT FOR FEDERAL EMPLOYEES

OBJECTIVE: To allow attachment of wages of federal employees including the military.

DESCRIPTION: Remove current restrictions in federal law which prevent attachments and garnishments of the wages of federal employees (including the armed services) to increase the collection of absent parent child support funds and thereby reduce public assistance support.

PROBLEM: The doctrine of sovereign immunity effectively precludes local government from attachment, garnishment, execution and wage assignments against wages of federal employees, retired federal employees and members of the military. Individuals employed by the federal government are thus provided a shelter not enjoyed by employees of other organizational entities.

In California, the problem of collecting child support payments from federal employees and members of the military is particularly acute because of the many military installations and the large number of federal employees.

The nature of the nonsupporting parents' employment should not be a barrier to enforcing his basic moral and legal obligation to support his children. Federal legislation is needed to correct this inequity.

CALIFORNIA EXPERIENCE: Federal employees are exempt from wage attachments even though they are no longer so poorly paid they need such an exemption. In addition to the large military population in California, there are also large numbers of divorced fathers with child support obligations working for the federal government. Again, since their wages are untouchable, there are larger numbers that could be expected who refuse to acknowledge the court order or pay support. They legally cannot be touched now even though we know who and where they are and that their wage is adequate to make ordered payments.

DEPENDENTS OF MILITARY PERSONNEL ON WELFARE

OBJECTIVE: Eliminate the inefficient and inappropriate inclusion of families of military personnel among those eligible for public assistance payments.

DESCRIPTION: Require through appropriate Congressional action that the needs of all bona fide dependents of military personnel are handled through the Department of Defense or other designated federal agency. This would not preclude, if an assistance payment is needed, for the federal agency to contract with a state or local governmental public welfare agency to provide appropriate service and investigative facilities in selected cases.

PROBLEM: Present federal regulations are so loosely drawn that thousands of dependents of military personnel are eligible for public assistance, forcing state and local tax payers to subsidize what is essentially a federal problem, and imposing unnecessary and duplicative administrative efforts by two or more difficult agencies.

CALIFORNIA EXPERIENCE: California is facing court challenges to its position denying aid to families of service men. Plaintiffs allege, under the Social Security Act, that children of military personnel who are absent from the family are "deprived of parental support" by reason of the "absence from the home" of the father. Thus what was intended as a provision to help families deserted by the principal breadwinner is being subverted because of lack of specificity in the federal requirements.

DENY AID TO STRIKERS

OBJECTIVE: To eliminate the use of public assistance as a "strike fund" by unions.

DESCRIPTION: States should be directed to deny aid to strikers. Any persons subsequently unemployed because of a lock-out by an employer should not be denied aid.

PROBLEM: In considering the resources available, a labor union includes the funds from public assistance sources. This substantially bolsters the financial ability of the union and its ability to prolong a strike. The effect is to place the public assistance agency on one side of a management labor dispute. We believe this is unsound public policy. It further causes a conflict in that unemployment insurance benefits are not payable to a striker, but public assistance is. Two agencies of government look at the same individual and simultaneously declare him to be employed and unemployed concurrently.

Current federal law is entirely silent on this matter, and as presently interpreted does not preclude a state from having an approved plan which denied aid to strikers. However, this issue has recently been raised through litigation in a state that does deny aid to strikers.

A clear statement of public policy in this regard is required of the Congress in order to support this principle and avoid litigation. For this reason a new clause should be added to Part A of Title IV, Social Security Act that would require as a condition for plan approval the denial of aid to strikers.

CALIFORNIA EXPERIENCE: The first day of a strike finds an immediate surge in applications for both public assistance and food stamps at the adjacent welfare offices. The strikers have been well briefed by the union staff as to application,



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how, when, and where to apply; how much to expect, and when. The case loads continue to increase during the strike period until all eligibles are on the public assistance rolls. At the end of the strike, the reverse is not true. Because of income exemptions, work expense deductions, etc., many of the lower income persons remain on the welfare rolls indefinitely.

MARITAL AND COMMUNITY PROPERTY RESOURCES

OBJECTIVE: Denial of AFDC Where There Are Sufficient Resources to Meet the Needs of Recipients Due to the Income of a Non-Adoptive Stepparent. Require a stepparent to be responsible for the support of all the children in his marital community.

DESCRIPTION: Allow a state to consider the income of a non-adoptive stepparent in determining eligibility for and the amount of grants of AFDC to the non-adopted stepchildren.

PROBLEM: Current federal regulations provide that a state, in determining eligibility and the amount of the grant, may consider only the income of the child's natural or adoptive parent absent actual proven contributions by a stepparent (except stepparents' income may be considered in states where stepparents have a general legal obligation to support their non-adopted stepchildren); not withstanding the reality that, in a family which includes a stepparent, all the income of adult family members is generally used to support all the family members.

Proposed changes would provide:

- a) that in family groups living together, income of the spouse is considered available for his spouse. Since federal regulations require that income of a natural parent be considered available to children, 45 CFR Sec. 233.90(a), it would then follow that the income of a spouse would be considered available to all the family's children for eligibility and grant determination.
- b) that, where natural parents have vested interest in the right to manage and control of income of their spouses; that portion vested in under the

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management and control of 7 the natural parent could be considered available to that parent's children for eligibility and grant determination.

CONFIDENTIALITY

OBJECTIVE: Broaden availability of public assistance records to other public agencies for any legitimate public purpose.

DESCRIPTION: Legislation is needed to provide that such records are available to all public authorities for any legitimate public purpose, and to eliminate impediments to cross-checking with state and federal tax authorities. To accomplish this Social Security Act Sections 2(a)(7), 402(a)(9), 1402(a)(9), and 1602(a)(7) would have to be amended.

PROBLEM: The current federal law on confidentiality, by restricting the use or disclosure of information concerning applicants and recipients only to purposes directly connected with the administration of public assistance impedes proper control and safeguards in the administration of public assistance.

CALIFORNIA EXPERIENCE: This has resulted in recipients receiving aid in more than one county at a single time and in more than one state at the same time. Further, the inability to cross-check with the Internal Revenue Service has prohibited a realistic check of the income earned by welfare recipients.

Addendum No. 2 - Testimony by Governor Ronald Reagan Before  
The Senate Finance Committee February 1, 1972

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H.R. 1 Analysis - Oppose

The following provisions are those major provisions in H.R. 1 which are opposed by California. Included in this package are suggestions for amendment. There are other less significant provisions which may also be opposed to by California but which have not been included in this analysis.

## OPPOSE

### FEATURE

#### 1. Federalization

Under the present system the Federal Government reimburses State for a percentage of the costs of aid payments and the cost of administering such payments. States are assured of this federal financial participation so long as they meet the statutory requirements of the public assistance statutes.

Under H.R. 1, the State/Federal balance would be destroyed, and there would be no federal financial reimbursement to States for any public assistance payments. Instead, the Federal Government would directly administer federal benefit programs to families, and to aged, blind, and disabled persons. The Federal Government would pay the total cost of such programs including costs of administration.

States, such as California, would be virtually required to make supplemental aid payments, but would face greatly increased costs unless they agree to federal administration of the State's program.

Specifically:

- a. The bill provides that State or local assistance regularly received by persons covered by the federal benefit programs would be considered as "income" in computing the federal benefit unless such assistance is provided under an agreement with HEW.

### POSITION AND AMENDMENTS

Welfare reform can best be accomplished within the present structure of shared Federal/State responsibilities.

Federalization of the payments programs will mean the creation of a greatly enlarged federal bureaucracy, inherently less able to meet the needs of the people than the current State/Federal partnership. The difficulty in administering the present welfare system at the state level is due in large part to complex and contradictory federal regulations and to the constant "reinterpretation" of those regulations by HEW staff members, but at least now there is a check-and-balance system resulting from the fiscal sharing of states with the Federal Government, and in California of county sharing as well. This sharing of fiscal responsibility and its implicit sharing of program responsibility has been the deciding incentive to welfare reform in California.

In addition to creating a massive federal bureaucracy, H.R. 1 forces states like California, that have attempted to administer equitable welfare programs, to turn their programs and their money over to the Federal Government. While there is a "technical" choice as to whether or not a given state manages its own supplemental program, realistically there is no choice, since self-management will cause greatly increased costs to any state. The Federal Government is practicing fiscal blackmail to require the states to relinquish their responsibilities and their control. A system conceived in such deceit cannot be in the interests of the people--either taxpayers or recipients.

<u>FEATURE</u>	<u>POSITION AND AMENDMENTS</u>
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Federalization (continued)

- b. If a State elects to administer its State supplemental programs, it would not be covered by the "hold-harmless" provisions of the bill designed to protect States against future increase in welfare costs.
- c. Under amendments to the current law which would be effective upon enactment of H.R. 1, the Secretary of HEW could:
- Require retroactive payments from the State to recipients affected by the State's failure to make payments in accord with federal dictates.
  - Prescribe administrative methods for correcting a State's noncompliance with federal requirements.
  - Request U.S. Attorney General to bring suit against the State to force compliance in addition to or instead of withholding federal reimbursement.
- d. The bill contains a virtual mandate on States with present levels above the new federal benefit levels to maintain present payment levels plus the bonus value of food stamps.

Proposal 1. State option for administration

Proposal 9. Federal fiscal incentive for efficient operation

2. Guaranteed Welfare Income

The bill creates a national welfare system with guaranteed income. It assures that every family with income below a certain amount will receive a government payment sufficient to bring its income up to that amount.

It is commonly understood that a government guaranteed income, not based upon individual productivity, is a giant step toward a welfare state, with its inherent loss of individual identity and pride. Some argue this is not a "guaranteed income" because employable family members must cooperate with work and training requirements. This argument is fallacious, since family income would be reduced only by



FEATURE2. Guaranteed Welfare Income (continued)

Employed families would be allowed to deduct from their annual earnings at least the first \$720, "reasonable" costs of child care, and 1/3 of the balance of earnings, before the amount of the welfare benefit is determined.

Aged, blind, or disabled individuals or families could have up to \$1,500 in cash or other liquid assets to meet emergencies and still be eligible to receive benefits.

The bill provides that the value of a home "as deemed reasonable by the Secretary" is to be excluded in determining countable resources subject to the statutory limit.

POSITION AND AMENDMENTS

the uncooperative member's share. In the words of Daniel P. Moynihan, the bill provides a minimum income to every family "united or not, working or not, deserving or not". There should be a minimum national standard to support those unable to take care of themselves, but not a government-guaranteed income to all families.

## Proposal 2. Relief to low income families

This feature continues the inequities of the present system in which welfare families can earn over \$1000 gross income in California and still receive the same welfare payment as the family with no income. A limit on gross income should be set above which a family would not be eligible for welfare.

This limit is too high and should be set at a figure more consistent with emergency needs, taking into account the availability of free medical and other services. Consideration should be given to the method we have proposed in California under which recipients with special needs are required to "spend down" a proportion of their allowable emergency resources before any allowance for special needs is made.

It would be desirable to give the Secretary discretion to recognize regional differences in property values. However, we believe that Congress should establish some limits on the Secretary's discretion in order to prevent legal and political pressure to establish unreasonably high limits.

## Proposal 3. Overall limit for AFDC family income

## Proposal 4. 30 and 1/3 disregard in AFDC

## Proposal 5. Work-related expenses

FEATURE4. Inadequate Work Program & Sanctions

The bill would to all intents and purposes federalize the administration of welfare manpower training and employment programs and thus further reduce the role of the States. Even more importantly the manpower programs which make up the Opportunities for Families' Program are in the last analysis little more than a continuation of the WIN-type activities which, after almost five years, have proven to be ineffective in relation to its cost.

If an employable family member fails to register for work or refuses to take work or training, the only penalty the bill provides is his removal from the grant.

5. Social Services Pressure

H.R. 1 defines the social services program in almost exactly the same terms as present law, but at the same time imposes a ceiling on federal expenditures for state service programs.

POSITION AND AMENDMENTS

These provisions should be revised to require the recipient to actively seek realistic job opportunities, especially through the private sector. In addition, provisions should be added under which employable recipients who are not in work or training would be referred to public agencies for the performance of public service activities with no additional remuneration other than their welfare benefits. California has by action of the Legislature created such a program and we are currently negotiating with HEW for a demonstration project that would allow us to implement this program.

Since aid in only a slightly reduced amount would be continued for the family, we believe that this is a weak and ineffective sanction against those who would abuse the system. The bill should provide a range of sanctions including the ultimate sanction of the denial of aid to the entire family for a period of up to one year.

Proposal 6. Community work program

Proposal 7. Employables program

Proposal 8. Sanctions imposed for refusal to work or train

The service implication of the Act is that all services enumerated should be made available. In California, which has a comprehensive services program based upon federal guidelines, the practical effect of H.R. 1 will be to force continuation of an overabundant set of services even if federal money is not available to help pay the bill.

Proposal 15. Modification of statewideness requirement of social services

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<u>FEATURE</u>	<u>POSITION AND AMENDMENTS</u>
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6. <u>Secretarial Discretion</u>	
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H.R. 1 gives broad discretionary powers to the Secretary of HEW to establish policies governing the federal benefit system and, therefore, the supplemental programs of the states.

The Secretary of HEW is subject to many pressures from groups of recipients and others who benefit from the welfare system. In any welfare legislation the Secretary's discretion should be as limited and clear as possible. Limitless discretion, particularly when it can severely affect state budgeting, will result in continuation of the present "leap frogging" of benefits as the Secretary, influenced strongly by his firmly entrenched and bureaucratic staff, tries to satisfy one pressure group after another.

Addendum No. 3 - Testimony by Governor Ronald Reagan Before  
The Senate Finance Committee February 1, 1972

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H.R. 1 Analysis - Support

The following provisions are those major provisions in H.R. 1 which are supported by California. Included in this package are suggestions for amendment. There are other less significant provisions which may also be supported by California but which have not been included in this analysis.

SUPPORT  
(with amendments as noted)

FEATURE & POSITION

AMENDMENTS

1. Work Requirement in Family Programs

We support the general thrust of the provisions in this bill which would require all employable persons to register for work and to accept work or training. At the same time we welcome recent enactment of (Talmadge Amendments) Public Law 92-223. The work requirements in HR 1 should be amended in accordance with this new law. Additional amendments will be necessary to put teeth into the work requirement.

- Proposal 6. Community work program  
Proposal 7. Employables program  
Proposal 8. Sanctions imposed for refusal to work or train

2. Quarterly Accounting System in the Family

We support the provisions under which a quarterly accounting system would be used for determining benefits, taking into account estimated income for the current quarter and actual income for the three preceeding quarters. This provision would effectively prevent abuses of the system by those who earn a significant amount of money during a short period of time, when their annual income would be more than sufficient to meet their needs. We urge that this provision be retained.

. Control and Prevention of Improper Payments

We are in complete support of the expressions of determination by the Ways and Means Committee in their report on HR 1 that these welfare benefit programs must be tightly administered with every effort made to prevent and control improper payments. In particular, we are glad that the

- Proposal 17. Simplified methods

FEATURE & POSITIONAMENDMENTS3. Control and Prevention of Improper Payments Cont'd

Administration is determined that no simple "declaration method" will be used, and that instead the essential facts in each case would be verified to the extent needed. In addition, we support the provisions under which families failing to make timely reports on their circumstances would be penalized by a reduction in their benefit.

4. Enforcement of Parental Obligations

We support and want to strengthen the provisions for enforcement of the obligation which parents have to support their own children. State and local agencies' enforcement will be strengthened when the deserting parent realizes that by his failure to support he is incurring a debt to the government, which would be subtracted from income tax refunds and social security payments. The provision making it a federal crime to cross State lines to avoid child support will likewise strengthen the hands of the States in this regard. We also support the provision under which the income of a stepfather or stepmother would be considered in eligibility and benefit determination in exactly the same way as the income of a natural parent. We believe, however, that increased fiscal incentives to the States also are necessary.

Proposal 10. Increased federal reimbursement for child support activities.

Proposal 11. District Attorney costs in enforcing family support

5. Child Care

We support the provisions designed to assure adequate child care facilities to meet the needs of welfare mothers who go into work or training. We believe that the full federal funding of child care provided by the Department of Labor for those in the Opportunities for Families Program will help ease the fiscal burden on the States.

FEATURE & POSITIONAMENDMENTS5. Child Care Continued

We note that the Department of HEW would be responsible for setting child care standards. We hope that Congress, either through statute or expression of intent, would assure that these standards are realistic, practicable and broad enough to accommodate a wide range of alternatives in providing child care. The present Federal Interagency Day Care Standards are rigid and unnecessarily expensive, and do not consider the satisfaction of the mother as a prerequisite to adequate child care.

6. Vocational Rehabilitation Services

We support the provisions for a greatly expanded use of the vocational rehabilitation services available through State Vocational Rehabilitation agencies with the additional costs to be borne by the Federal Government. These programs have been among the best in California, with demonstrable results and measurable cost benefits.

7. Social Services Ceiling

We support the principle involved in the shift from an open-end reimbursement system, to a closed-end allotment system for the federal support of social services. We believe this will encourage more effective management and administration of these programs, and think that the allocation formula the bill provides is fair and equitable.

The costs of required State and local activities relating to determining paternity of needy children, locating absent parents and obtaining child support from them should be excluded from the closed-end allotment, in addition to the costs of child care and family planning as provided in the bill. These State activities will be of direct fiscal benefit to the federal government since collections will reduce expenditures for federal benefits.



FEATURE & POSITIONAMENDMENTS7. Social Services Ceiling Continued

We do not, however, feel that the Federal Government should, through law or regulation, specify services to be provided at their present level of detail. Service decisions must be made and results measured at a local level, since "social services" are essentially individual efforts of professionals (doctors, lawyers, social workers, teachers) for and with individual welfare recipients.

8. Durational Residency Requirement

We support the provisions which would permit States to impose a durational residency requirement as a condition of eligibility for State supplementary payment, and which would require the Federal Government to observe such requirement with respect to any State supplementary payment program they administer on behalf of the State.

**PUBLIC ASSISTANCE CASELOADS AND EXPENDITURES**  
March 1971 - December 1971

Program	Aid Recipients			Payments		
	March 1971	Dec. <sup>p/</sup> 1971	Diff.			
Grand total. . . . .	2,293,577	2,117,732	-175,845			
Cash grant recipients . . . . .	2,190,428	2,062,131	-128,297			
General home relief . . . . .	103,149	55,601	- 47,548			
				Average <sup>a/</sup>		
<b>AGED PERSONS</b>						
Cash grant recipients . . . . .	323,642	315,286	- 8,356			
<b>BLIND PERSONS (AB/APSB)</b>						
Cash grant recipients . . . . .	14,065	13,820	- 245			
<b>DISABLED PERSONS</b>						
Cash grant recipients . . . . .	189,754	190,778	+ 1,024			
<b>FAMILIES WITH DEPENDENT CHILDREN</b>						
Cash grant recipients:						
Family groups: <sup>b/</sup>						
children . . . . .						
cases . . . . .						
total persons . . . . .	1,285,466	1,273,241	- 12,225			
Unemployed cases:						
children . . . . .						
cases . . . . .						
total persons . . . . .	342,763	235,490	-107,273			
Boarding Homes and Institutions:						
children . . . . .	34,738	33,516	- 1,222			
<b>GENERAL HOME RELIEF</b>						
Total persons . . . . .	103,149	55,601	- 47,548			
Family cases . . . . .						
Persons in family cases . . . .						
One-person cases . . . . .						
Unemployed in labor force (%) .						
(Seasonally adjusted) . . . . .						
Civilian population (excluding military). . . . .						

<sup>a/</sup> Cash grant averages for adult aids computed from "net" person counts.  
<sup>b/</sup> Excludes U cases.  
<sup>p/</sup> Preliminary.

Governor Ronald Reagan today announced the appointment of Santa Maria attorney Robert L. Trapp, Sr., to the Santa Barbara County Superior Court.

Trapp, 56, a Republican, will receive an annual salary of \$35,080. He succeeds Judge Morris Stephan who has retired.

A partner in the firm of Trapp and Kirk, Trapp has practiced law in Southern California since 1945 and has served as a Deputy County Counsel for the County of Los Angeles.

He is a graduate of and earned his law degree from the University of Southern California.

Trapp is a member of the State Bar of California, the Santa Barbara County Bar Association and the Santa Maria-Lompoc Valley Bar Association.

He and his wife Mildred have two children. The family home is in Santa Maria.

# # # # #

OFFICE OF THE GOVERNOR  
Sacramento, Californ.  
Contact: Paul Beck  
445-4571 1-31-72

RELEASE: Immediate

#55

Governor Ronald Reagan today appointed Marvin J. Cassady  
a Gridley farmer, to a four-year term on the board of the Third  
District Agricultural Association (Silver Dollar Fair at Chico).

Cassady, a Republican, lives at Route 3, Box 3505, Gridley. He  
succeeds the late Joseph N. Richardson of Chico on the board.

Board members receive necessary expenses.

# # # # #

WAS

Governor Ronald Reagan today named Polly A. Wyant of San Francisco and Mrs. Norine R. Helder of La Mesa and reappointed Donald H. Oliphant, Sr., of Walnut Creek to four-year terms on the State Board of Cosmetology in the Department of Consumer Affairs.

Miss Wyant, a San Francisco court reporter, will represent the public on the board. She lives at 82A Macondray Lane, San Francisco. She is a Republican.

Miss Wyant will fill the position now held by Mrs. Helder, who in turn will succeed Steve Couroso of Riverside, whose term has expired, as representative of owners and operators on the board.

Mrs. Helder, who operates a San Diego hair styling salon with her husband Paul, lives at 4565 Shade Road, La Mesa. She is a Republican.

Oliphant, owner and operator of a Concord beauty college, has served on the board since 1968, representing owners and operators. He lives at 44 Winfield Lane, Walnut Creek. He is a Republican.

Members of the board receive \$25 per diem while on official duty.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-31-72

RELEASE: Immediate

#57

Governor Ronald Reagan today reappointed Emmett C. Woodward of Sacramento to a four-year term on the Hearing Aid Dispensers Examining Committee in Department of Consumer Affairs.

Woodward, operator of Woodward Hearing Aid Centers, will represent hearing aid dispensers on the board. He was named to the board in 1971.

Woodward, a Democrat, lives at 4919 Cameron Ranch Drive, Sacramento. Members of the committee receive per diem and necessary expenses.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-31-72

RELEASE: Immediate

#58

Dr. John H. Woolsey, Santa Rosa veterinarian, was reappointed to a four-year term on the Board of Examiners in Veterinary Medicine today by Governor Ronald Reagan.

Dr. Woolsey, who lives at 716 High Street, Sebastopol, has served on the board, which operates in the Department of Consumer Affairs, since 1968. He is a Republican.

Board members are paid \$25 per diem while on official duty.

# # # # #

WAS



OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-31-72

RELEASE: Immediate

#59

Governor Ronald Reagan today reappointed Julius P. Hammer, a San Francisco bank official, to a four-year term on the Teachers' Retirement Board, subject to Senate confirmation.

Hammer, an officer of Wells Fargo Bank, has served on the board, representing bank officials, since 1964. He lives at 1101 Green Street, San Francisco. He is a Republican.

Members of the board receive expenses.

# # # # #

WAS

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 1-31-72

RELEASE: Immediate

#60

Governor Ronald Reagan today reappointed Chester L. Chesholm of Salinas and Mrs. June C. Duran of Pebble Beach, to four-year terms on the board of the Seventh District Agricultural Association (Monterey County Fair).

Chesholm, a retired farmer and dairyman, has served on the board since 1968. He lives at 11 Los Laureles, Salinas. He is a Republican.

Mrs. Duran, Assistant Vice President of the California Test Bureau, Division of McGraw-Hill Book Company in Monterey, has also served on the board since 1968. Her address is Box 23, Pebble Beach. She is a Republican.

Board members receive necessary expenses.

# # # # #

WAS