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**HEALTH
AND
WELFARE
AGENCY**

1973 - 1974 PROGRAM

CONFIDENTIAL

HEALTH AND WELFARE AGENCY

1973-1974 PROGRAM

November 22, 1972

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CALIFORNIA DEPARTMENT OF HEALTH

DEPARTMENT OF HEALTH STATUS REPORT

1. In accordance with the Governor's Health Reorganization Program and in response to the California Legislature, the Health and Welfare Agency is implementing the consolidated Department of Health on July 1, 1973. Dr. J. M. Stubblebine has been appointed Director of the interim Department of Health and will coordinate and carry out necessary actions for administrative implementation of the new Department. The following is a summary of the working concepts and ongoing actions being taken within the Health and Welfare Agency to implement this new organization.

A. The Department of Health will be organized along five health systems lines:

- Health Treatment Systems
- Health Financing Systems
- Health Protection Systems
- Health Quality Systems
- Health Administrative Systems

B. The Department will use a general classification structure that will allow for management flexibility in the hiring and rotation of staff. It will accommodate the current personnel in existing functions while they are reviewed for the purpose of consolidation and contraction. There will be an initial contraction in administrative areas of at least ten percent.

C. The Department of Health as currently structured legally, includes all functions of the Departments of Health Care Services, Mental Hygiene, and Public Health. Ten of the Healing Arts Licensing boards from the Department of Consumer Affairs, and the Social Services functions from the Department of Social Welfare, are to be assigned statutorily to the Department of Health.

D. The following is a summary of the proposed organization of the Department:

- (1) Director's Office

- (a) Director
 - (b) Chief Deputy
 - (c) Assistant Director (Legislative Liaison)
 - (d) Assistant Director (Communications)
 - (e) Assistant Director (Administrative Advisor)
 - (f) Executive Secretary, Advisory Health Council
- (2) Health Treatment Systems -- provides services for those with behavioral health problems in a variety of public and private facilities through State hospitals, regional centers and local mental health programs. This includes programs for the mentally ill, the developmentally disabled, the alcoholic, the drug abuser, etc.
- (a) Direct Services Branch
 - (1) State Hospital Operations Division
 - (2) Treatment Control and Evaluation Division
 - (b) Local Programs Branch
 - (1) Substance Abuse Division
 - (2) County Operations Division
- (3) Health Financing Systems -- responsible for upgrading the health of California's population by providing access to necessary medical services for that part of the population whose income and resources are inadequate to meet their needs for medical care. This is currently carried out through the Medi-Cal and Crippled Children Services Program.
- (a) Financing Program Branch
 - (1) Program Division
 - (2) Health System Division
 - (b) Financing Operation Branch
 - (1) Contract Administration Division
 - (2) Field Services Division

(4) Health Protection Systems -- protects the health of California's citizens through the control or elimination of environmental health hazards, assurance of high-quality preventive medical services, and monitoring and coordination of local health social service programs.

(a) Public Health Branch

(1) Environmental Health and Consumer Protection Division

(2) Preventive Medical Services Branch

(b) Medical and Health Social Services Branch

(1) Community Services Division

(2) Laboratory Services Division

(5) Health Quality Systems -- responsible for facility licensing and certification, surveillance and provider standards, and overall health research, planning and evaluation for all department activities.

(a) Licensing and Certification Branch

(1) Institutional Licensing and Certification Division

(2) Social Services Licensing and Certification Division

(3) Program Surveillance Division

(b) Program Quality Branch

(1) Research and Evaluation Division

(2) Planning Division

(6) Health Administrative Systems -- provides all of the necessary central administrative support functions for the other systems in the Department of Health.

(a) Fiscal Management Branch

(1) Fiscal and Accounting Division

(2) Audits and Services Division

(3) Legal Services Division

(b) Systems Management Branch

- (1) Personnel and Training Services Division
- (2) Management Assistance Systems Division
- (3) Reports and Statistics Division
- (4) Computer Services Division

The Department of Health budget is being prepared through a joint effort of the Departments of Health Care Services, Mental Hygiene, Public Health, Finance, and the Health and Welfare Agency.

2. The Director of the Department of Health will coordinate the remaining steps needed for implementation.

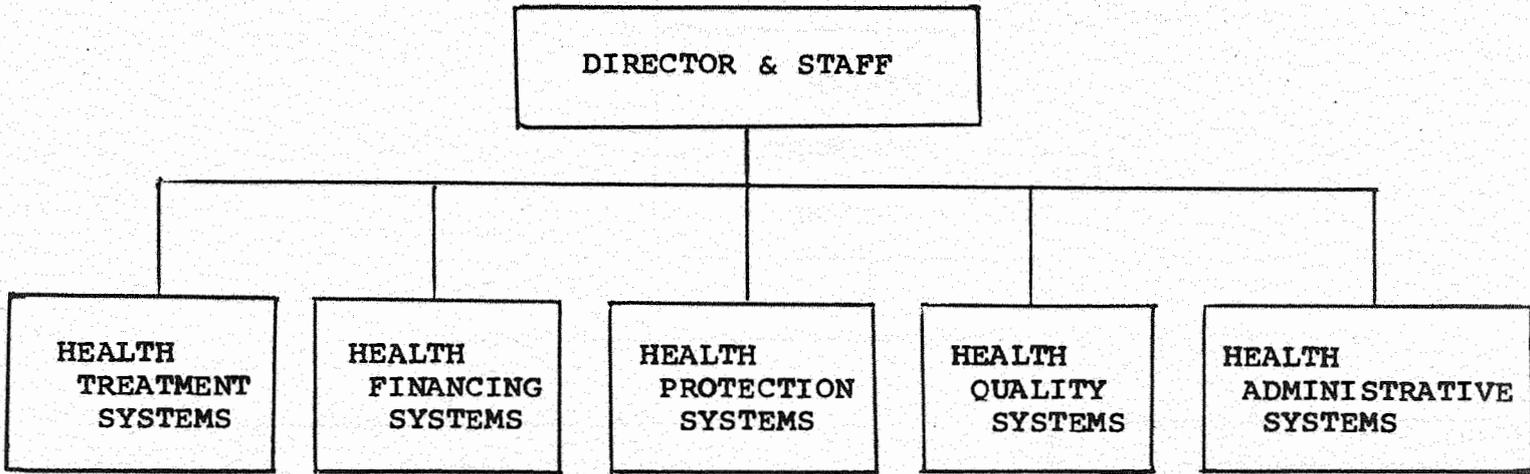
A personnel officer or personnel task force will be established to implement necessary personnel policies, and a special group will be formed to look at the necessity and advisability of moving department functions from one State geographical location to another. (An example would be a review of the Department of Public Health functions in Berkeley to see which could and should be moved to Sacramento.)

3. The possibility of leaving the ten Healing Arts Licensing boards in the Department of Consumer Affairs rather than moving them to the new Department of Health is also being studied. Their retention in the Department of Consumer Affairs would provide a check and balance system between those who run State health programs and those who affect the health professions. If an affirmative conclusion is reached, new legislation will be proposed.
4. Consideration is also being given to transferring some minor social services that are not related directly to health from the Department of Health to the Health and Welfare Agency, Office of Special Services. These are such services as adoptions, out-of-home care, and adult and child protective services.
5. A technical clean-up bill will be submitted. The bill will not deal with substantial issues but is necessary in order to clean up the codes.

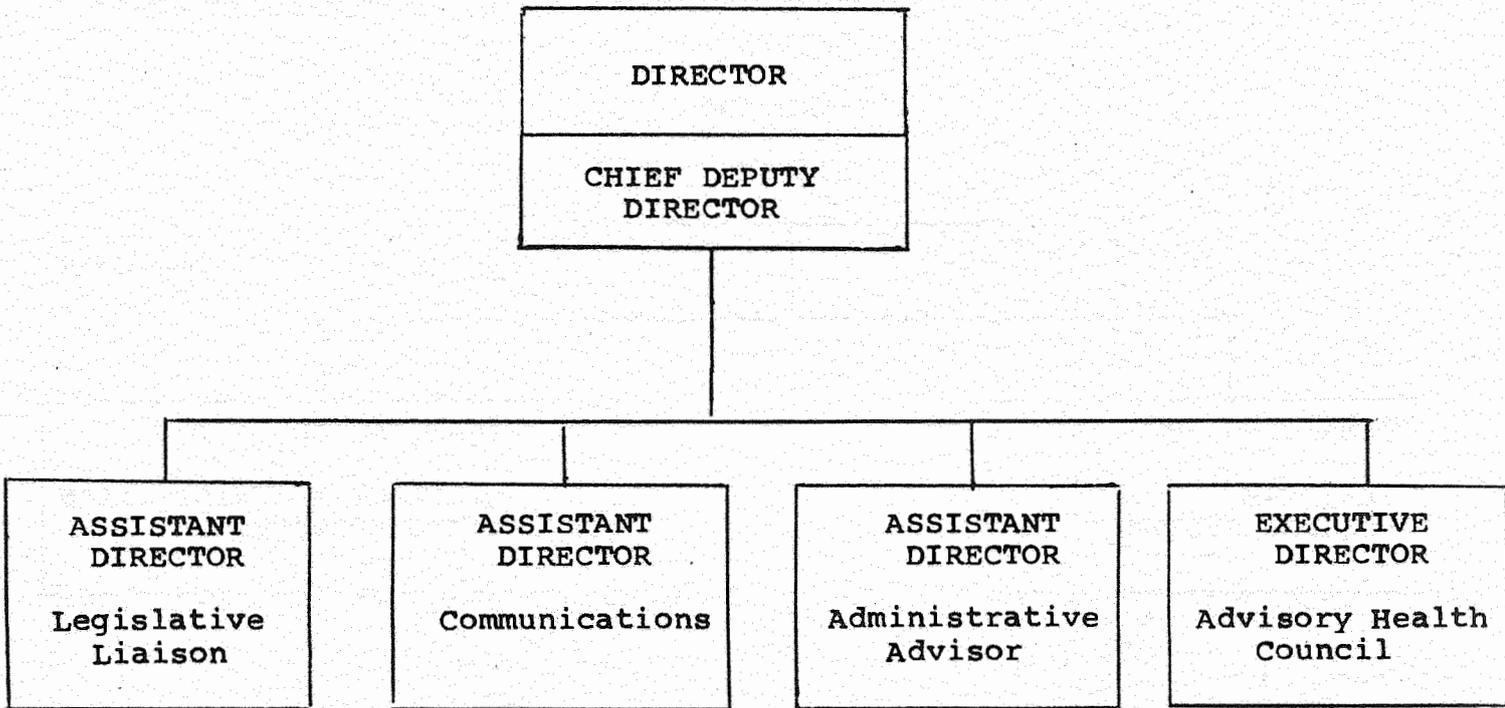
6. In the first year, the estimated savings to the General Fund resulting from consolidation will be \$10,000,000 and a reduction of 600 man years. The bulk of the savings comes from reductions in administrative overhead.
7. A review of the existing boards, commissions, committees, and advisory groups will be undertaken to explore possibilities for organizational consolidation.
8. An important element in reorganizing health-related functions is movement of staff and line personnel to support effective planning and to coordinate program placement within a new arrangement of health systems. This movement will not effect the current Public Health laboratories or those functions closely related to the labs. Approximately 600 Department of Public Health employees will be transferred from offices in Berkeley to Sacramento. Opposition is anticipated, based on protests from local legislators, some businesses and workers organizations when Public Health moved its headquarters to the Capitol in 1968. We believe, however, that transfers are necessary to achieve the savings implicit in Reorganization Plan No. 1, and to improve the managerial control of the Department. The Department of Public Health's timetable is as follows: 125 transferred to Sacramento as soon as practical after January 1, 1973; transfer of the remaining 475 employees, as space becomes available within existing Agencywide allocated space. The estimated cost of moving will be offset by anticipated salary savings from vacancies created by personnel not choosing to remain with the Department in its new location and by reduction in normal travel between Berkeley and Sacramento.

DEPARTMENT OF HEALTH
ORGANIZATION

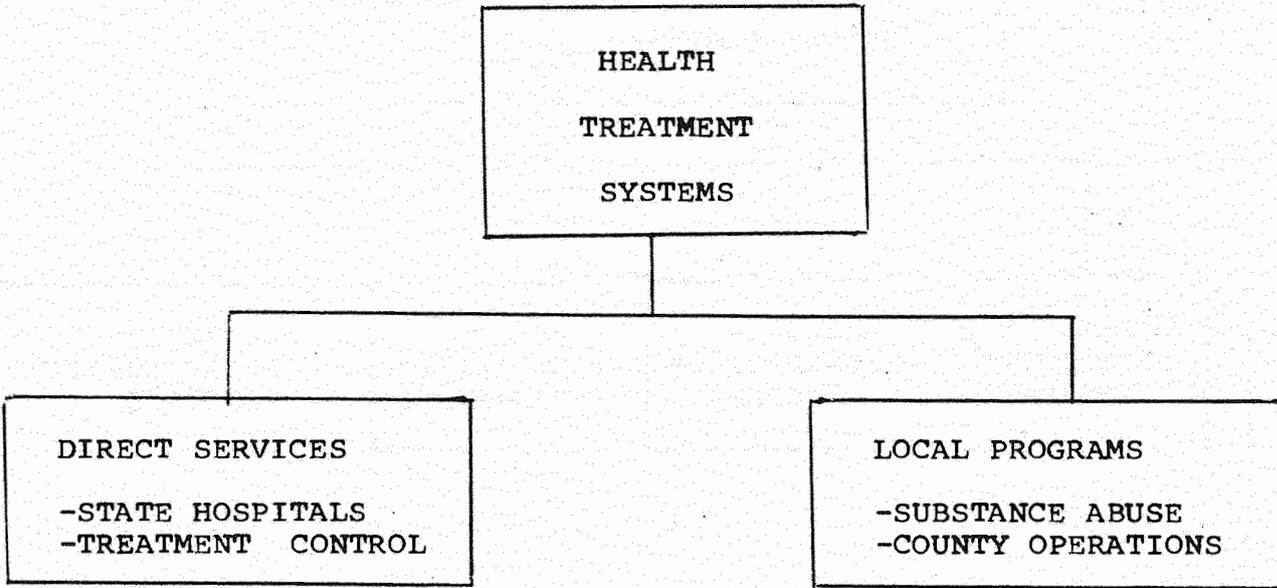
BRANCHES



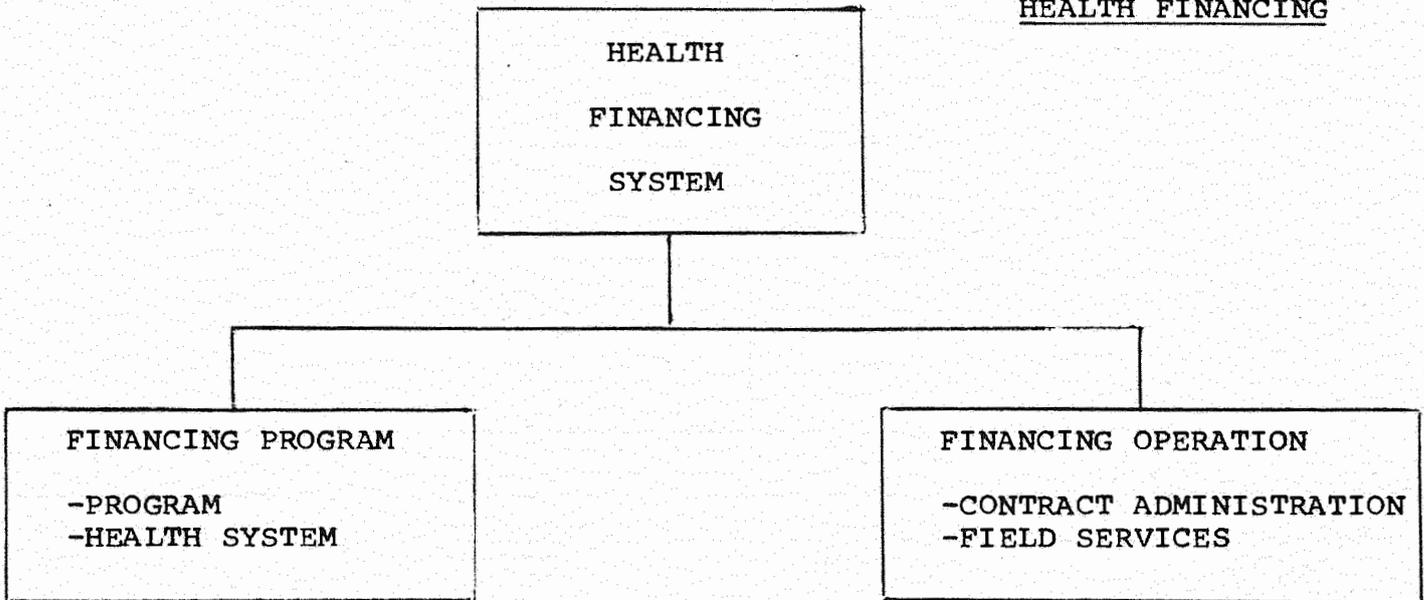
DIRECTOR & STAFF



DEPARTMENT OF HEALTH
HEALTH TREATMENT

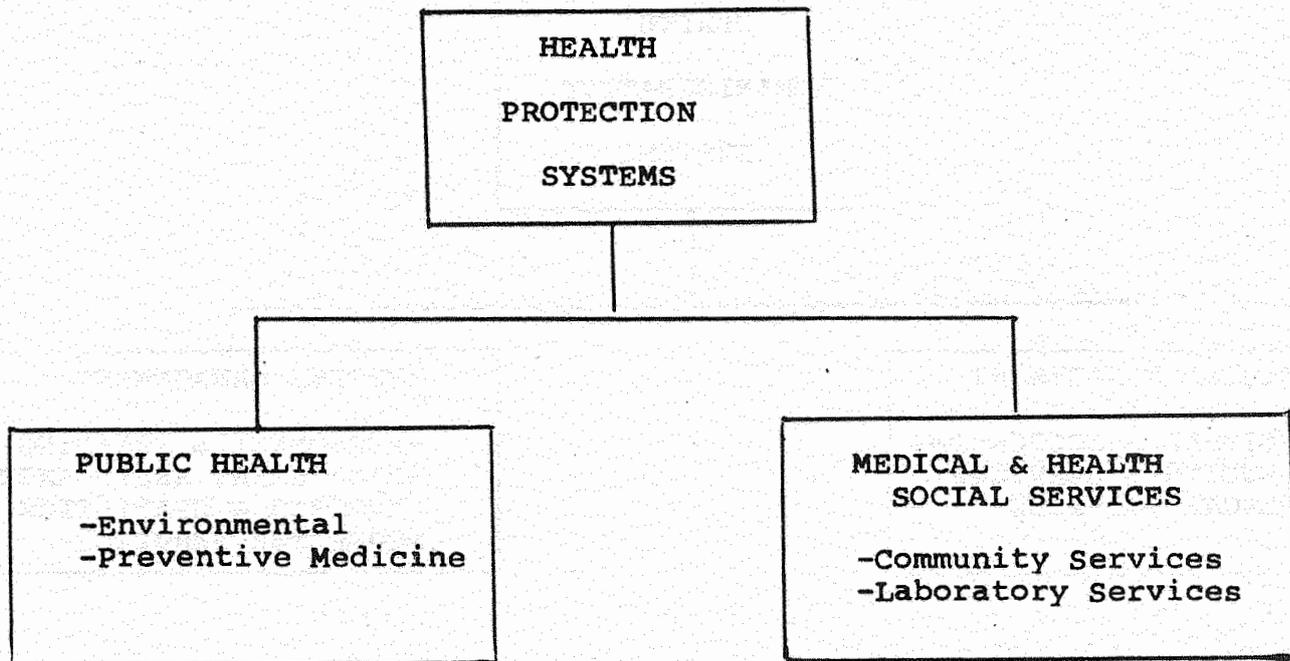


HEALTH FINANCING

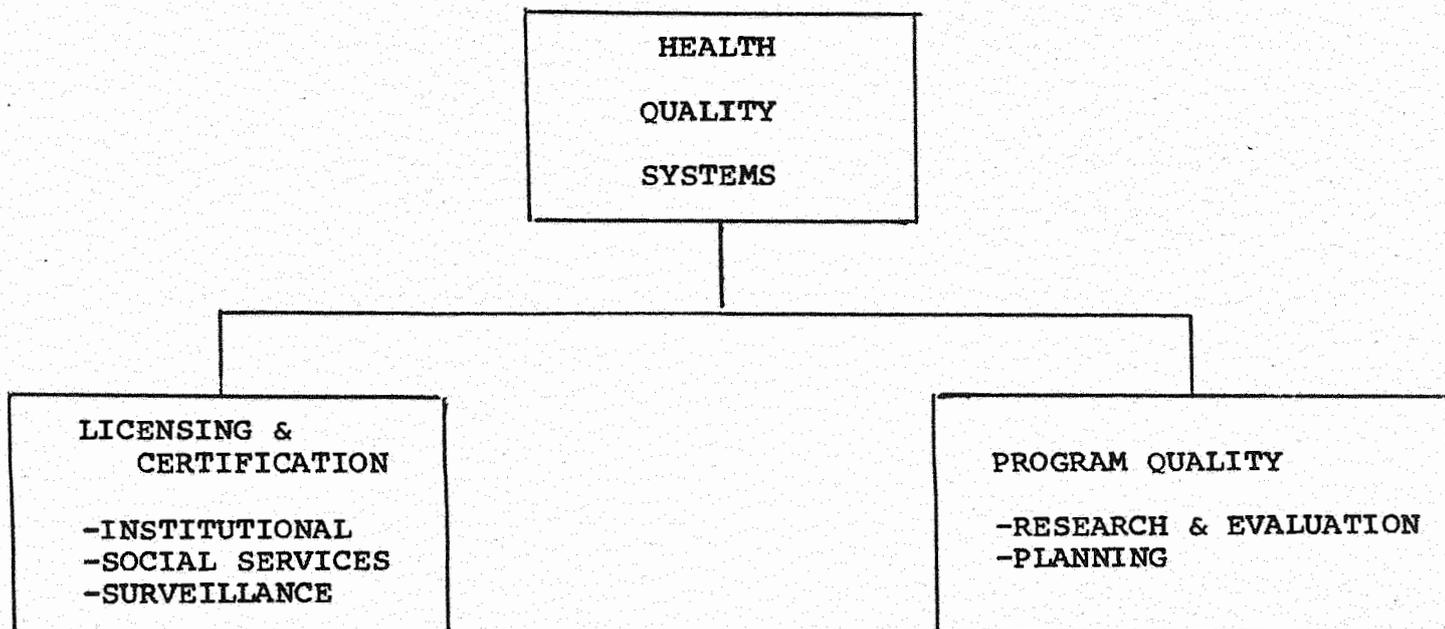


RESPONSIBILITY

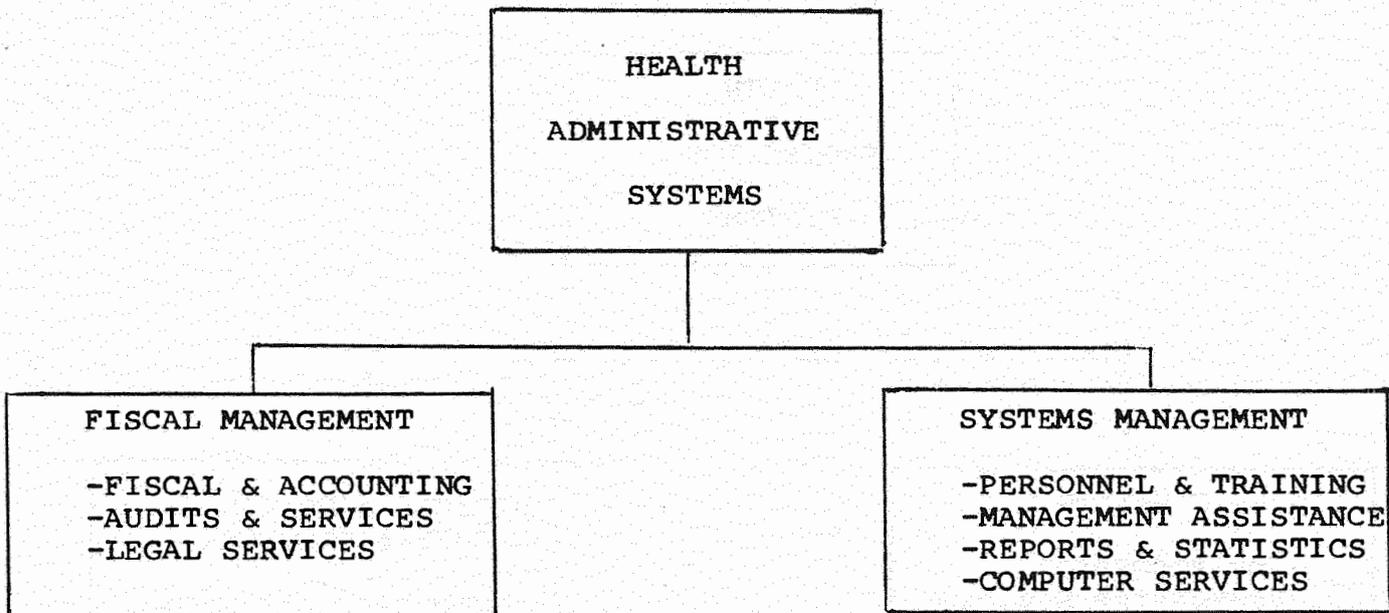
- Medi-Cal
- Crippled Children Services



HEALTH QUALITY



DEPARTMENT OF HEALTH
HEALTH ADMINISTRATIVE



CALIFORNIA COMMUNITY MENTAL HEALTH PROGRAM

CALIFORNIA COMMUNITY MENTAL HEALTH PROGRAM

A. Introduction/Background

1. Mentally ill and retarded persons unable to care for themselves were originally confined in jails and poorhouses. That form of community care was replaced in the late 19th and early 20th century by state hospital systems involving massive institutions placed at some distance from population centers. Originally intended as more humane facilities than the prisons and almshouses they replaced, the state hospitals rapidly became overcrowded, underfunded human warehouses where there was no effort at treatment or rehabilitation and great abuses of human dignity and rights.

In the early 1900's, the conditions in state mental hospitals became more widely known, and reforms were initiated. During this period of hospital reform (up to 1958) the State of California built fourteen state hospitals. Eleven of these institutions still operate: five for the mentally retarded, two for the mentally ill, and four to serve both kinds of patients.

Major capital outlay in the form of new mental hospital construction could not keep up with the demand for hospital service which was growing even faster than the general population. By 1957, at the peak of their occupancy, state hospitals held over 36,000 mentally ill and nearly 11,000 mentally retarded persons. Counties and individuals shared a small part of the cost of care for the retarded, but the state supported the entire cost of treating the mentally ill.

2. In 1957, after several years of often intense public debate which culminated in passage of the California Community Mental Health Law, or Short/Doyle Act, the State began to encourage local treatment programs of professionally approved design by supplying 50 percent of the net costs of service. The reimbursement formula for new programs was increased in 1963 to 3:1 state funds, and in 1969 to 9:1 state funds. This fiscal incentive, coupled with growing professional support for community mental health programs, led to the establishment of local mental health services in every county in the State by 1972.

Local program development was further enhanced by the federal Joint Commission on Mental Health and Illness, which recommended in 1955 the establishment of community-based facilities. In addition, the development of chemotherapy during the 1950's made it possible for the new community facilities to manage patients at home instead of in hospitals. The extension of welfare benefits also enabled many people formerly committed to state hospitals to live in their own homes or in other community settings. All of these efforts resulted first in a leveling-off, and then a gradual decrease, in the mentally ill hospital population to a current figure of less than 8,000 patients.

Mentally ill patients formerly held in state hospitals are now being treated both differently and in different settings. Some are served in county mental health inpatient services, whose bed capacity is now 1,415, or in private institutions with a combined capacity of 13,438 beds. A larger number are in facilities other than hospitals, ranging from private homes to skilled nursing care units. Private residential facilities for the retarded provide more than 6,000 beds and 1,700 day treatment patient spaces. An increasing distinction is being made between the patients' medical treatment needs and their domiciliary needs. When the latter are adequately met, treatment needs can frequently be fulfilled in day treatment or outpatient facilities at greatly reduced dollar and manpower costs but with no loss of efficiency.

3. The Lanterman Mental Retardation Services Act of 1970 established regional centers for the evaluation and referral of retarded persons including, when appropriate, referral to a state hospital for treatment and care. Strenuous efforts by the hospitals, the regional centers, and the placement workers have combined to reduce the mentally retarded patient census from a high point of 12,000 to about 10,000 at present. A slower but steady decline is expected to continue.
4. The future of physical facilities for the mentally ill and retarded is likely to reflect a continuation of the trend greatly in evidence for the past fifteen years. The changes so dramatically begun may be hastened by several forces. One is a federal court decision (Wyatt vs. Stickney, Alabama) which, unless overturned on appeal, identifies 35 conditions for the mentally ill and 49 for the retarded, considered to be medical and

constitutional minimums in state hospitals. While most of those conditions are being met or exceeded in California institutions, some of them having to do particularly with space and design could, if they were to become binding here, require major remodeling and modernizing at substantial cost.

The significantly more demanding facilities standards of the Joint Commission on the Accreditation of Hospitals will also require major remodeling. These new and expanded requirements may make it more than ever desirable to reduce to a minimum the number of facilities designed to deliver 24-hour hospital care.

B. Program Objectives

1. Provide effective community mental health services
2. Decrease program costs
3. Place operational responsibility at the community level

C. Program Proposals

1. These objectives will be achieved through the following programs:

- Increase community mental health program capabilities
- Phase out state hospitals
- Redefine financial responsibility for medical care related to mental health programs

2. Increased community capabilities:

Modern psychiatric crisis intervention techniques, promptly invoking the entire array of mental health disciplines in human crisis situations, have demonstrably greater and more rapid impact, prevent or markedly lessen morbidity, and reduce dependency and chronicity. Persons with mental and emotional disorders are generally incapacitated for work only briefly, if at all. Treatment in the patient's home community facilitates rapid return to normal life. Because of the large concentration of public and private mental health programs in the community, health care for this large segment of the population will become more professionally refined and individualized.

Community mental health programs can be significantly expanded by providing the county with the funds necessary to enable them to furnish the services presently available in state hospitals. Counties will be able to provide, through public facilities or contract services, the inpatient treatment necessary for mentally ill persons requiring special restraints and intensive therapy, while also increasing the quality of community mental health services generally.

3. Phase Out State Hospitals:

Hospitals are highly specialized, extremely expensive collections of increasingly exotic equipment and specially trained staff brought together in an elaborate and complex setting to focus life-saving and restorative efforts on persons with physical, medical and surgical problems. Most psychiatric patients have no medical or surgical problems warranting such equipment, staff or facility and should be in a hospital only if their problem necessitates such care. They and their fiscal sponsors, including the state mental health authority, should not pay to maintain or operate hospital facilities unless they are mandatory to satisfy patients' medical needs and safety.

None of the conventional treatment modalities applied to mentally disordered persons requires application in a hospital. Medical and nursing attention may be required, even around the clock; this is not the same as full-time hospitalization. Skilled nursing and intermediate care facilities can provide all the medical and nursing attention required in mental health treatment by proper staff design. Specialized diagnostic services (laboratory and radiology) and medical/surgical treatment procedures can readily be procured on contract from local public or private sources.

The cost savings resulting from gradual phase out of state hospitals will provide the necessary funds to finance the expanded community mental health programs. There will be at least a 40 percent reduction of State mental hygiene employees in the Department of Health in five years, and further reductions of approximately 40 percent in ten years, with concomitant administrative savings. (As personnel reductions occur, there will be a corresponding increased demand by county mental health services for trained personnel, which will alleviate the unemployment hardships.) Other cost savings will be realized as major capital outlays to maintain state hospitals and/or bring them up to

increasingly rigid state and federal standards are avoided, and as fewer Department of Health resources are diverted from treatment to the administrative costs necessary for the hospitals.

4. Redefine financial responsibilities for medical care related to mental health programs:

The costs of mental health services can be separated from costs for health care services. State funds for mental health services should be applied only to the psychiatric care and rehabilitation programs provided by community, and costs for health care should be handled by the individual or public assistance programs where applicable. Thus, many costs now being borne by Short/Doyle or Mental Retardation funds will be transferred to the private sector or such public programs as Medicare/Medicaid, and Crippled Childrens Services.

The current operation of state hospitals for the mentally ill and mentally retarded includes medical care services, with associated overhead costs. Community programs do not make any distinction between costs for mental health services and those for medical services: the total cost is included in financial statements provided to the State for payment under Short/Doyle and the Regional Mental Retardation Program. Previous attempts by the State to identify Medi-Cal or Medicare eligibles in mental health programs have not been successful because counties do not make the effort to identify their eligibles. With the inception of the proposed Community Mental Health Program and the shift of program responsibilities to the community, it will be administratively directed that mental health funds cannot be used for provision of health care. The county will have to separate these costs and determine eligibility for public assistance funds or private payment.

It is expected that this new departure will represent an increase to Medi-Cal costs, but this will be more than offset by the reduction of State general fund expenditures through Short/Doyle and the Mental Retardation programs. The health care related costs will be partially borne by federal funds, as opposed to the almost total State funding of mental health programs.

D. Current Programs/Proposed Changes

1. Community Mental Health Program

Currently all California counties operate extensive programs for the mentally ill (Short/Doyle) and the mentally retarded (Lanterman). Under the Short/Doyle Act, the county is the primary provider of services, either directly or by contract. For mentally retarded persons, the Lanterman Act established 13 regional centers which determine mentally retarded patient needs, and provide necessary care, including referral to state hospitals. These local programs provide the full spectrum of mental health and medical services, ranging from inpatient care in the local community to outpatient care for crisis intervention, therapy, counseling, etc. Almost every county also uses the state mental health hospitals.

This proposal will expand current county programs through infusion of increased funds, which will increase the quality and quantity of care now being provided in the community. Furthermore, it will eliminate health care costs as part of mental health programs.

2. State Hospitals

The State currently operates eleven hospitals for mentally ill and mentally retarded persons throughout the state, at current annual cost of approximately \$180,000,000. In addition to providing mental health services, the hospitals have medical staffs and facilities for provision of health care services. Patients in these hospitals are referred by counties and regional centers. Costs per patient average \$30 per day, and the State encourages retention of mental health patients in local community programs by paying counties \$15 per day for inpatient care. This program is somewhat self-defeating, since reduction of state hospital occupancy does not significantly reduce operating costs.

The State of California under this proposal will cease to provide direct hospital services to mentally ill and mentally retarded persons. The majority of these persons now being treated in 24-hour hospitals, general or psychiatric, local or state, should be treated in other settings: skilled nursing care, intermediate care, residential care, or in their own

homes. By 1982, all 24-hour treatment of psychiatric patients should be conducted in these community settings. In order to provide an orderly transition and phase-out, the number of beds in hospitals for the mentally ill will be reduced 10 percent every six months beginning in July, 1973.

Medical and surgical services, other than emergencies, will be discontinued at all state hospitals on or before July, 1973. Each hospital will maintain a well-equipped emergency treatment unit, evacuation unit, and a health maintenance program. All medical and surgical services will be obtained by contract from the community.

It is estimated that the State will realize a general fund savings of approximately \$207 million over the next six years through the closure of state hospitals. The added cost of local programs in order to provide the services now available in the state hospitals will be approximately \$146.7 million over the next six years. There will also be an increased cost to Medi-Cal, but the amount cannot be determined since it is impossible to determine how many patients will be eligible. The counties have not made a major effort to identify Medi-Cal eligible patients in the past so no reliable figures are available upon which to base an estimate. The following table indicates the fiscal impact:

**ESTIMATED FISCAL IMPACT
COMMUNITY MENTAL HEALTH PROGRAM**

FISCAL YEAR	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	Total 1973-79
Costs:							
Local Program							
Increase	\$6.0	\$11.9	\$19.6	\$28.0	\$40.6	\$40.6	\$146.7
Savings:							
Hospital							
Phaseout	\$6.0	\$17.0	\$28.0	\$40.0	\$58.0	\$58.0	\$207.0
Net Difference:	0	\$5.1	\$8.4	\$12.0	\$17.4	\$17.4	\$60.3

3. Medical Care Related to Mental Health

Generally, medical care costs are presently included in the total mental health program costs submitted by counties for funding by the state (90 percent) and the county (10 percent). Little effort is made by the county mental health program administrations to identify these health care costs or determine eligibility of patients for public programs, such as Medicare or Medi-Cal.

State mental health programs include health care services as a standard part of their operation and expense. Some of this cost is now recovered through Medi-Cal.

Under this proposal, county mental health programs will be authorized to claim reimbursement for 24-hour inpatient services only for the cost of space, food, ordinary maintenance, medications, basic laboratory, x-ray and other clearly indicated diagnostic services and professional services required by the patient's psychiatric condition and needs. Counties will be required to identify health care services provided to mental health patients and make other arrangements for funding from the individual or public assistance programs. Hospital care for persons with mental illness or disorders will be provided exactly as for other persons, i.e., only when there is a clear medical or surgical requirement for treatment in a hospital.

E. Implementation Schedule

1. The number of beds in hospitals for the mentally ill, offered by the State for county patients, will be reduced 10 percent every six months beginning July, 1973.

State hospitals will designate as skilled nursing, intermediate and residential care facilities, those portions of the state facility unlikely to meet hospital accreditation standards. These designated portions must be administered as separate entities who purchase space and certain support services and supplies from the main hospital.

Each hospital will be limited to the establishment of 200 skilled nursing and 300 intermediate or residential beds during the five-year period ending June 30, 1977. The number of such beds, when combined with the remaining acute beds, may not at any time exceed the total number of beds authorized at each facility in keeping with a 10 percent overall reduction in beds every six months.

2. Specific Hospital Changes:

- Patton State Hospital will become an administrative unit of Pacific State Hospital on June 30, 1973, with a single administration and support structure.
- Stockton and Agnews State Hospitals will become a single administrative entity June 30, 1973, and will consolidate patient care in one facility on or before June 30, 1974.
- Those portions of Metropolitan State Hospital closed or converted to skilled nursing, intermediate, or residential care each six months will be offered for sale or lease to Los Angeles County and/or Orange County. If the counties do not desire to buy or lease these parts of the facility, they will be offered to any legitimate public or private body on similar terms, or declared surplus.
- Atascadero State Hospital will be reduced in capacity 10 percent every six months for the next five years. Care for mentally disordered offenders will be shifted to other hospitals, to the local programs in their own facilities or in county jails, honor farms and the like, and to installations in the correctional system where local mental health organizations will supply staff and programs.
- All admissions to Patton State Hospital will be closed in July, 1973.
- All beds for the mentally ill at Patton State Hospital will be closed January 1, 1974.
- All admissions for the mentally ill to Stockton State Hospital will be closed July, 1973.
- All beds for the mentally ill at Stockton will be closed January 1, 1974.

F. Legislative Proposal:

1. An act authorizing the closure of the state hospital system on a gradual basis before such closures occur.
2. An act sanctioning 24-hour psychiatric treatment in free-standing skilled nursing care and intermediate care facilities, and in crisis intervention units outside a general or psychiatric hospital.

3. An act permitting designation of appropriate portions of any state hospital as skilled nursing care and intermediate care facilities.

G. Marketing Plan

This proposal can be effected. Indeed, the current and past thrust of informing the public of mental disorders lends itself to assisting the implementation of the proposal. This will be achieved with a sustained education and public information effort. Local and county government as well as the general public will be informed.

Now being developed is a carefully planned and coordinated information and education program -- a program that is constructive, positive and responsive. It requires the cooperation of all operating units.

This proposal will be made on the basis of an enlightened and humane approach to the care of the mentally ill and retarded. It must be supported by the professional community, as the best means for meeting the real needs of the mentally ill and the mentally retarded. To some extent this is being done; more is required.

State hospitals will gradually disappear from the scene as a consequence of this more humane treatment, but the plan will not be labeled a plan merely to close state hospitals. The emphasis should be on the fact that equal or better treatment will be delivered in the home or neighborhood environment.

Following are some of the target audiences which will be included and which will be approached simultaneously:

1. The general public

A long-range, multi-media, mental health education plan is being developed to use skilled professionals who will use every available means of changing the community attitude and increasing public understanding of the mentally disordered and mentally retarded. The campaign will be mounted as soon as Cabinet approves and will be the keystone to the success of the program.

2. Associations and parent groups

As soon as it is decided to proceed with the plan, these groups will be brought into the program so that they can become identified with the effort and provide positive input through advisory councils and planning groups. In any event, these organizations will be approached before the plan is made public and presented with the philosophy and positive goals. Timing is important to prevent an adverse reaction to the proposal.

This is an area of potential opposition from three aspects:

- The quality of care offered by the alternate sources must be equal to that offered in the state hospitals. The improved state hospital programs have been received with approval and are now considered to be equal to or better than in other facilities. This quality must be maintained.
- There must be a guarantee to the parents of the mentally disordered that continued care will be assured by the State and will not depend on the health or financial condition of a program operator.
- There are some parents of the mentally retarded who for various reasons do not wish to have their children near them. Opposition to placement in the parent's home community could develop for these reasons.

3. The medical profession, medical societies, and specialty groups

The forward-looking concepts embodied in this plan will be presented in a professional manner to the medical professions and their societies as well as other professional organizations involved in mental health activities. Endorsement and support of these groups is invaluable to obtain public acceptance of the plan. This is critical since one aspect of this plan is to contract with the medical professionals within the community for medical and surgical problems.

4. Planning commissions, county supervisors, the State Legislature, and other public bodies

This is a major area of potential opposition to implementing this plan. A deliberate, organized and coordinated effort will be quickly mounted to allay fears concerning the

threat to the community from the mentally disordered or mentally retarded or that the local taxpayer will be required to assume a greater burden as a result of the new system. Certain key legislators and other individuals will be contacted in advance to help shape a successful passage of this proposal.

5. The legal profession

Because this group, particularly district attorneys and judges, constantly deal with the problem of mentally disordered offender, an education program aimed specifically at them will be launched.

6. Special interest groups such as caretakers and operators of care-providing facilities will be made aware of the financial benefits and the quality control aspects of this system. This group will be most supportive, since payments for care are increased.

7. State employees

The closure of state hospitals will result in obvious employee turmoil. As county and community mental health programs are expanded, however, there will be an increasing need for trained personnel. A major part of the marketing plan will be an intensive employee information program which includes personnel policies and assistance plans to minimize economic hardships to those employees directly affected.

There is a general climate of acceptance of a system such as this by groups interested in the care of the mentally ill. This goodwill will be fostered in order to build acceptance by the groups interested in the care of the mentally retarded.

CENTER FOR THE STUDY OF VIOLENT BEHAVIOR

CENTER FOR THE STUDY OF VIOLENT BEHAVIOR

A. Introduction/Background

1. During 1971 over 100,000 violent crimes were reported in California. The magnitude of violent crimes is such that more than one in fifty (50) California families is involved annually.
2. The Health and Welfare Agency recognizes its responsibility to promote programs which contribute to the safety of Californians. The Agency believes that a Center for the Study of Violent Behavior will make a significant contribution to the safety of California citizens. Such a center will represent the only program in the United States focused on the comprehensive review of violent behavior and the systematic development of viable detection, prevention, control and treatment models.

B. Program Objectives

1. To define the epidemiology of violent behavior, its underlying etiology, its social, psychological, and physiological correlates.
2. To identify and cause to be tested predictors of various forms of violent behavior.
3. To document the circumstances and conditions under which violent behavior is likely to be repeated.
4. To develop and cause to be tested models for the control, treatment, and change of violent behavior.
5. To develop and disseminate through educational, training, and informational programs knowledge, techniques, and models found useful in detecting, preventing, controlling, and treating violent behavior.
6. To define the ethical and legal contingencies relative to human experimentation and the parameters to be used in the development of detection, prevention, control, and treatment models.

C. Program Proposal

1. These objectives will be achieved through the establishment of a Center for the Study of Violent Behavior at the University of California at Los Angeles.
2. While the Center will concentrate on the compilation of a body of knowledge, the basic thrust of the Center's program will be to develop and demonstrate practical applications of models for the detection, prevention, control, and treatment of violent behavior (VB).
 - The research component will provide material for incorporation into VB models. This will involve research to determine what data are available, and what can be developed, as well as to evaluate the effectiveness of existing models.
 - The development component will provide the models required for the reduction of VB. Models will be used for incorporating knowledge into university educational programs, community training programs, and Agency projects and practices. The use of models will provide maximum transportability and marketability of VB knowledge.
 - The ethics and legal component will provide guidelines for experimentation and development of VB models.
3. Research will focus on defining correlates of dangerous behavior and the development and testing of scales and procedures for classifying, predicting, controlling, and modifying violent behavior. Three dimensions will be examined; epidemiological factors, biological factors, and psychosocial correlates.
 - **Epidemiological Factors**

The Center will gather and evaluate information on where, when, and by whom violent acts are committed. Epidemiologists will locate focal points of violence, and measure both the spread of violence from and the control within these foci. Such factors as the relationship between changes in society, the family structure, unrest among the poor, the changing role of religion, the impact of mass media, and gang behavior will be encompassed within the epidemiological studies. Epidemiology will also play a role in monitoring the impact of detection, prevention, control, and treatment programs identified or developed by the Center.

- Biological Factors

The Center will investigate genetic, biochemical, neurological, and neurophysiological elements of violent behavior. For example, the recent indications that the XYY chromosomal defect may be associated with the presence of violent behavior will be pursued. Evidence is also mounting that the predisposition to alcoholism may be inherent and because of the apparent connection between alcohol and violent behavior, this will be explored.

The effects of hormones on aggressive behavior will be studied in the biological laboratories. New drugs now being developed hold some promise for the diminishing of violent outburst without dulling other brain processes. These drugs will be tested in laboratory situations within the Center programs and in related Health and Welfare Agency programs. Other applications of pharmacology will be developed in the course of the Center's activities. Studies of abnormal electrical activities within the brain involving various forms of brain lesions and brain diseases will be carried out in the neurological and physiological laboratories to clarify their relationship to various types of violent behavior. Examples include hyperkinetic children and aggressive or violent sex crimes.

- Psychosocial Factors

The Center will be fundamentally concerned with violent behavior as it involves people. The Center will study the relationship of violent behavior to such factors as the individual's attitudes, his way of reasoning, his methods of controlling impulse and action, his perception of other people, and his mode of adaptation to his environment, and to such environmental factors as overcrowding and noise. Attention will be given to the direct and indirect victims of violence, in order to minimize the deleterious effects of the violent act. The question of victim-proneness, a phenomenon suspected to account for the peculiar frequency of assault on certain persons, will be explored.

4. The development programs will concentrate on models which can be piloted or implemented in public or private facilities. The program will involve five basic models: education, detection, prevention, control, and treatment.

- Educational Models

The Center will be concerned with translating the products of research and development activities into educational and training materials and models. These models will include pilot programs, designed to provide skill in identifying, classifying, controlling, and treating violent behavior. For example:

Seminars and training programs for professionals who must deal with persons expressing VB.

Seminars and training for professionals who must deal with juveniles.

Curricula for university-based courses for mental health and correctional workers and other students.

Packaged informational and instructional material for the general public, community groups, and the universities.

Additionally, the Center will initiate faculty affiliations for qualified faculty members and student stipends for the pursuit of interdisciplinary graduate training in VB.

Detection, prevention, control, and treatment models can be viewed as points on a continuum. Each point represents a successive progression of intervention into VB.

- Detection Models

Among other detectors the Center will develop behavioral indicators, profiles, scales, biological correlates, and social and environmental predictors of violent behavior.

- Prevention Models

Intimately aligned with the systematic establishment of a body of knowledge relative to the causes and detection of VB is the development of preventive models. The models will assist appropriate persons and agencies, e.g., school administrators, law enforcement personnel, governmental departments, to design and develop special programs to prevent the overt expression of VB (see detection models above).

- Control Models

Beyond the detection and general prevention of violent behavior, the paramount public need is to control the expression of such behavior when a clear and present danger exists. The development of functional models within an ethically and legally sound framework will represent the prime objective of the Center. Included within this area will be models designed to control the activities of identified sociopaths, sex offenders, murderers, juvenile gangs, and rioters. Emphasis will be placed on models which protect society from the destructive actions of dangerous individuals and groups. The Center will be responsible for reviewing, developing, and testing a wide range of control models, ranging from supervisory models to halfway houses to chemical and physical controls.

- Treatment Models

Commensurate to the requirement for control of violence will be the development of treatment models designed to ameliorate or supplant the expression of violent behavior. Treatment programs will emphasize patient/inmate performance and responsibility in demonstrating alternative socially acceptable behaviors. A partial list of facilities which will be used to develop treatment models and implement pilot and demonstration programs are:

Atascadero State Hospital

Camarillo State Hospital

U.C.L.A. Neuropsychiatric Institute

Langley Porter Neuropsychiatric Institute

California Medical Facility, Vacaville

The Center will examine the legal and ethical guidelines and scientific philosophy surrounding human experimentation. The Center will develop and adopt legal and ethical parameters for the prevention, control, and treatment of violent behavior. The research and models developed by the Center will adhere to these legal and ethical parameters.

6. A task force will be appointed by the Health and Welfare Agency Secretary. It is planned that at the time the Center is established at UCLA there will be a faculty, ongoing

projects, a specific plan for meeting the objectives as established by the Health and Welfare Agency, and a physical plant. Intergovernmental problems will be identified and functional resolutions will be developed. The task force will:

- Be composed of one member recommended by the Department of Mental Hygiene, one member recommended by the Department of Corrections, one member from the Health and Welfare Agency, and three members recommended by the University of California. One of the three members from UC will be the prospective Center director.
 - Organize and advise the Agency Secretary on appointments to the Center's Advisory Committee.
 - Review and compile all existing State research relative to VB. Transfer functional responsibility for this research to the Agency.
 - Administer the receipt of existing and proposed funds for the operation of the Center.
 - Establish a specific program plan for the ongoing operation of the Center.
 - Specify the criteria which the University of California must meet prior to obtaining operational control of the Center.
 - Negotiate and consult with the UC administration on the transition of the Center to UC. Upon transfer of the Center to UC, the task force will be dissolved.
7. The University of California in assuming operational responsibility of the Center shall appoint the Center director and the two additional task force members. The Center director shall be responsible for the direct administration and coordination of the Center activities. The director will be responsible for seeking additional support independent of State funds for accomplishing the Center's objectives.

The President of the University of California, upon consultation with the Secretary of the Health and Welfare Agency and the appropriate University Chancellors, shall appoint an Advisory Committee for the Center. The Committee shall:

- Be composed of 50 percent faculty members of University-related members and 50 percent State of California members. The University quota shall include student representation.
 - Meet regularly with the Center director and participate actively in evaluating the Center's objectives, programs, and effectiveness. In so doing, provide a continuous review of the Center for responsiveness of the Center's efforts to the national context and the Health and Welfare Agency.
8. A Coordinating Council will be appointed by the Secretary of the Health and Welfare Agency. The Council will:
- In cooperation with Center's Advisory Committee work to assist the Center in the pursuit and accomplishment of the objectives and priorities set forth by the Health and Welfare Agency.
 - Be composed of eight members: two from the health area, two from the correctional area, two from the manpower/services area, one designee of the President of the University of California, and the chairman from the Health and Welfare Agency. The directors of the Departments of Health and Corrections and of the Center shall serve as ex officio members of the Council.
 - Review and clear all grant requests not generated by the Center but related to VB. Coordinate all such grant requests with the Center.
 - Provide that all models and projects developed by the Center are coordinated with and/or incorporated with the appropriate State or public unit either for review, demonstration, or implementation.
 - Develop and promote through the Center student governmental internship in areas associated with the interdisciplinary activities of the Center.

D. Analysis of Current Programs and Proposed Changes

1. The State Departments of Corrections, Mental Hygiene, and the Youth Authority and the universities are at the present time independently engaged in examining the causes of

violent behavior. Additionally, the judiciary, law enforcement officers, correctional officials, psychologists, physicians, and other private and public groups and agencies are actively participating in the prevention, detection, control, and treatment of violent behavior. No single group has been responsible for either the systematic review of the techniques utilized to detect, prevent, control, and treat violent behavior or the concentrated development of effective methods to detect, prevent, control, and treat the expression of violent behavior.

2. The Center will concentrate state, university, local, and national resources on the study of violent behavior. The Center will serve as a focus for the university, the state government, the judicial system, and law enforcement for the study and the development of models designed to reduce the incidence of violent behavior. The Center will be within the University of California, and will be controlled by an Advisory Committee composed of University and State members. The Advisory Committee shall work to assist the Center in the pursuit and accomplishment of the Center's objectives, i.e., the development of practical models to detect, control, prevent, and treat violent behavior.
3. The funds to operate the Center will initially be drawn from operating budgets of Departments within the Health and Welfare Agency. The proposed budget for the Center is:

F.Y. 1972/73 - \$ 500,000

F.Y. 1973/74 - \$1,500,000

F.Y. 1974/75 - \$1,000,000

The allocation for F.Y. 1972/73 will be totally funded from the general fund. The California Council on Criminal Justice has awarded a grant for \$750,000 for F.Y. 1973/74 so the general fund contribution will be \$750,000. It is anticipated that the Center will generate grant funds in increasing amounts once it is established and that by 1974/75 the primary source of support will be these grants. The state share for each fiscal year will be distributed among the Departments of Corrections, Youth Authority, Mental Hygiene (Health), and Human Resources Development. The 1972/73 appropriation will provide for start-up and operating costs and seed money for research

grants. The projection for 1973/74 includes additional research funds and will cover increases in the educational endeavor as well as the ongoing basic support for the Center. It is anticipated that major funding during 1974/75 will be available through grants generated by the Center. It is hoped that these grant funds will total at least two million dollars over the one million dollars in State funds.

E. Implementation Schedule

It is planned that the Health and Welfare Agency will be responsible for the initial development of the Center and for outlining of the basic program structure. These activities shall include the specification of criteria which the University of California must meet prior to assuming operational control of the Center. This development shall proceed in such a manner that the University of California can obtain direct operational control of the Center by April 1, 1973. The Agency in organizing the Center shall, therefore, conform with the administrative policies and procedures concerning organized research units as set forth by the University of California Regents.

F. Legislative Proposals

No legislation will be necessary. The Center can be established administratively.

G. Marketing Plan

Since the Center can be established administratively, it will not be necessary to "sell" this program to the public and to the Legislature before the project is begun. The nature of the project is such, however, that little opposition is expected. To the contrary there are considerable benefits to this program which will be emphasized and which will receive major play in a statewide information program. Groups which will receive special attention are as follows:

1. Law enforcement agencies: The primary purpose of this center is to develop better means of ensuring public safety. This program has been reviewed by CCCJ and has been approved for a grant under LEAA. This information will be made public and the benefits to the law enforcement agencies will be emphasized.

2. The University: It is possible that certain elements within the University will be less enthusiastic about the Center because of the degree of control exerted by the Health and Welfare Agency and because of the emphasis on applied research. This opposition will be minimal. Factors which will attract the University are:
 - a. The university is in general need of research money.
 - b. The emphasis on applied research should produce a base for attracting new money to the Center and University.
 - c. The movement within the University toward societal relevance in their programs.
 - d. The contingency that the models will be developed in a legally and ethically sound framework.

3. The Community: The Agency's purpose for establishing the Center and the anticipated benefits to the public in general and to persons involved in the control and treatment of violent behavior should be clearly communicated. The public media (press, radio, television) should obviously be utilized, but more importantly persons associated with the intellectual community, the judicial system, and mental health will be sought out for participation on the Center's Advisory Committee and on the State Coordinating Council. Semi-professional journals and newsletters will be used as a vehicle for attracting interest from these groups for the Center's formal activities. Of particular significance will be the transfer of the Center to the University by the Secretary of the Health and Welfare Agency.

By establishing the Center the Administration has demonstrated a commitment to utilize all available resources, including applied research, in order to promote and preserve public safety in California. This commitment will be clearly and carefully publicized.

CALIFORNIA HEALTH FACILITIES PROGRAM

CALIFORNIA HEALTH FACILITIES PROGRAM

A. Introduction/Background

1. Historically, hospitals have been considered charitable institutions. Their primary, if not only, function was to serve medical needs of the community. Sound business administration was often non-existent. Operating deficits were met mainly through taxation and donation.

The construction of hospitals and other medical facilities was not subjected to standards of quality or need. New hospitals were built near existing facilities without regard to the occupancy rate of the existing facility or the complete absence of hospitals in other areas. Thus there was created within each metropolitan area, a concentration of hospitals and associated businesses. These were often located for the convenience of the health profession and not always responsive to the needs of the consumer.

2. Some concern with hospital care was expressed by the State legislature in 1945 with the passage of the Hospital Licensing Act. This law required state licensing to operate, but the concern of the law was the physical plant, in relation to its safety and sanitation. The result was that many fine edifices were built, but the care given to patients within them could be poor, inadequate, or inappropriate. This quality of care was not subject to public agency review.

Rapidly rising costs, declining philanthropic support, and governmental purchase of services introduced a new philosophy to the medical facility field, causing it to become an "industry". With the advent of federal Medicaid and Medicare legislation in 1965, the profitability of providing institutional health care was increased. The demand for service was also increased drastically. Advancing medical technology still further increased this demand, and calls for health care began to come from a population segment which previously had not been able to afford full medical care.

This increased demand resulted in a dramatic rise in the construction of health facilities. In 1965 when the Medicare and Medicaid program was approved there were 64,887 acute care beds and 77,525 nursing home beds in facilities in California. By 1971 the

number of acute care beds had risen to 75,551 and the number of nursing home beds totaled 120,494. It soon became obvious that there were more facilities than the demand could justify. The result has been careless and excessive utilization of facilities and services, a serious manpower shortage to provide these services, and inflated costs, with still no assurance as to the quality of the services purchased.

3. California is now faced with a number of serious problems:

- There is no assurance that care provided in health facilities is of acceptable quality;
- There is wide fragmentation and attendant inefficiency in facility licensing functions of the State;
- Areawide planning agencies are unable to fulfill their planning obligations because they have been given health facility franchising responsibilities;
- Inconsistencies in the organization and operation of the areawide agencies have created major problems in the franchising of facilities;
- There is no effective means of controlling the ever-rising costs of health facility care.

It is proposed to bring this run-away industry under control so that the people of California have assurance that the health care purchased, whether through tax dollars or out-of-pocket, is of an acceptable quality and a reasonable price. At the same time, this plan will increase the efficiency of State government's role in regard to health facilities.

B. Program Objectives

1. Assure the provision of quality health service in California at reasonable cost.
2. Assure equitable access to health facilities and services.
3. Improve the cost effectiveness of health facilities usage by both the private and public sector.

C. Program Proposals

1. These objectives will be achieved through the following programs:

- Consolidate licensing of facilities function in the Department of Health;
- Establish a system to certify health services statewide;
- Establish a system to retard inflationary cost increases for hospital and extended care services;
- Establish a single approval authority for new construction of health care facilities;
- Reconstitute areawide health planning agencies.

2. Consolidate Licensing of Facilities Function

The fragmentation of facilities licensing functions will be eliminated by designating the Department of Health as the single department responsible for licensing facilities and certifying services. Consolidation will eliminate administrative delays caused by the need to secure overlapping approvals and will also eliminate inconsistencies in the licensing regulations. All licensing now being done by the Departments of Public Health, Mental Hygiene and Social Welfare will be incorporated into a single unit. Greater efficiency, fiscal savings and uniformity in the application of licensing laws will result.

3. Certification of Health Services

Assurance of acceptable quality of care will result from development and administration of standards for health facility services. Indirectly, the certification of services will result in a decrease in excess facilities and better distribution of special services. The Department of Health will inspect and certify services as to their compliance with standards determined by the Department. Only those services which are certified will be offered by the facility. The Department, under authority granted by statute, will set standards which will serve as a means of assuring the quality of care. These will be of two types:

- Those standards applicable to basic services such as for hospitals, surgery, medicine, obstetrics, pediatrics, radiology, etc.

- Those applicable to special units such as renal dialysis, intensive newborn care units, burn units, coronary care units, emergency medical care, etc.

For long-term care facilities, standards will cover such services as: custodial care, care for bedridden patients, ambulatory patients, restorative care, convalescent care and intermediate care. For out-patient services, standards are needed for primary medical care, rehabilitation, out-patient surgery, home care, aid service, and dental service.

Regulations for general services in hospitals will deal with such factors as: facility organization and administration; nursing administration; adequacy and qualifications of staff; organization and qualifications of attending staff; ancillary services; in-service training; service policies and procedures; internal mechanism for evaluation of services; records; and methods of handling equipment. Specific indicators for quality will be developed service by service.

4. Control Cost Increases

Just as the Department of Health will be able to assure the quality of care through certifying services, the California Hospital Commission ensures the reasonable cost of care by reviewing rate increase requests through the Federal Economic Stabilization Program. If not extended, the present price control on rising medical costs will expire in April 1973. There is currently no State program to replace the federal control and, without such a control, the costs of health facility services will increase sharply. Furthermore, the Federal Administration has expressed clear intent of establishing a replacement price control mechanism.

Positive State action is necessary to avert further federal intervention into a local matter.

Therefore, the California Hospital Commission will be reconstituted as a nine member California Health Facilities Commission with authority to review and approve rate increases for all health facility services. The California Hospital Commission now has authority to recommend approval or disapproval of health care institutional price increases in excess of limits established under the Federal Economic Stabilization

Program. The new Health Facilities Commission will assume the responsibility for the federal program and will continue the function under authority granted by the State if the federal program is terminated. The Health Facilities Commission will devise, prior to January 1, 1974, and will also implement by July 1, 1974, a plan authorized by the legislature in which the Commission will approve rates of reimbursement prices for all health facility services. These will be the only rates chargeable to any patient. The plan will also provide that upon enactment of this legislation the Health Facilities Commission authority to approve facilities construction will terminate.

5. Single Approval Authority for New Construction

Consolidation of the various approving functions for authorizing new construction of health care facilities into the Health Facilities Commission will eliminate present inequalities in approval procedures and enable the State to better effect the proper distribution of such facilities to meet the needs of consumers. By eliminating this function from the areawide planning agencies they will be able to perform the planning functions for which they were originally established.

6. Reconstitute Areawide Planning Agencies

Establishment of uniform standards for areawide planning agencies will eliminate areawide inconsistencies in the development and application of the State Plan for health facilities and services. Each areawide agency will continue to contribute to the planning for local health needs, and thereby contribute to the development of the State Plan. The Department of Health will be charged with the responsibility for establishing uniform criteria for the composition of these agencies.

7. Fiscal Impact

The total cost for this program is estimated as follows:

Health Facilities Commission

67 Man Years @	\$ 859,416
Staff Benefits 12%	<u>103,130</u>
Total Personnel Services	\$ 962,546
Equipment, General Overhead*	<u>126,170</u>
Total Budget	\$1,088,716

*General Overhead includes rent and communications

Current revenue derived from Hospital Commission assessment of .02 mill/dollar of operating costs will result in revenues of approximately \$560,000. The assessment rate will need to be increased to .04 mill/dollar of operating costs to meet needed operating costs.

- Licensing

Current Cost to State General Fund

Public Health	\$ 700,000
Mental Hygiene	342,895
Social Welfare	<u>1,969,782</u>
Total	\$3,012,677
Current License Fees	<u>-216,160</u>
	\$2,796,517
Federal Social Welfare Share	<u>-787,912</u>
Grand Total	\$2,008,605

Anticipated Department of Health Cost

Public Health	\$ 700,000*
Mental Hygiene	750,000*
Social Welfare	<u>2,205,148</u>
Total	\$3,655,148
Anticipated License Fees	<u>-3,327,400</u>
	328,548
Federal Social Welfare Share	<u>-882,060</u>
Excess Revenue	\$ 553,412

*Excludes cost borne by Federal Government under direct contract.

• Certification of Services

139 Man Years @	\$1,921,898
(Less Salary Savings-5%)	<u>-96,095</u>
	1,825,803
Staff Benefits 12%	<u>219,096</u>
Total Personnel Services	2,044,899
Equipment, General Overhead*	<u>484,765</u>
TOTAL BUDGET	\$2,529,664
Contracts**	<u>500,000</u>
	\$3,029,664

*General Overhead includes Rent and Communications

**Contracts with medical specialists or CMA to assist with hospital certifications.

These costs will be recovered by the inclusion into this plan of an appropriate fee schedule for licensure and certification. The fees for the licensure of facilities are authorized by existing statutes.

Authorization for the establishment of fees to cover the cost of certification of services will be requested in legislation to be submitted in the next session of the Legislature.

D. Current Programs/Proposed Changes

1. Licensing of Facilities

Currently, four State departments -- Public Health, Mental Hygiene, Social Welfare and Health Care Services -- are in some way involved in facility licensing. The licensing functions of these various departments are primarily involved in physical facilities only, in terms of safety and sanitation. Standards vary from department to department.

This proposal will consolidate all health facility licensing functions into the Department of Health.

2. Certification of Health Services

Currently, there is no authority or procedure established to certify the quality and quantity of health services. This situation is remedied by the establishment of a certification of health services function within the Department of Health in tandem with the licensing function.

3. Control of Cost Increases

Currently, price control is administered by the California Hospital Commission as part of the federal Economic Stabilization Program.

This proposal will reconstitute the California Hospital Commission as the California Health Facilities Commission with State authority to review and approve cost increases, and develop a legislatively authorized plan which will authorize the Commission to establish maximum allowable rates for health facility services.

4. Approval of New Construction

Currently approval of new health facility construction is the function of areawide planning agencies. These agencies are nonprofit corporations established in the local areas for the purpose of health planning. There are no criteria for composition of these agencies, which are virtually autonomous in determining who can build what facilities in their area. These agencies are not answerable to elected authority.

To correct this problem, approval authority will be given to the California Health Facilities Commission, which will use the State Plan for health developed by the Department of Health as a principal guideline in controlling overbuilding.

5. Reconstitute Areawide Planning Agencies

Although the original purpose in establishing the areawide planning agencies was to develop comprehensive health plans for their area of responsibility, their main function has become review and approval of facility construction requests. Consequently, the planning process has become unnecessarily controversial.

This proposal will reconstitute the areawide planning agencies to remove authority for approving new construction. The Department of Health will establish uniform standards for composition and operation of areawide planning agencies, with their sole function being comprehensive area health planning.

E. Implementation Schedule

1. The licensing function of the Department of Mental Hygiene and the Department of Social Welfare will be transferred to the Department of Health effective July 1, 1973.
2. During the calendar year 1973, the Department of Health will develop standards for certification of services which will commence on January 1, 1974.
3. The Department of Health will prepare a State Plan for health utilizing local plans submitted by the areawide planning agencies. These plans are to be updated annually.
4. The Department of Health will establish standards to provide for uniform organization of areawide planning agencies, boards and advisory panels, including provisions for prior approval of the budgets of such boards and panels, effective July 1, 1973.
5. Effective July 1, 1973, funding of areawide health planning agency administration expense will become subject to continued availability of federal funds.
6. Effective July 1, 1973, areawide health planning agencies will no longer control facility development, but will be required to submit areawide plans for health as inputs to the

Department of Health, for development of a State Plan for health. The Plan will include the documented area needs for facilities, manpower and services.

7. The California Hospital Commission will cease to function under that title on the date legislation is implemented creating the California Health Facilities Commission under the operating authority of the Health and Welfare Agency. The terms of appointment of present commissioners will expire with the termination of the Hospital Commission. The California Health Facilities Commission will be composed of nine members (five public, four professional) appointed by the Governor for four year terms. The Commission will establish accounting standards and uniform reporting requirements for health facilities. Such requirements will be implemented by all facilities January 1, 1974.
8. The California Health Facilities Commission will be authorized to review and approve or deny requested rate increases above the established level on July 1, 1973.
9. The California Health Facilities Commission on July 1, 1974, will implement a plan to establish maximum allowable rates for health facility services. Termination of the facilities construction approval process will occur July 1, 1974.

F. Legislative Proposals

1. An act to create the California Health Facilities Commission by requiring expiration of terms of appointment of present Commission members on the date the Act becomes effective and requiring appointments by the Governor, subject to Senate approval, of nine (9) commissioners for four year terms.
2. An act designating the Commission as the body responsible for reviewing and approving facility construction requests.
3. An act designating the Commission as the body with authority to review and approve rate increases in excess of an established limit.
4. An act to shorten the time delay for implementing the required accounting systems by changing the 15th month to January 1, 1974.
5. An act to apply the annual gross expense assessment to all facilities affected by this Act and others included, and to permit establishment of charges by the Commission for

appeals and unique services in behalf of the individual organizations and appropriate such monies as required.

6. An act to provide that all services offered by a facility shall meet standards established by the Department of Health. The Department shall inspect and certify services as to their compliance with the standards, and only those services which are certified shall be offered by the facility.
7. An act to adopt legislation incorporating all licensing functions within the Department of Health.
8. An act requiring the Health Facilities Commission to develop a plan, and submit it to the legislature, authorizing the Commission to establish maximum allowable rates for health facility services. The legislation should also eliminate the facility construction approval once the rate setting approval is established.
9. Legislation eliminating the facility franchising authority of areawide health planning agencies and transferring such authority to the California Health Facilities Commission, with program phaseout date of July 1, 1974.
10. Legislation authorizing certification of services by the Department of Health.

G. Marketing Plan

1. This proposal can be effected. To the general public and to government the rapidly increasing costs of medical services are a matter of concern. Through a comprehensive media effort, there will be demonstrated a concern for the cost and an indication how our proposal effectively deals with the problem.
2. The providers of medical services have also been sensitive to the rising costs of medical care and have been particularly concerned with the present inefficient and unequal system of regulating costs through the limits on the establishment of new facilities and services. A carefully planned and coordinated information program will present our proposal as a constructive, positive and responsive approach to controlling the rising costs in medical care while at the same time streamlining the present facilities approval process in order to benefit the provider groups.

3. This proposal will be presented not as increased government control over the providers but rather as a reform of existing procedures designed to open up the system and to minimize the amount of bureaucratic red tape.
4. Target Audiences: The following are some of the target audiences which the marketing plan will address:
 - a. The general public: A long range, multi-media education program will be developed to inform them of our proposal which is designed to control the rising costs of medical care and to assure the quality of health care services. This group, when properly organized and motivated, should be strongly supportive.
 - b. Consumer groups: Organized groups which purchase medical services for their memberships will be the subject of a concentrated educational effort. Such groups as organized labor, employee groups and employer groups will be particularly attracted to those parts of the program designed to reduce the costs of care. Their representatives will be carefully cultivated in order to assure that they will strongly and actively support the program when legislation is introduced.
 - c. Provider groups: The California Hospital Association is most directly affected by this program. As soon as this program is approved they will be informed in detail regarding the specifics of the proposal. The Association can be expected to generally support this proposal if we emphasize the elements designed to minimize the control of facility approval.

(1) Areas of opposition include:

- (a) Medical Provider Associations (CMA, CNA, chiropractors, etc.) can be expected to have reservations about the proposal to regulate cost increases and about the proposal to certify services. Even though individual providers are not affected, the provider associations will view this as a first step toward an all-inclusive rate setting program.
- (b) Certain liberal elements will maintain that this proposal does not go far enough in regulating the health industry.

- (2) Neutralizing the opposition: The opposition of the health providers can be minimized if they can be convinced that this is a proposal which does not expand government authority but is rather an attempt to reform an unworkable system. Primary effort will be oriented toward enlisting the active support of the Hospital Association. The other health provider groups will be strongly influenced by the position of the Hospital Association.

d. Government:

- (1) The Legislature is expected to be generally favorable toward this proposal. An organized and coordinated effort will be mounted to inform the legislators of the specifics of the proposal and to allay fears that it is either too biased toward government control or, on the other hand, not sufficiently broad in scope to control rising costs of health care.

- (2) Local governments:

A major effort will be undertaken to enlist the support of local government. As a major purchaser of health services they can be expected to support the program. The County Supervisors Association and the League of California Cities will be actively involved in the effort to secure legislative approval.

There is a general climate of acceptance of a program for ensuring quality and limiting costs. The regulation of the health industry is already an accomplished fact. Present regulations, however, are not effective and are burdensome to providers. The benefits to be derived from this program, even for the provider groups, are sufficient to ensure approval of the program once the program is properly presented to interested parties.

CALIFORNIA COMMUNITY MANPOWER PROGRAM

CALIFORNIA COMMUNITY MANPOWER PROGRAM

A. Introduction - Background

It has become painfully clear that California's manpower programs have not been successful in meeting the needs of persons requiring manpower services. This is primarily attributable to the lack of clear-cut national or state manpower policies. The many federal manpower programs are not responsive to community and state needs, and state and local manpower administrators have not been able to exert much influence in the planning and administration of these programs.

The primary emphasis has been on training programs, with little resultant placement. In the recent federal report, nationwide, California ranks at the bottom in terms of placement -- 51st after 49 states and the District of Columbia. A reordering of priorities is in order to provide a comprehensive appraisal of an individual's needs and the application of planned services to accomplish effective -- and lasting -- placement in a meaningful job. The California Community Manpower Program is proposed to bring about this reordering of priorities and the creation of an effective state manpower service.

In order to place this proposal in proper perspective, it is necessary to understand how the present situation evolved.

1. The Department of Employment

In the mid '30s, legislation was enacted establishing a federal-state cooperative employment system. This system operated both a labor exchange to provide job referrals for individuals seeking work and an insurance compensation program for workers who were involuntarily unemployed. In California, both programs were administered by the Department of Employment. In 1946, state Disability insurance was introduced to pay benefits to workers unemployed because of illness not connected with work. During the '40s, autonomy in local operations contributed to an inefficient program administration. To compensate, tight centralization of control and uniform operating procedures were installed in the early '50s. Strong administrative direction resulted in a high level of

placements and strong employer and labor support. This policy placed little emphasis on serving the disadvantaged and minority group members who were not job-ready.

In the late '50s and early '60s federal legislation changed the direction of manpower programs, gradually shifting to individuals who had no skills or whose skills were not in demand, and individuals who did not have equal opportunity in the labor market such as the handicapped, elderly, youth, welfare recipients, parolees and minorities. Federal laws which established new programs include the Manpower Development and Training Act, the Economic Opportunity Act, and the Work Incentive Program amendments to the Social Security Act. Examples of some of the programs include the Neighborhood Youth Corps, the Job Corps, Operation Mainstream, New Careers, Job Opportunities in the Business Sector, and Concentrated Employment Program.

2. The Department of Human Resources Development/Welfare Reform

In the late '60s, California recognized that the proliferation of manpower programs needed better coordination. Thus, AB 1463, the Human Resources Development Act of 1968, created the Department of Human Resources Development. The major restructuring was to assist the disadvantaged to become employed. But the result has been declining overall placements including the disadvantaged. Employers have not had needs met and have turned to other sources of job ready employees, causing further problems for HRD applicants whether disadvantaged or not.

The Governor's Welfare Reform Program emphasizes job placements for employable welfare recipients. The Department of Labor (HRD's primary source of job placement and manpower funds) is also emphasizing an increased number of job placements.

Additionally, the existing "California Employables Program" is scheduled for statewide implementation in 1973. This program, where implemented, has required that all potentially employable aid recipients register for manpower services, training and employment. The necessary manpower and social services are jointly provided by HRD and the county welfare department under HRD supervision.

B. Program Objectives

1. Increase employment.
2. Reduce direct and indirect costs of the unemployed.

C. Program Proposals

1. Reorganize and redirect the Department of Human Resources Development.
2. Establish community Manpower Centers as the focal point for employment assistance and comprehensive manpower planning.

D. Current Programs/Proposed Changes

1. Current Programs

The current HRD organization and programs demonstrate many major problems responsible for the department's poor performance. From operating procedures the department has been characterized as employee, or staff, oriented. Allowances were made for poor performance (it's the fault of DOL, the Agency, the reorganization, AB 1463, the economy, etc.), rather than determining and implementing corrective action.

Realistic demands for increased performance and lower costs were not made. Staff was permitted to set up operations in areas in which other units were functioning. Consequently, accountability and responsibility were clouded.

Successful organizations measure performance, measure cost, and refer to these figures in decision-making. This has been missing from HRD.

The department has been more oriented toward the "clients" than toward industry. The use of "clients" to refer to those seeking work, rather than to refer to the employer as a "client" who is providing the funds and jobs HRD seeks for placements, demonstrates the bias. The staff spends considerable effort learning to understand the clients, their problems, and their capabilities. A comparable effort is not made to understand the local employers, and to apply the assistance the state might provide.

The divisions of the department have duplicated functions, run separate training programs, seldom exchanged management information or personnel, etc. The divisions were clearly more interested in internal goals rather than what's best, or least costly, for the State.

2. Proposed Program

Department of Human Resources Development Reorganization.

Administratively, the Department is being reorganized into three branches: (1) a Program Services Branch to be generally responsible for the planning, development, and maintenance of Department programs; (2) an Administration Branch to provide administrative support, and (3) an Operations Branch to be responsible for all operations and delivery of services.

Field Operations are to be combined on a community, geographic basis with emphasis on both job seekers and business. Full service concepts can be accomplished, (i.e., registration for work, job referrals, claims services, etc.). Field Office consolidation will allow significant cost reductions now caused by overlap in many communities. Communication and information on jobs will improve significantly.

The Operations Branch will have a two-divisional approach to line operations within the Department. One will include the line functions of Job Training, Development and Placement (JTD&P), Rural Manpower Services (RMS), Unemployment Insurance (UI), and Disability Insurance (DI). The other will be a Division of Accounts and Tax Collections.

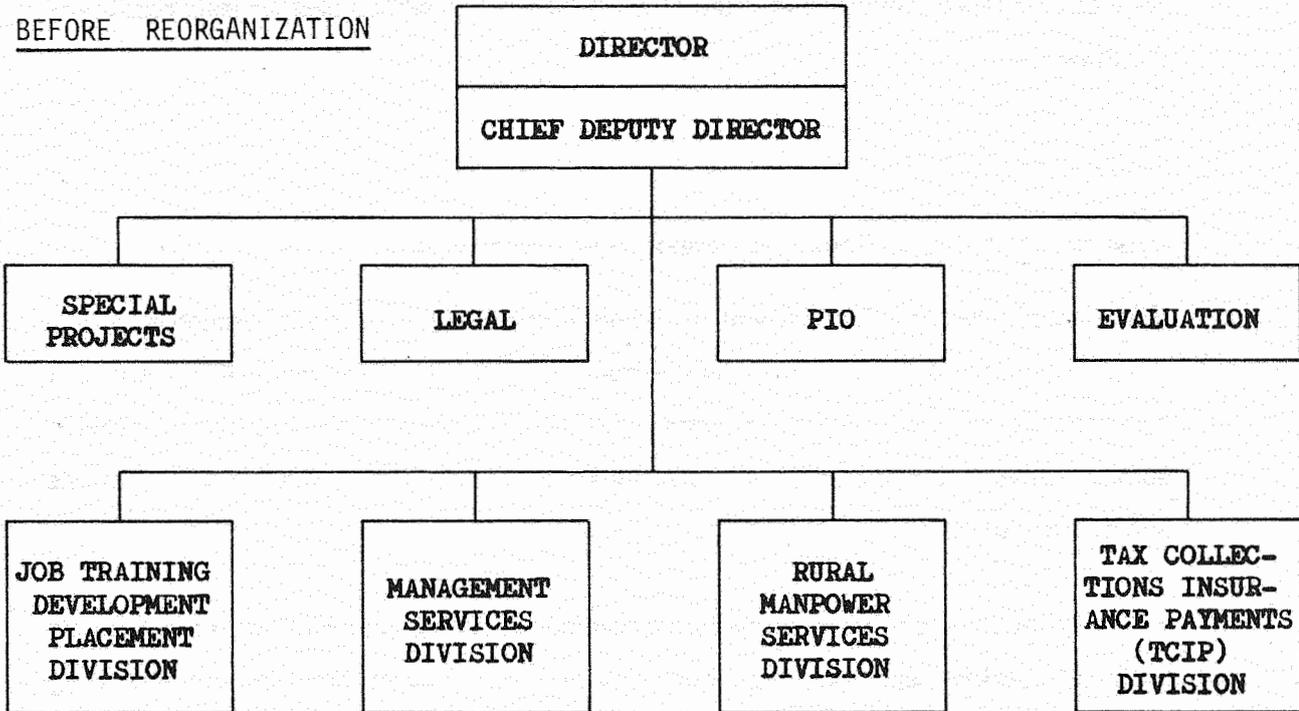
These two divisions will have departmentwide support services operating through an Office of Administration and Budget, Office of Planning and Special Projects, Office of Legal Affairs, Office of Public Information and Office of Evaluation.

This will make it possible to combine and streamline many of the operations within this Department and gives real substance to the work that every person in this Department will be performing.

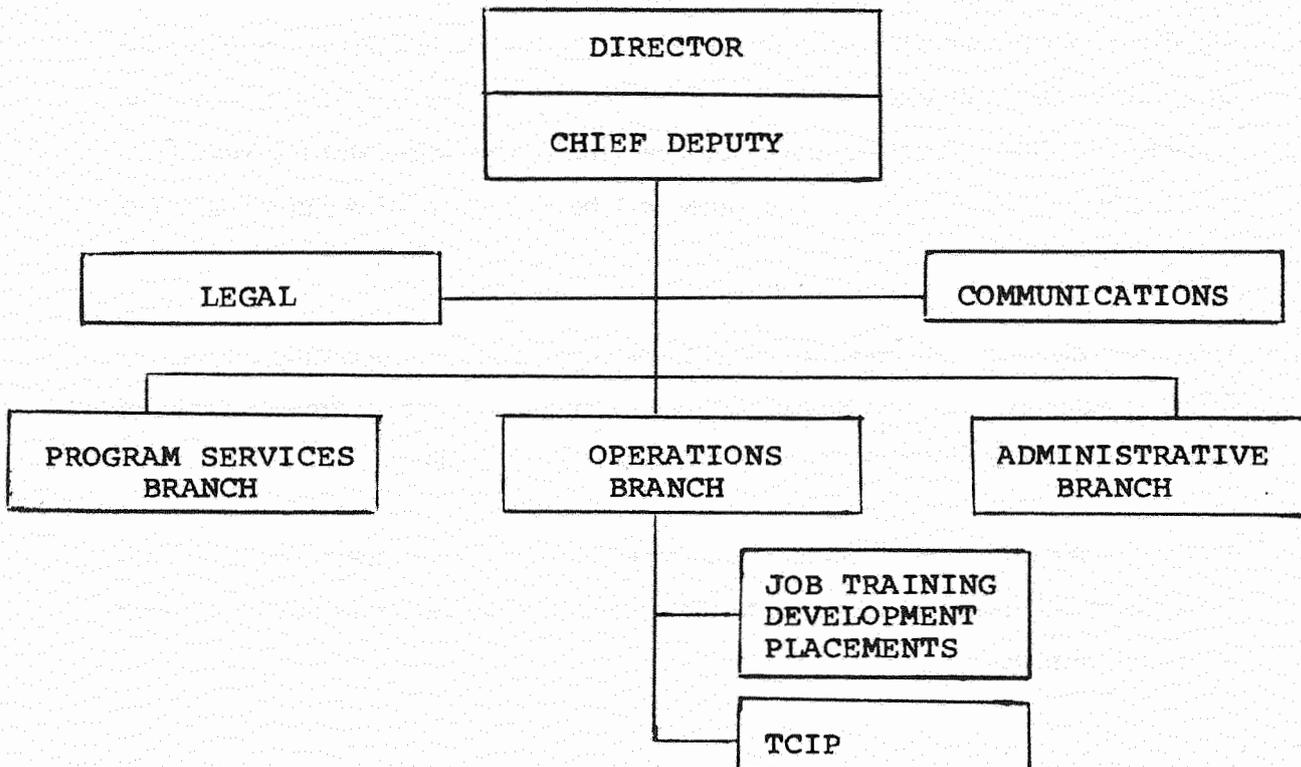
COMMUNITY MANPOWER
PROPOSED CHANGES

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

BEFORE REORGANIZATION



AFTER REORGANIZATION



This new structure is designed to:

- Make HRD first in the nation in terms of placing people in jobs, by September, 1973.
- Separate WHAT must be done, which is required by law and administration policy, from HOW it can be done, which involves operational procedures and general guidelines.
 - Develop better measures of program performance.
 - Implement an embossed card UI payment system.
 - Push on with the Community Work Experience Program for welfare recipients.
 - Go statewide on the Employables Program to register welfare recipients for employment.
 - Expand the efforts to correlate educational curricula with future employment needs
 - Expand the employment assistance programs for the job-ready.
 - Provide Job Information Centers wherever possible in HRD offices.
 - Make new efforts to "deinstitutionalize" the field offices.
 - Eliminate overlap and duplication wherever possible.
 - Develop new roles for employment counselors under the changing emphasis toward self-service.

It is recognized that employees are concerned with how they personally will be affected by the changes that are in progress. The following information summarizes the approaches and priorities that will be followed in filling positions in conjunction with the reorganization.

To the greatest extent possible, present employees will be moved by lateral transfer to new positions on the basis of management decisions as to where they can best be utilized. This may necessitate placing employees in positions that do not support their

current classification. In these cases, the Department will ask the State Personnel Board to allow a "grace" period during which every effort will be made to place employees in positions appropriate to their classification.

Every effort will be made to keep geographic moves to a minimum. However, the Department will, to the extent possible, accommodate employees who wish to move their locations or accept appointments in different locations. It is hoped that forced transfers will not be necessary, but should they become necessary, they will be handled in the appropriate manner as determined by the State Personnel Board and communicated to employees in advance.

When appointments cannot be made by lateral transfer, appointments from eligible lists will be discussed with the staff of the State Personnel Board and communicated to employees prior to any action being taken.

Every effort will be made to keep these to a minimum. If it is necessary to make such appointments, the Department will work closely with the Personnel Board staff in accordance with Civil Service laws and rules.

Community Manpower Centers

Community Manpower Centers will be established to emphasize service to the total community, including the disadvantaged and minorities. Local job information will be provided in each Community Manpower Center to enable many of those who are job-ready to assist themselves. This will also allow more time and resources for those who need help or training to find employment.

Within each labor market area, one or more Community Manpower Center will be maintained for the delivery of placement and employability services. The program of the Community Manpower Centers will be designed to:

- Serve the needs of employers by providing them with referrals of qualified job applicants.

- Provide necessary assistance to the job ready.
- Provide Individuals who are potentially employable with individualized assistance to overcome their employment handicaps.

Each person will be provided with as much service as he needs but not more than he needs. The extent of services will range from self-help through directed assistance to intensive individualized service. Three levels of service will be available:

- Level 1 - Job Referral and labor market information.
- Level 2 - Employment exploration and job development services.
- Level 3 - Referrals to the Department of Rehabilitation for individual employability development and placement.

The Center Manager will be charged with the responsibility of identifying community needs and determining the extent to which the staff would consist of placement services specialists, eligibility workers or highly trained counselors to serve community needs.

a. Level 1 - Job Referral and Labor Market Information Services

Applicants at this level are occupationally competitive and are qualified by training and/or experience in the labor market. Their only need for assistance is to be referred to and placed on a job and/or to be provided with labor market and job opportunity information. Applicants will be encouraged to utilize self-help services. These applicants will be provided the following services:

- Job referral and placement.
- Information on job opportunities, including current job openings, the Inventory of Job Openings, Civil Service job announcements, and Union Summary of Hiring Practices.
- General labor market information including the location of employers who utilize workers in the client's occupation, location of unions, transportation facilities, and other related information.

b. Level 2 - Employment Exploration and Job Development Services

Applicants at this level are employable but need some directed assistance in planning an effective job search and/or coping with minor barriers to employment. Where possible, services will utilize group instead of individual methods. Services at this level are designed to:

- Prepare groups of applicants to use the Level 1 job referral and information services; instruct in job finding techniques; and initiate their own job search.
- Assist applicants directly by developing job opportunities.
- Provide, as necessary, usually on a one-time basis, such services as the following to individual applicants:

Contacting an employer to explain an applicant's qualifications or limitations (e.g., handicap not affecting work) in relation to requirements for a particular job and arranging an interview.

A more thorough appraisal of his capabilities and desires in relation to the job market than is required of an applicant seeking only job referral and labor market information.

- Arrange for short-term supplemental services.

c. Level 3 - To be provided by Department of Rehabilitation and Others

Applicants for this level are potentially employable but are in need of more intensive services before becoming employable because they are vocationally handicapped due to a disability. The intensive employability services provided by case-responsible persons to applicants at this level include, but are not limited to, the following: counseling and coaching; diagnostic services (testing, medical examinations, and work evaluations); physical restoration; self-employment assistance; training; tutoring; and referral to other agencies.

Results Expected

- Increased Effectiveness in Job Placement

To properly serve the nation's largest labor force and the state's employers, emphasis

will be on a job match system that brings workers and employers together. The Department's target is 430,000 nonagricultural job placements for Fiscal Year 1973, a 35 percent increase over Fiscal Year 1972 accomplishments. Included in the goal are 197,000 disadvantaged job placements, a 68 percent increase over Fiscal Year 1972 accomplishments.

- **Increased Services and Economies**

Staff reductions will result in substantial reductions of expenditures. A freeze has been placed on new hiring and promotions at higher professional levels. This, plus a staff cut of over 500 positions from the June 1972 level, is expected to result in a reduction of at least 693 positions in Fiscal Year 1973 for a \$7,666,240 budget reduction.

During Fiscal Year 1973, the Department will be able to redirect 300 personnel to providing direct community services to the public by combining separated, splintered operations and reducing the need for duplicative management, clerical and field office support positions. This will allow redirection of approximately \$3,000,000 to providing direct community services without any budget increase.

The restructuring of the Department program staff will allow the redirection of at least 100 personnel from headquarters program staff services to field office operations to further increase direct service to the public. During Fiscal Year 1973, this should provide a redirection of an additional \$1,000,000 of the Department's resources for services.

- **Increased Services to Community Employers, Labor**

The Department's new directions and structure will enable it to provide improved, expanded services to the community, employers and labor. Services will be provided to assist employers to fill job vacancies and the unemployed to obtain employment. Employers and labor organizations will be provided with assistance in benefit payment matters. Assistance will also be available for achieving industrial and union affirmative action plans.

- Increased Employment of Welfare Recipients

A Consolidated field operational system with operations designed to meet the needs of a local community will enable the Department to continue carrying out its responsibilities under the Welfare Reform Act of 1971. Welfare applicants are now required to register for employment or maximum services with the Department of Human Resources Development before aid is granted.

During Fiscal Year 1972, 10,456 Work Incentive Program enrollees entered employment. The Work Incentive Program has been redirected to concentrate on assisting welfare recipients to enter employment. For Fiscal Year 1973, the Department has established a goal of placing 37,500 persons in jobs.

- Manpower Training Programs

The new structure and direction of the Department will provide for improved manpower training programs. At the local level consolidated management and the community labor market information system will provide the direction, coordination, and information needed to enable the Department to establish effective linkages with local educational facilities, public and private, to insure manpower training activities are geared to the employment needs of the community.

The establishment of a single program staff service unit for manpower training efforts will assure uniform policy and procedural direction resulting in a coordinated manpower training effort. The Department will concentrate on more on-the-job training and less institutional training.

- Unemployment Insurance and Disability Insurance Contributions Operations

The formation of a separate division in the Operations Branch, for Tax Collections operations, will provide for strengthening the functions involved in the collection of unemployment insurance and disability insurance contributions. These functions and services are vital to the Department's benefit payments operation.

- Personal Income Taxes

The collection of the State Personal Income Taxes has added a new dimension to the Department. A separate division for tax collection and processing of State tax

money is necessary to insure proper management of this important activity.

- Community Based Labor Market Information

The development and implementation of a statewide community based labor market information resource will be of immediate substantial benefit to job seekers, employers and the community.

Intelligence about the labor market is the life blood of a comprehensive manpower service. Acquisition of quality labor market information will enable the Department to carry out its missions. Provision of accurate, timely information to job seekers and employers will shorten a job seeker's period of unemployment, and reduce the time the employer must wait to fill his job vacancies. Improved labor market information will also provide better direction to manpower and vocational training efforts.

- Increased emphasis on accountability

The new organizational structure will insure that performance objectives are stated for Department operations and programs. There will be assignments of performance objectives to managers and supervisors at all levels, and accountability for results.

Employees will be rated by performance measures. These will be used when considering staff for promotion and merit salary increases.

E. Implementation

1. All reorganization efforts, with new structure in place and operating, will be completed on or before January 1, 1973.
2. Legislation required to amend necessary sections of the Unemployment Insurance Code will be introduced in January, 1973.

F. Legislation required

Essential legal changes necessary for the reorganization of the Department of Human Resources Development are being drafted. These changes involve amendments to the Unemployment Insurance Code and the HRD Act of 1968.

G. Marketing Plan

The reorganization of HRD and new emphasis on community manpower programs is primarily an internal matter that can be achieved without public opposition. Certain segments of the Mexican-American community have been very vocal in opposing some of the changes already accomplished, which they view as a threat to job placement activities for their group. A comprehensive public information program, with particular emphasis on gaining the understanding of the Mexican-American community, will be implemented.

It will never be possible to alleviate all problems because HRD is involved in the sensitive business of affecting the economic situation for communities and individuals. Care will be necessary to insure minority and community support for all changes.

The development of Community Manpower Centers (CMC) that serve the needs of job applicants and employers will have wide support in concept and principle. Some concern may exist and be voiced because of the change process, but these can be eliminated with increased public information and contact with interested groups by HRD staff at all levels.

Special efforts will be made to reach the following:

1. Employers will be contacted by mail, and through the Chambers of Commerce, business clubs and by direct meetings to tell how HRD will serve them and gain their inputs of needs.
2. Job applicants will receive printed material on CMC services as well as verbal description when dealing with CMC offices.
3. Through the HRD advisory committee and by encouraging all staff, especially management, to become active in community affairs, information will be directly provided to interested groups.
4. Legislators will receive briefings and information about results especially stressing the following:
 - Better service to employers, job ready and potentially employable persons and the community.
 - Cost savings to employers and taxpayers.

- Community based, one-stop manpower services.
- Improved labor market information.
- Improved manpower training programs.

CALIFORNIA DEPARTMENT OF MANPOWER

CALIFORNIA DEPARTMENT OF MANPOWER

A. Introduction/Background

The following from the Governor's Manpower Policy Task Force accurately describes the current situation:

"Today in California we spend more than \$2 billion a year in State and Federal funds to finance hundreds of programs supposedly designed to solve 'the manpower problem' - the combined problem of unemployment job training, job placement and job creation. Yet, when we look at the manpower barometer, unemployment, we find that it is still in the neighborhood of six percent.

"The National Manpower Development and Training Act of 1962 reflected two premises which still dominate manpower policy at all levels of government. The first premise is that manpower programs must be primarily concerned with the development of the supply of labor and its placement. The second premise is that these programs must be concerned predominantly with the development of the most disadvantaged and poverty-stricken portion of the labor supply.

"Such efforts are intended to solve some specific problems in the achievement of overall manpower goals. However, unless programs designed to relieve poverty are recognized as only one part of a broadly defined manpower policy, and unless the present direction of legislative and administrative thinking and action is changed, the manpower function of government will remain what it is actually becoming - a sophisticated form of public assistance.

"There are other elements to consider in evaluating the existing complex referred to as 'manpower.' In the late 1950s and early 1960s, changes were imposed upon the employment service. Qualified and skilled people from all walks of life were out of work. Clearly, job matching was no longer the solution to manpower problems. The problems of manpower had changed complexion.

"The need was that of retraining those with obsolete and displaced skills. In response to this need, Congress passed the Manpower Development and Training Act of 1962. After implementation, it became apparent that the need had been miscalculated. Highly skilled individuals who already possessed enough adaptability and capability to meet the changing environment were being retrained. Conversely, the group that was hardest hit was the manual and unskilled laborer whose skills were marginal. Machines were becoming cheaper than the physical labor they offered as services.

"Since the enactment of the Manpower Development and Training Act of 1962, Federal and state manpower programs have been unable to deal with these and other complex problems in this field. The development of Federal manpower programs has largely been reactive in nature, and the profile of programs has been determined by political needs and crises in the manpower field. The end result, of course, was inevitable: A proliferation of programs and no central, controlling manpower policy for the nation, as the situation exists today.

"At the state level, there is a similar lack of centralized policy for manpower. All of the states, including California, have found themselves in the roles of managing Federally-funded programs. These programs have rigid categorical restrictions and very little flexibility to readily adapt to current local needs.

"Another problem of manpower programming is the direct funding of local manpower programs to cities, counties and other organizations, with a complete bypassing of state control and policy and without attention to needs on a statewide basis. This compartmentalization of manpower programming eliminates the possibility of an integrated systems approach.

"Additionally, the welfare effort and the manpower effort have been organizationally separated, although, basically, a purpose of both welfare and manpower programs is to move people into economic self sufficiency.

"The various programs, such as unemployment insurance, disability insurance and welfare, and their relationships to unemployment, have not been coordinated into any kind of systematic approach. The result is a disjointed effort.

"A problem approaching crisis proportions occurred in the aerospace industry as a consequence of employment cutbacks. Although this problem could have been anticipated, such was not the case, and there was an overreaction to the problem. Proper manpower planning could have anticipated the coming need for transitional employment, relocation and retraining of displaced aerospace workers.

"Adding further to the manpower dilemma is the failure to relate educational goals to the world of work. The role of education has not been properly integrated into overall manpower planning and programming."

"Finally, there is little coordination between the public and private sectors in relating employment needs to manpower planning, policy and programs. Attempts to solve critical manpower needs and problems are often reactions to situations that exist, rather than solutions to the problems. While not all manpower needs and problems are predictable, this fact does not preclude the need for communication, planning and a system to deal with these needs and problems as they become realities.

"To reiterate, the result of our past course in manpower planning and programs has been inevitable. The proliferation of programs, funding sources, objectives, sponsors, resources, etc., is almost beyond comprehension, as well as control. Manpower programs are usually funded to meet one of the following functions: preparation for employment; placement and supportive services; job creation; income maintenance.

"Because of a lack of consistent planning and policy, it is difficult, if not impossible, to evaluate the effect of present manpower programs. In the final analysis, however, it is clear that manpower services and programs are not meeting the requirements of labor markets and communities. Every manpower program is introduced into an existing economic, political and social environment which strongly influences the nature of the program and, in part, predetermines the relative success or failure. Problems and circumstances also differ among communities and often require a different set of programs, services or policies. Unfortunately, control of policy, planning and programming is centralized at the national level. This creates inflexibility and often inappropriate programming and funding. As a result, manpower programs are not consistent with sound planning, making evaluation an imperfect tool."

In summary, programs based on Federal determinations of needs are the rule and the resulting programs are most often reactive. The Federal Government directs the many fragmented programs. There is no overall manpower policy, thus a multiple number of goals exist. There is now an emphasis on the non-job ready. There are multiple offices and operations that provide separate but related services to clients. Efforts to create job opportunities are so loose and uncoordinated as to be almost non-existent.

California's various programs dealing with manpower are fragmented to the advantage of no one and the detriment of many. The Department of Human Resources Development bears the responsibility of combining state and federal efforts to maintain employment, administer unemployment and disability insurance programs and carry out training programs of many different types and with many different goals. The Department of Rehabilitation and other elements of State government also provide manpower services to achieve similar employment goals. In order to better accomplish the several present charges and to advance capabilities as recommended in the Governor's Manpower Policy Report, these Departments and offices should be reformed and renamed the Department of Manpower.

B. Program Objectives

1. Decrease unemployment.
2. Reduce costs.

C. Program Proposals

1. Consolidate all California manpower programs from the Departments of Human Resources Development and Rehabilitation into a single Department of Manpower.
2. Develop a state plan that combines and consolidates all government-funded manpower programs in California.
3. Expand the Community Manpower Center concept to provide a full range of service from job information to intensive rehabilitation service.

D. Current Programs/Proposed Changes

1. Current Programs

a. Department of Human Resources Development

The policies, programs and activities of the Department of Human Resources Development, particularly when it was known as the Department of Employment, have essentially been those of the federal Department of Labor which administers the National Employment Service. About 90% of the Department's operating budget is derived from federal sources. Funding by Congress is by broad program categories. However, under other provisions of law, the Department of Labor has wide discretionary authority, and it exercises considerable control over the planning, budgeting and administration of state employment programs and functions. The creation of the Department of Human Resources Development in 1969 sought increased state involvement in planning and greater administrative flexibility, but has had very little impact on the redirection of federal manpower programs.

b. Department of Rehabilitation

Since 1921, vocational rehabilitation services have been provided under a federal-state program in California to assist disabled people on an individualized basis to overcome their vocational handicaps and become employed.

In 1963, the Legislature created the Department of Rehabilitation to consolidate services and broaden responsibility to disabled and to promote coordination of all public and private agencies serving the handicapped.

c. Other State Manpower Efforts

Comparatively smaller programs exist in the State Personnel Board, Department of Commerce, Cal-Job Development Board, and others. These programs are designed both to place and/or train people and also to stimulate economic development, thus creating new business and jobs.

2. Proposed Changes

a. Organization of Manpower Department

All manpower and rehabilitation functions in the Health and Welfare Agency, particularly those of the Department of Human Resources Development and the Department of Rehabilitation will be consolidated into a single Department of Manpower. The Department will be responsible for the development and approval of a comprehensive statewide plan of all federal and state manpower programs and for the provision of services to the job-ready, the disabled and the disadvantaged.

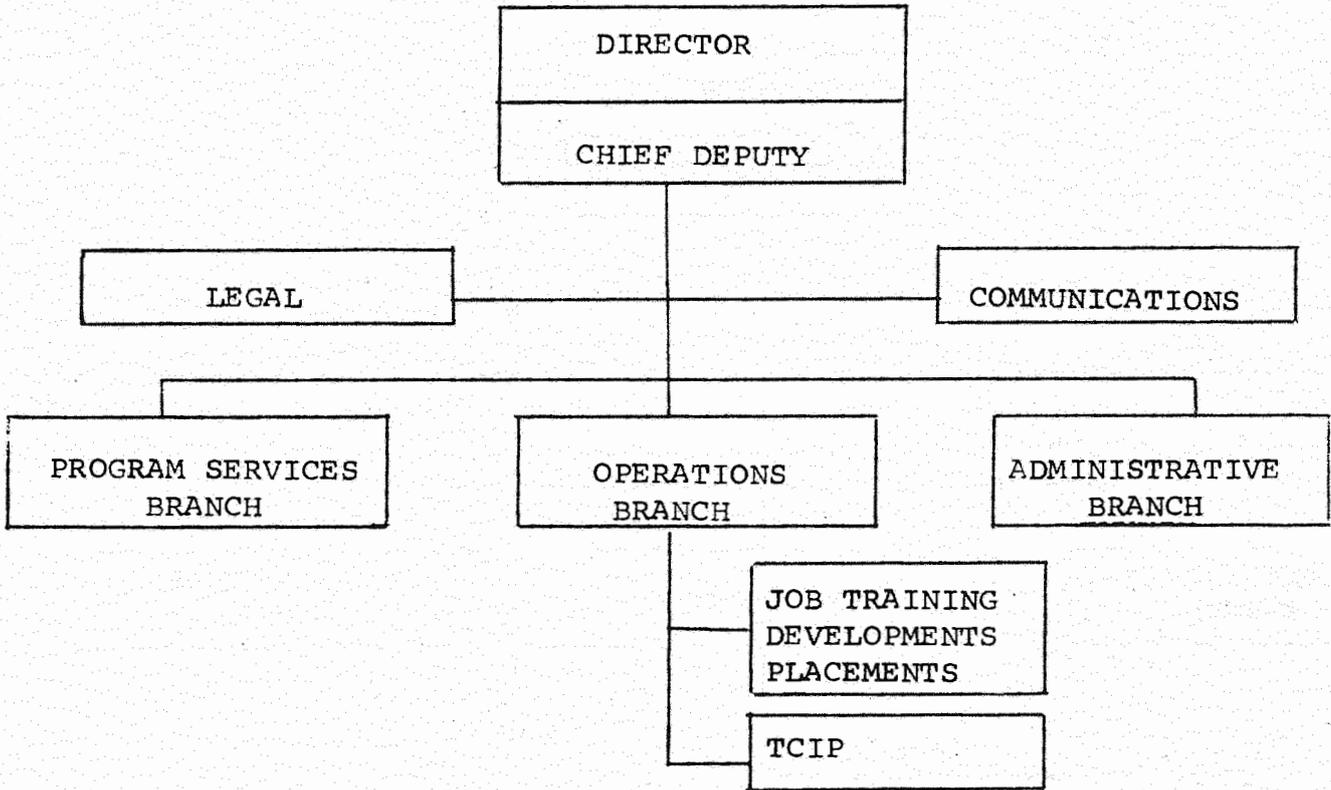
The State Plan will be based upon local needs and priorities and would provide for a variety of manpower services under a flexible format which recognizes the differing needs of individuals in obtaining employment. The Department would allocate funds to local communities by a formula encompassing population, labor force, unemployment and poverty criteria allowing for a balance between urban and rural areas. The HRD Act of 1968 provided that the Department of Human Resources Development created by the act would be the sole state agency to plan and administer needed manpower programs.

The new department will seek to direct all Federal manpower funds coming into California to be allocated to the Department of Manpower with a minimum of categorization; maximum flexibility for State use or reallocation of funds to communities; and maximum accountability for results achieved under manpower programs.

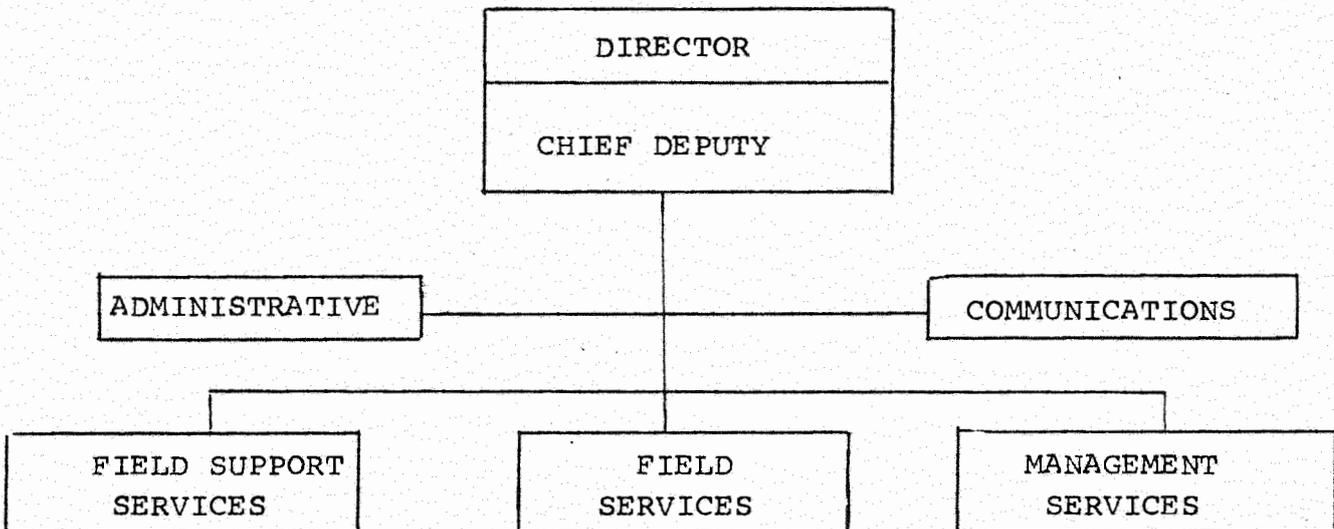
The Department will consist of three major operational service components:

- Job Placement Services will include all activities related to job placement, job development, employer relations and labor market information. In order to provide ready access to job referrals, responsibility for determining eligibility for unemployment insurance will be assigned to this component.
- Employability Services will include manpower development, welfare work programs, and prevocational services.

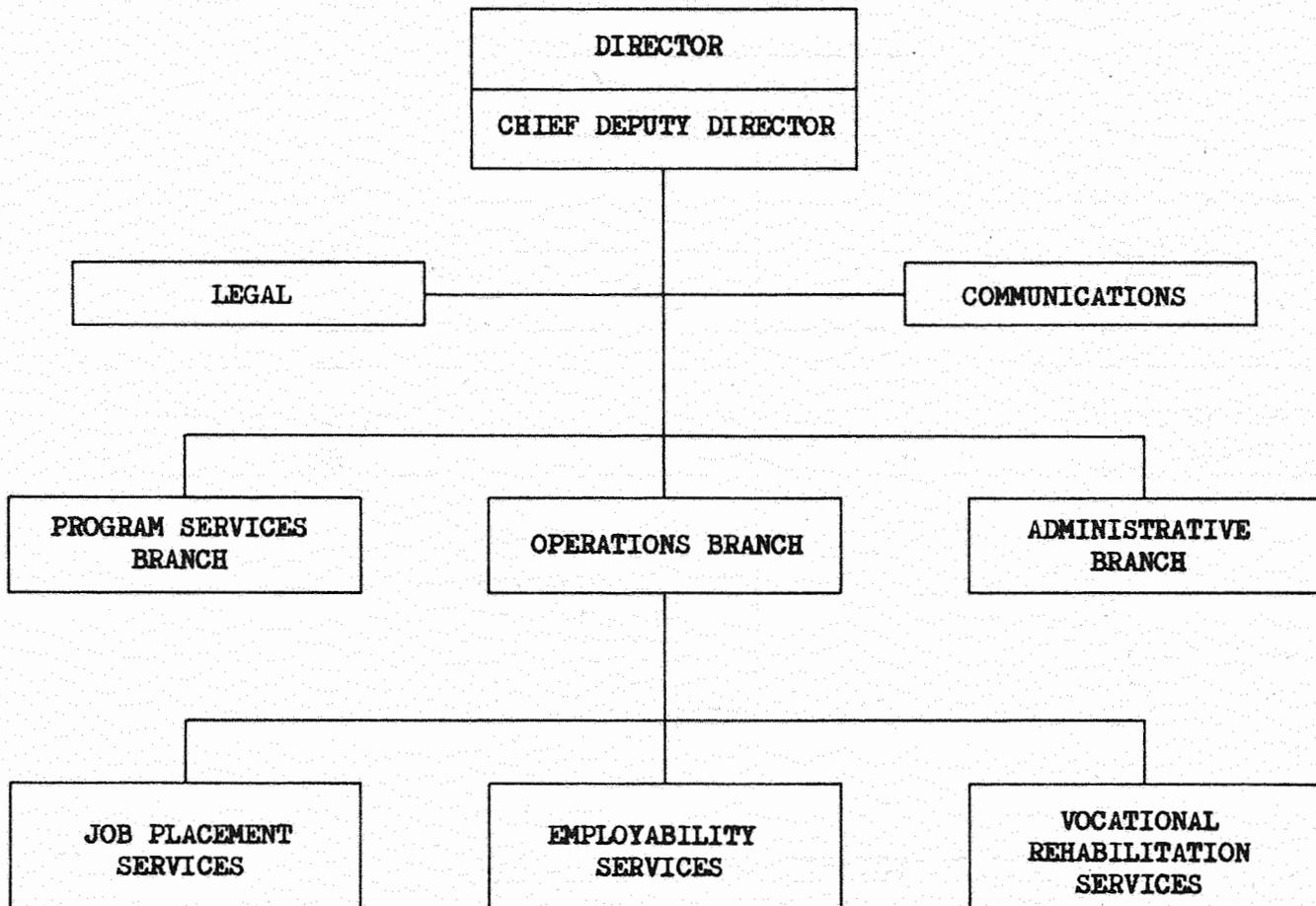
1973 DEPARTMENT OF HUMAN RESOURCES
DEVELOPMENT



1973 DEPARTMENT OF REHABILITATION



1974 DEPARTMENT OF MANPOWER



- Vocational Rehabilitation Services will include vocational rehabilitation for the disabled such as Orientation Center for the Blind, Counselor-Teachers for the blind and rehabilitation services for the independent living. This component will be staffed by employees skilled in the vocational rehabilitation process.

b. Proposed Department of Benefit Payments *

The proposed Department of Benefit Payments will be responsible for all benefit payment and tax collection functions within the Health and Welfare Agency. The Department of Manpower will continue to have responsibility for local eligibility determination for unemployment insurance, disability insurance and the individualized payments from case service funds which are a necessary part of an individualized vocational plan for disabled or disadvantaged people. The basic fiscal management activities will be transferred to the Department of Benefit Payments.

c. Benefits

The proposed program will result in more effective utilization of the manpower funds available to the State by providing a better balance of program in each community and better coordination of the planning for manpower services at a State level. As a result of clarifying and specifying objectives, the Department of Manpower efforts will be more effectively directed at achieving more placements in terms of number and quality.

The Department will employ only those workers it needs to perform its proper and necessary functions. To seek to attack the unemployment problem by expanding the government payrolls not only begs the issue but compounds the problem and delays the proper solutions.

State and local manpower needs will be used as the basis of a State developed long-range plan for manpower services. A statewide coordinated delivery system will be planned and implemented.

Combining the Department of Rehabilitation and the Department of Human Resources Development will permit a total scope of manpower services. The

*See pages 88 through 101

development of "plans" will be designed to permit a tailoring of program to localized problems. The new department will be flexible and responsive to the changing needs of manpower in a dynamic job market.

E. Implementation Schedule

1. The Agency and Department staff have begun to prepare the necessary legislative and support documents. All material will be ready by January 1, 1973.
2. State legislation will be introduced during the 1973 session.
3. Implementation of the new Department will be completed July 1, 1974.

F. Legislation Required

1. Legislative proposals have been drafted for submission to the Legislature in January, 1973. These consist of amendments to the Unemployment Insurance Code and the Welfare and Institutions Code necessary to consolidate state manpower programs and organizations. These legislative proposals are being coordinated with those in the California Community Manpower Program.
2. The Agency has also drafted proposed amendments to Federal law to allow state management of all manpower funds and programs in California.

G. Marketing Plan

The major changes proposed for the Department of Manpower (DMP) are to consolidate program and organizations and to actually become the State planner and coordinator of all manpower effort in California. To accomplish these changes substantial changes are required in Federal law and regulations of the Department of Labor and of Health, Education and Welfare. Congressional action recently to provide Revenue Sharing to communities is somewhat opposed to the idea of State management and control of Manpower funds.

However, there is tremendous support for reform of manpower efforts. It comes from business, labor, educators, many Congressmen, and the general citizenry. The problems of manpower are well defined and agreed upon, but the proposed solutions range far apart. California's approach is logical and has recent community and business support from the efforts of the Governor's Manpower Task Force.

Basically, any proposal that emphasizes local input and locally tailored program efforts is quite acceptable to most. The main concern with this proposal which stresses strong state management and control will come from those who see it as a loss of control, namely the Federal agencies and some local interests.

We can sell this effort by gaining the support of those to be served such as the job ready, applicants needing manpower service and employers. The concerned Departments will establish a statewide planning group and a network of information outputs to interested groups. Special efforts will be made to include the disabled and disabled interest groups in the final planning because the vocational rehabilitation model has proved successful and will be one of the main new thrusts to serving job applicants who need manpower services.

CALIFORNIA JOB CREATION PROGRAM

CALIFORNIA JOB CREATION PROGRAM

A. Introduction/Background

1. Last March, Governor Reagan's Manpower Policy Task Force began a study of the state manpower situation. In August, Mr. Thomas Hamilton, Chairman of the Task Force, transmitted the final report on that study. From that report came the following statement:

"The ultimate requirement for a successful manpower policy is a healthy and growing economy. The goal for manpower planning and programming should be to assist individuals to prepare for and find jobs. The name of the game, in other words, is 'jobs'.

If the State really wants to do something to solve the manpower problems, it will refrain from those activities which thwart economic growth and prevent the creation of new jobs."

2. The civil disturbances of the 1960's brought about efforts by both government and private business to foster economic development in America's inner cities. The emphasis of these efforts was to promote the growth of small businesses in the disadvantaged urban area, thereby perpetuating current employment and expanding employment possibilities within the community.

The many programs have provided a framework to solve the economic problems, but they have become fragmented and ineffective. A duplication of services in both management and technical assistance programs also adds to the ineffectiveness of present efforts.

Out of the prevalent duplication and confusion has evolved one effective tool for creating a good climate for the small businessman. The California Job Development Corporation Law Executive Board has provided a climate of financial backing and management/technical aid to small businesses which has proved successful in attaining the goals of job creation and expansion.

This proposal is designed to expand the capability of the California Job Development Corporation Law Executive Board and the Small Business Administration to meet the needs of businessmen and potential businessmen in California's disadvantaged communities.

3. A fundamental policy consideration lies at the foundation of this proposal. Traditionally government's attempts at job creation have centered upon grant approaches. Outright grant programs fail to stimulate entities which become self-sustaining and independent. This proposal, however, is centered upon an expansion of the loan guarantee approach instead of grants. This approach emphasizes accountability and stimulates the incentive to become a competitive member of the free enterprise system.

B. Program Objectives

1. To increase the activity of business and job creation and expansion in disadvantaged areas.
2. To improve the economic well-being of employable persons in disadvantaged areas.
3. To create a self-supporting help program for small businessmen.
4. To provide an effective mechanism to replace the "grant" approach.

C. Program Proposal

1. This proposal will establish that:
 - The State will institute a broader loan guarantee policy to Regional Job Development Corporations;
 - Technical and management assistance in both the pre-investment and post-investment periods will be a requisite in any proposed venture;
 - The California Job Development Corporation Law Executive Board (Cal Job) will be made an advisory board with operational management of the program under the Secretary of Health and Welfare.

2. Loan Guarantees

To broaden the Cal Job Program, the State will exercise its guarantee capability to a greater degree by allocating substantial loan guarantees to the Regional Job Development Corporations. This will increase the funding capability of the Regional Corporations. That capability is now limited by the Regional Corporations' financial commitment to the program. Broader State participation will augment the present funding system.

- The Regional Corporations will provide individual guarantees to qualified borrowers not to exceed 15 percent of the total loan request;
- The borrower will be required to have a minimum 5 percent equity in the business, or obtain venture capital from other sources.

Additionally, the Regional Corporation will provide an additional loan guarantee to the borrower for initial management and technical services and approve appropriate consultants to provide needed services to the borrower. Consultants will also be provided for ongoing management assistance as required by the business. The Regional Corporations will be authorized to charge a fee or issue debentures for each guarantee extended to defray administrative costs of the Cal Job Program.

The number of jobs generated through loan guarantees will vary widely with the type of businesses involved. Based on the experience to date of 974 jobs created or retained with a loan guarantee fund of \$650,000, \$1 million will stimulate 1500 jobs. This formula is based on the current method of issuing guarantees at 100 percent. Using this formula the proposed State Loan Guarantee Fund will guarantee 15 percent of initial capitalization on an individual basis, therefore, \$1 million in State Loan Guarantees will generate 6.7 times the amount of jobs previously created, or 10,050 jobs.

During the first two years, the program will be expanding and funds totalling \$2 million per year will be necessary to provide satisfactory statewide loan guarantees and funds for administering the management and technical assistance programs.

Monies will not be expended until actual loan losses occur. It is anticipated that this loan guarantee fund will eventually evolve into a revolving State Loan Guarantee Fund.

3. Management and Technical Assistance

A major feature of this proposal is the establishment of an assistance program, utilizing consulting firms, to provide guidance to the small businessman in such areas as accounting, marketing, business procedures, obtaining loans and other areas of known weaknesses generally found in small business operations. Many of these firms are already in existence and have been playing a role in the present program. With the expansion of Cal Job/SBA capability, this portion of California's business community will also expand.

The technical assistance program will emphasize the transfer of technological advances to the small business area. At present, many devices, products and techniques are in use in the nation's aerospace centers and research laboratories, but have not filtered into civilian-oriented industries. The technical assistance agencies will seek out those devices, products and techniques and transfer them, where feasible, to the businesses created under the Cal Job and Small Business Assistance Programs. This will upgrade the overall product of the assisted firms and aid in assuring them of maximum productive economy and a higher viability in the market place.

4. Organizational Change

The basic organizational change proposed is the alteration of the existing charge of the Executive Board. The Board will be utilized in an advisory and policy-making capacity. The operation of the Cal Job Program will be placed under the Health and Welfare Agency, initially in the Office of Special Services and later the Department of Manpower, thus allowing decisions to be made in concert with manpower programs and objectives.

5. Results Expected

• Cal Job Programs

This proposed approach will provide a more equitable basis for private participation. By entering into the risk sharing with the Small Business Administration and other

lenders, the current exposure of Regional Job Development Corporations will be drastically reduced. The Regional Corporation will also have an increased capability to attract a larger amount of financial resources and eliminate fragmentation.

- Small Business Assistance Program

The integration of State and Federal technical assistance programs will enable pre-investment organizations to service specific areas increasing program effectiveness, eliminating duplication and reducing government costs.

- Cost Effectiveness

This is the fourth year since the implementation of the California Job Development Corporation Law Program and the integration into it of the Small Business Assistance Program. Trends noted even this early in the program clearly identify a sound economic basis. Quantitative data evolving from the continual evaluation of the program have established that 2,016 jobs have been created and/or retained in businesses which might not have existed, or would have failed, except for support from the combined Cal Job and Small Business Assistance Program; \$60,200,000 in wages and salaries will be paid by these businesses over an assumed seven-year life expectancy for the existence of these jobs; and 218 businesses with combined annual sales in excess of \$24,800,000 have been created or expanded through benefits derived from the two programs. The total State cost to date for operating expenses, including losses in business which failed, amounts to \$896,000. This includes \$266,000 for contractual services paid for by the State and made available to businesses participating in the Small Business Assistance Program. The State's total cost of \$444 per job created or retained over the seven-year life expectancy of that job opportunity amounts to less than \$64 per year.

It is important to note that if a nominal 20 percent unemployment rate is assumed to apply to the 2,016 persons in the disadvantaged area, the savings in welfare costs alone in seven years for those 400 individuals would constitute \$11,200,000 - a handsome saving in exchange for \$896,000 investment which the State has made to date.

While treating these findings in a most conservative manner, the simple arithmetic of these figures clearly indicates the economic sensibility of the program. The figures demonstrate the merit in directing efforts toward the further utilization of the Loan Guarantee and technical assistance programs.

D. Analysis of Current Program and Proposed Changes

1. Currently, there is reluctance on the part of the private sector to invest in the Cal Job Program because of the inequitable risk factor. It is a program limited by private sector loan commitments.

Little or no equity is required of the borrower. There is limited cooperation between State and Federal programs for management/technical assistance to borrowers. There are inadequate methods for determining the reasons for the success or failure of businesses begun under the program. There is little attempt to bring about a transfer of available technology from governmental science agencies to assisted small business operations. The Cal Job Executive Board maintains direct operational control over program activities limiting expedient action.

2. The proposed program will provide a more reasonable financial risk factor by greater State participation in loan guarantees. Small business development activity will increase with the State Loan Guarantee increase.

The borrower, or backing investors, will be required to hold 5 percent equity in the business.

There will be the development of closer operational ties between Cal Job and the Small Business Administration to provide better pre-investment and post-investment counselling to borrowers. The management/technical assistance program will supply better quantitative measures of assisted businesses. Agencies will be formed in the private sector to investigate and transfer applicable technological advances to small businesses to improve operation and production efficiency.

The Cal Job Board will be placed in an advisory capacity with operations directly handled by the Executive Director. A closely coordinated effort will be made with the Manpower Programs of the Health and Welfare Agency.

E. Implementation Schedule

1. Requests for additional funds and changes in legislation will be initiated in January, 1973 for July 1, 1973 implementation.
2. Loan guarantees and increased management assistance to start July 1, 1973.
3. The Cal Job Board to become an advisory body July 1, 1973.

F. Legislation Required

1. Expansion of the Cal Job Board's Loan Guarantee Capacity

This would require an increased general fund appropriation which would be accomplished in the budget act. No change is necessary in the Corporations Code.

2. Guarantee each loan to individual businesses rather than guaranteeing a percentage of the entire job development corporation loan portfolio.

The Corporations Code is sufficiently broad in scope to permit individual loans to businesses and they can be guaranteed on an individual basis without any statutory change.

3. Provide funds to the businesses for management and consulting services at the time the business is started.
4. The current definition of economically disadvantaged areas is not broad enough to include all disadvantaged areas, particularly areas directly contiguous to defined disadvantaged economic areas. To achieve more flexibility the definition of the economically disadvantaged area as set forth in the Corporations Code should be modified.

5. Permit the regional corporation to charge the borrower a loan guarantee fee. Imposition of a fee would require an amendment to the Corporations Code which does not currently provide for a fee.
6. Incorporate the Small Business Assistance Program into the Cal Job Board.
7. The limitations on the number of non-profit associations that can provide technical assistance will be eliminated to permit greater flexibility in the areas of operations and associations utilized.

G. Marketing Plan

Increasing the opportunity for the disadvantaged through business and job development is American tradition and appealing. Many groups will automatically approve especially the Small Business Administration, Chambers of Commerce, Minority Groups, and the existing Cal Job Board. However, the main question of true support will be faced when additional funding is required. So far, California has not given priority to economic development through the use of State funds directly except for the Cal Job effort, which was noticeably small.

The results of the Cal Job Program to date are astounding and when projected should sway the most skeptical to agreeing that "jobs" are the best and most economical long-term manpower program. Considerable effort of staff will be used to present the facts about performance to date and to discuss improved benefits. The efforts of creating and expanding businesses operating in disadvantaged areas will be stressed as follows:

- Increased loan guarantee ability to fund new business and expand current operations in disadvantaged areas.
- More rapid response to needs through Cal Job Executive Director rather than a part-time Board.
- Greater support for the borrower through the management/technical assistance programs.

- Increased taxes for local, State and Federal governments.
- Borrower equity requirement insures greater sense of responsibility and accountability on his part, and contributes to success.

CALIFORNIA DEPARTMENT OF BENEFIT PAYMENTS

CALIFORNIA DEPARTMENT OF BENEFIT PAYMENTS

A. Introduction/Background

1. This proposal is an extension of the Governor's Reorganization Plan No. 1 of 1970, which created a new Department of Health. The Reorganization Plan was authorized by legislation (AB 698) which was introduced and enacted during the 1971 session of the Legislature. The new health department will be operational on July 1, 1973.

The Department of Health will consolidate the existing Departments of Public Health, Mental Hygiene, Health Care Services and certain healing arts boards presently located in Consumer Affairs. In addition, the existing social service functions, authorities, and responsibilities of the Department of Social Welfare will be transferred to Health. The remaining structure of the Department of Social Welfare after the transfer of social services to Health is the foundation from which the Department of Benefit Payments will be advanced.

2. In 1970, there were essentially four arguments advanced which supported the transfer of social services, in total, to the Department of Health.
 - A general acceptance at all levels of government of the desirability of making a clear separation of the two basic responsibilities generally associated with welfare programs, social services and money payments. In California, counties were directed to accomplish this separation. The federal government required that separation be carried out at the State level as well.
 - A growing recognition of the interrelationship and interdependency of health services and social services. Social services relate in varying degrees to health services. They range from the placement of persons discharged from State hospitals in out-of-home care facilities to the supervision of county adoption programs; from identification of medical treatment needs to promotion of adequate child nutrition; and from family planning counseling to the provision of a home health aide or homemaker.
 - Several departments have overlapping responsibilities in the health and social service fields. For example, alcoholism clinics (rehabilitation), local mental health clinics

(Mental Hygiene), and diagnostic centers for mental retardation (Public Health) compete with the county welfare department's protective services for budget resources, qualified staff, and even clients.

- The three major departments being consolidated into the Department of Health - Mental Hygiene, Public Health, and Health Care Services - also have social work staffs. In addition, social workers are included as an integral part of the staffs of local community programs for the mentally ill and mentally retarded. Consolidation of state responsibility for social services in the Department of Health permits the integration of this staff into a more effective system, with a consequent improvement in the quality of service rendered to the public.

Examples of social services which are presently authorized and which will be transferred are: Information and Referral Services; Protective Services for Children and Adults; Services to Strengthen Families and Individuals; Out-of-Home Services for Children and Adults; Family Planning Services; Adoptions; Licensing; Child Welfare Services, and Homemaker Services.

All of the above services are actually delivered by counties under regulations promulgated by the State, except that the State provides some adoption and licensing services directly.

3. The social services portion of the State Department of Social Welfare will be transferred on July 1, 1973. Approximately 25% of the SDSW staff will transfer to the new department. Once accomplished, this leaves Social Welfare with essentially one responsibility -- payment of benefits to welfare recipients. Section 10600 of the Welfare and Institutions Code reads, in part, as follows:

“The State Department of Social Welfare is hereby designated as the single state agency with full power to supervise every phase of the administration of aid...” (i.e., benefit payments).

The designation of Social Welfare as the responsible department for administration of aid payments results in that department retaining the following major functions:

- Promulgation and enforcement of regulations implementing the state plan for aid payments.
- Field fiscal planning and operation, including verification and authorization of county claims.
- Program audits and evaluation.
- Appeals and fair hearings.
- Research and Evaluation.
- County Contract administration.
- Recovery Program (including fraud detection).

B. Program Objectives

1. Increase the operating efficiency of those functions within the Health and Welfare Agency that are primarily related to the collection and disbursement of money.
2. Provide appropriate service to those who participate in benefit payment programs.
3. Improve checks and balances within Agency programs by separating, where feasible, program responsibility from payment responsibility.
4. Improve the State's ability to detect administrative error and fraud.
5. Reduce program costs to the State.

C. Program Proposal

1. To accomplish the stated objectives, the following changes are proposed:
 - The Department of Social Welfare shall be named the Department of Benefit Payments.
 - Certain fiscal and banking activities shall be moved from the departments of Human Resources Development, Health Care Services, Mental Hygiene and Public Health to the Department of Benefit Payments.

2. The following is a detailed summary of this proposal.

- Change Name of Department of Social Welfare

Section 10550 of the Welfare and Institutions Code is the existing provision of law which authorizes a State Department of Social Welfare (SDSW). This provision and numerous other sections of statute will be changed to read Department of Benefit Payments. There have been suggestions from a number of sources over the years to change SDSW's name to something else. The Assembly Office of Research, for example, recently suggested that SDSW be retitled the "Department of Income Maintenance". This proposal goes further than previous proposals by suggesting that SDSW assume responsibility for a number of programs which are not related to income maintenance (e.g. local mental health programs, fiscal intermediaries, etc.). Thus a broader title is needed, and "Benefit Payments" satisfies that need.

- Human Resources Development (HRD)

Three major functions have tentatively been identified for transfer to Benefit Payments from HRD. These are the tax collection, payment, and audit programs. Preliminary estimates indicate that approximately 2,360 man-year equivalents and \$40.6 million in support costs would accompany such a transfer. The magnitude of this shift requires a thorough development plan which will commence upon approval of this proposal. These estimates, incidentally, include overhead or indirect costs as well as direct program resources.

There are two principal options that will be studied in order to provide UI and DI payments in the most efficient manner. The first would require the Department of Benefit Payments to contract with community manpower centers for the actual payment to beneficiaries. The second alternative would result in the establishment of regional Department of Benefit Payments offices which would make UI and DI payments upon receipt of an authorization or "payment order" from the Community Manpower Center. Selection of the preferred alternative must await completion of the detailed development plan.

- Health Care Services (HCS)

It is proposed that four functions be transferred from the Department of Health Care Services to the new department. These are the payments to and audits of the fiscal intermediaries and the Prepaid Health Plan and the Recovery Bureau functions.

Approximately 90 man-years and \$2,220,000 would accompany the transfer of these responsibilities.

- Mental Hygiene

From the Department of Mental Hygiene it is proposed that the claims processing and payment responsibilities for the local mental health programs and the county audit function be transferred. Approximately 36 man-years from the bureaus of accounting, budget planning, data processing, and program audits have been identified for transfer. Roughly \$478,000 is presently budgeted for these functions.

- Public Health

It is proposed that the payment and audit responsibility for Crippled Childrens Services, regional diagnostic centers (developmental disabilities), family planning services, renal dialysis, tuberculosis subsidy, and local health department subventions be transferred to Benefit Payments. Approximately 76.9 man-years and \$845,000 will be transferred.

It is apparent that the division of payment from program responsibility will require close coordination among the affected departments. It is anticipated that administrative regulations will be modified to avoid confusion and overlap of related regulations. For example, Medi-Cal regulations which are presently contained in the California Administrative Code will be changed to clearly indicate the division of responsibility between the Departments of Health and Benefit Payments.

3. The main benefits expected to be achieved by this proposal follow.

- Staff specialization

Employees who now must spend part of their time in tasks unrelated to their professional training will be relieved of that responsibility. Employment security

officers, for example, will be able to devote their attention to job finding tasks. The payment responsibility will be shifted to the Department of Benefit Payments. Professional judgments required to operate programs are different from the skills needed to handle money or authorize payments. Experience has shown that the benefit payment processes have little relationship to the identification of program need or eligibility.

- Consolidation of Systems and Data Processing

A consolidated computer payment system will be developed, relying heavily on the Consolidated Data Center authorized by SB 1503, 1972 legislative session. The best of existing systems within the Agency will provide the base from which expanded and consolidated systems will be developed. For example, the Department of Mental Hygiene has developed a well-regulated computerized billing and receipts system which will provide a model for the other programs. This proposal will also permit the close integration of the Medi-Cal Management System (MMS) and Social Welfare's Expanded Data Reporting System (EDRS), a step which has been recommended by the Legislative Analyst and the Department of Finance.

- Reduction in Handling of cash (HRD offices)

The risks inherent in the handling of cash will be reduced by this proposal. A system is being considered which would all but eliminate the handling of cash in the unemployment and disability insurance programs. This system will accommodate the favored program requirement that unemployed, physically capable persons routinely report to manpower offices to demonstrate their adherence to a job search plan.

- Span of Control

Centralization of payment functions in the Department of Benefit Payments will permit broader spans of control and a reduction in the number and layers of supervision. It will also create an organization which can absorb the payment aspect of any new programs requiring payment of benefits at very little additional administrative cost. This is an important feature, particularly with regard to manpower programs which are added and modified continually.

- Potential Savings Impact

As a result of these expected administrative efficiencies, a dollar savings of \$2,244,200 has been targeted. Savings are projected by Department, as follows:

Human Resources Development	\$2,050,000
Health Care Services	142,000
Mental Hygiene	48,000
Public Health	4,200
	\$2,244,200

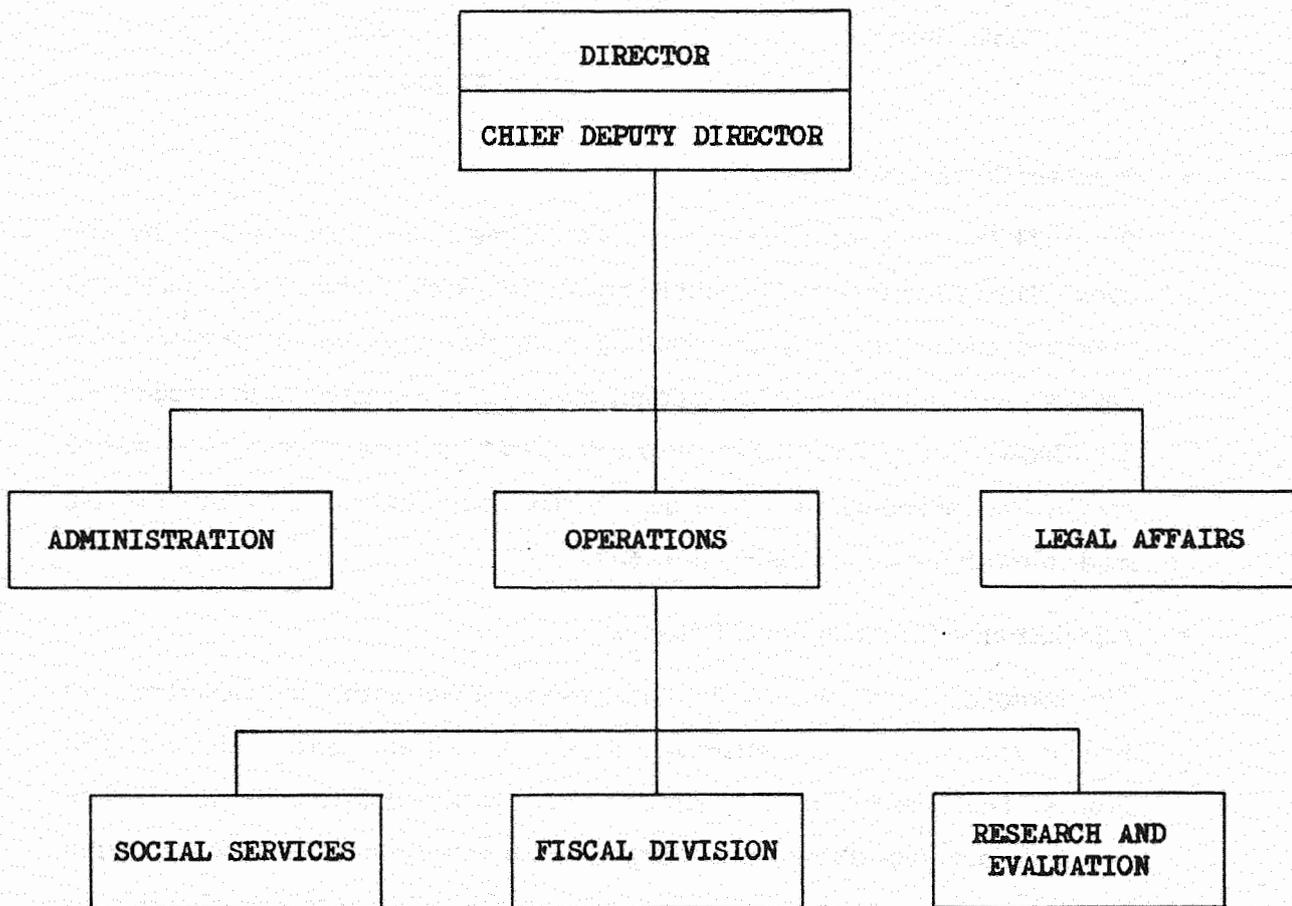
- Improved Checks and Balances

By 1974-75, it is conceivable that the payment functions handled by the consolidated Department of Benefit Payments will exceed \$6 billion (all funds). The improved checks and balances resulting from the separation of program from payment responsibility become especially important in a program of this magnitude. The Department of Benefit Payments will operate in some respects as an agency comptroller, providing an independent review or pre-audit of payments that are made through the various agency programs.

- Administrative Error and Fraud Detection

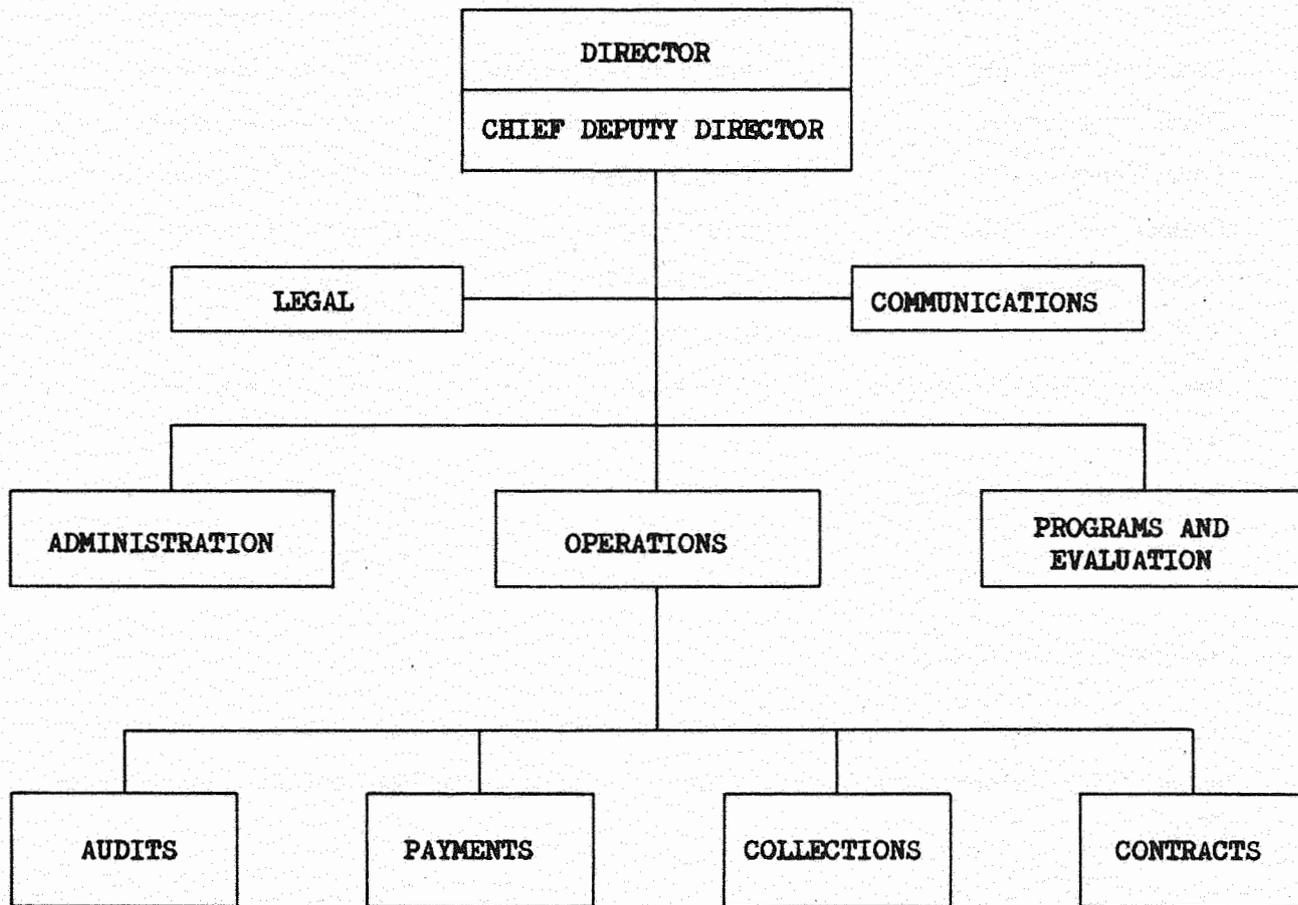
The consolidation of systems and data processing will enable the Department of Benefit Payments to more effectively detect administrative error and fraud. This proposal facilitates the development of a "basic wage and payment history file" on each individual regardless of the programs which served him. Such a file will permit routine cross checks between welfare, health, and manpower programs that any one individual may be receiving. Ability to eliminate duplicate payments, benefits being received in more than one county, etc., is greatly enhanced, since the data will be integrated under one administrative agency.

1972 DEPARTMENT OF SOCIAL WELFARE



BENEFIT PAYMENTS
PROPOSED ORGANIZATION

1974 DEPARTMENT OF BENEFIT PAYMENTS



D. Current Program/Proposed Changes

The following chart illustrates the "before and after" of the Benefit Payment proposal.

Collection, Payment & <u>Audit Responsibilities</u>	Organization Name	
	<u>Current Department</u>	<u>Proposed Department</u>
Cash grants	Social Welfare	Benefit Payments
Medi-Cal	Health Care Services	Benefit Payments
Unemployment Insurance	Human Resources Dev.	Benefit Payments
Disability Insurance	Human Resources Dev.	Benefit Payments
Local mental health	Mental Hygiene	Benefit Payments
Crippled Childrens Services	Public Health	Benefit Payments
Family planning	Public Health	Benefit Payments
T. B. Sanatoria	Public Health	Benefit Payments
Regional Diagnostic Centers	Public Health	Benefit Payments
Renal Dialysis	Public Health	Benefit Payments
Local health department		
Subsidies	Public Health	Benefit Payments

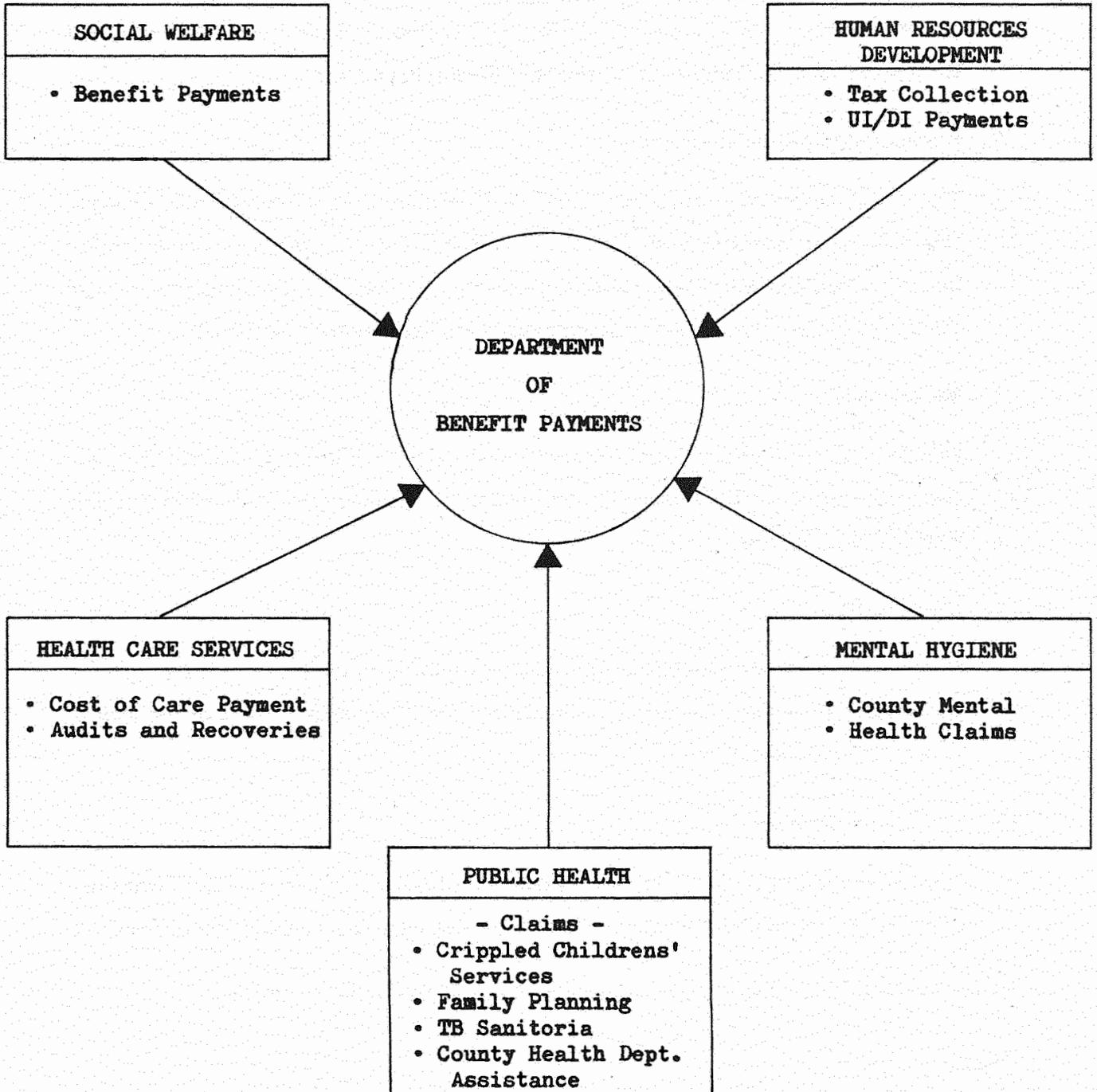
E. Implementation Schedule

Legislation is required to implement this plan. We propose that a bill be introduced in January 1973, in order that we may have full benefit of the 1973 session to work for its passage.

The proposed effective date for full implementation is July 1, 1974.

Contingency planning has already begun in the departments affected, and this will continue through the 1973 calendar year.

The transfer of social services from Social Welfare to Health will become a reality on July 1, 1973 because of the new Department of Health creation.



F. Legislative Proposals

A legal review of existing statutes and preparation of legislation has begun. The following changes will be required:

1. Social Welfare

All Welfare and Institutions Code sections referencing the State Department of Social Welfare will require change to Department of Benefit Payments.

2. Human Resources Development

The Unemployment Insurance Code will require many substantial changes. Unemployment Insurance Code provisions relating to the Unemployment and Disability Insurance programs will require comprehensive modification. The eligibility provisions of the Code will also be rewritten to accommodate the new payment mechanism.

3. Mental Hygiene

Welfare and Institutions Code Sections will require change indicating that the Department of Benefit Payments is responsible for payment and audit of the various local health programs.

4. Public Health

A number of Health and Safety Code sections will be modified to indicate that the Department of Benefit Payments is responsible for payment and audit of the various local health programs.

5. Health Care Services

Legal action to effect the move will involve amendments in the Welfare and Institutions Code. Minor changes to the contract with the fiscal intermediaries will also be required.

An ad hoc, legal task force has been convened to prepare the necessary changes.

G. Marketing Plan

The prognosis is good for successful implementation of this proposal. There have been other suggestions from time to time that Social Welfare be restructured and streamlined to

emphasize their primary purpose -- making payments to needy persons. We are developing an information package which will emphasize the "pros" of this approach.

1. This is not without full recognition, however, that we will encounter opposition from some very notable groups.
 - The Federal Department of Labor, which in the past has attempted to dictate manpower policies and procedures.
 - HEW, which in the past has resisted California's efforts to modify single state agency requirements.
 - Employee groups, notably CSEA, since this proposal envisions a reduction in state positions.
 - Welfare groups, mainly employee and administrator organizations, who will argue that the character of the social welfare department is being changed to their detriment.
 - Organizations such as the American Civil Liberties Union who will maintain that centralization of information such as proposed creates a "big brother is watching you" atmosphere.

2. On the other hand, support should come from a number of influential organizations -- those which generally favor efficiency and economy in government. Examples are:
 - California Chamber of Commerce
 - California Taxpayers' Association
 - County Supervisors Association of California, though it is recognized that an advanced effort to sell the idea to this group will be necessary.

The Health and Welfare Agency will make a concerted effort to work with each of these groups to win their support. Key legislators will also be contacted by Agency staff, with the help and guidance of the Governor's office.

CALIFORNIA COMMUNITY CORRECTIONAL PROGRAM

CALIFORNIA COMMUNITY CORRECTIONAL PROGRAM

A. Introduction/Background

1. An objective appraisal of Youth Authority and Department of Corrections records indicate that State operated programs are not effective. Criminal activities by youth are increasing; successful rehabilitation of youthful offenders is decreasing.

A study by the California Youth Authority in 1966 found that over 40 percent of the juvenile court wards processed through State institutions during the study period ended up in the adult criminal system. More recent figures indicate that nearly 30 percent of the adult male felons received by the Department of Corrections in 1971 had previous commitments to the Youth Authority. This percentage has been steadily increasing over the past ten years.

2. Law enforcement officials, psychologists, sociologists, and legislators are increasingly calling for comprehensive community-based programs to control and rehabilitate youthful offenders. For the past several years, youths processed by juvenile courts have been referred with greater frequency to community programs rather than State operated programs.

Juvenile Court Wards

	County	State Institutions	Parole
December 31, 1967	41,362	4,441	10,693
December 31, 1971	47,381	2,277	8,023

This decline in State provided services is also evidenced in the commitment rate. As recently as 1968-69, the juvenile courts committed 2,965 juveniles to the Youth Authority. During 1971-72 this number declined to 1,534.

3. At the same time, it is recognized that the State has the responsibility to protect society from the youthful and adult criminal. The State should continue to operate facilities and

programs to provide for effective control and treatment of this hardcore criminal population. The juvenile court ward, not involved in criminal convictions, is better off not associated with this criminal element.

It is proposed that the State's role in treating and controlling juvenile court wards be to encourage local governmental, private groups and volunteers to provide required services, combining public and private resources in a coordinated attack on this problem.

4. Rehabilitation of youthful offenders is a complex, constantly changing field of study. Even with the change, there is no doubt that external environment plays a key role in rehabilitation. Separate community programs for these juvenile court wards should best serve to return these youths to normal productive lives.

The funds presently being expended on State services for juvenile court wards should be redirected to local communities. This will enable California's counties to expand and improve community services and provide a coordinated public and private effort to treat the problem of the youthful offender in his community.

By providing State financial and coordinating resources to each county, where comprehensive community efforts can be applied to the problems of today's youth, a viable program can be developed and serve as a model for other states and communities.

B. Program Objectives

1. Provide public protection and promote community safety.
2. Improve confinement and detention at the State and community level.
3. Provide appropriate rehabilitation efforts and releasing administration.
4. Deter criminal behavior by the effective application of correctional laws.
5. Conduct State and community correctional programs in a cost effective manner.

C. Program Proposal

1. The following programs are proposed to accomplish these objectives.

- Community Juvenile Offender Rehabilitation Program

A program to expand community rehabilitation and control activities for juvenile offenders.

- Community Corrections Performance Measurement System

A program to provide reliable evaluation of results of State and community programs and subventions.

- Department of Correctional Services

A program which consolidates the California Department of Corrections and the California Youth Authority into a single department.

- California Parole Authority

A program which combines the Adult Parole Boards and the Youth Authority Board into a single Parole Board.

2. Community Juvenile Offender Rehabilitation Program

The existing Probation Subsidy Program provides funds to counties for retaining juvenile court wards and convicted felons in the community. This subsidy will be augmented by the establishment of an Incentive Subvention for juvenile court wards only. The Incentive Subvention will provide for cash payment to counties based on their ability to reduce the number of juvenile court wards committed to State institutions.

Using the number of juvenile wards committed to the State in 1971-72 from each county, a commitment rate per 1000 juveniles (between age 10 to 17) will be computed. This rate will become the yardstick against which to measure commitment reductions. For each anticipated commitment retained in the community, counties will receive a cash payment of from \$3,000 to \$8,000. The amount of payment will be determined by dividing anticipated commitments into three equal groups. Payments will be based on the premise that it becomes more difficult and costly to reduce State commitments as the total number of commitments declines. For this reason, counties will receive \$3,000 per case for reducing the first third of their commitments; \$5,000 per case for reducing the second third of their commitments; and \$8,000 per case for reducing the last third of their commitments.

The chart below illustrates the operation of the existing Probation Subsidy Program and the Incentive Subvention Program assuming a county with 1971-72 juvenile commitments of 30 wards.

	Probation Subsidy	Incentive Subvention	Total Per Case	Total Potential Costs
Down to 30	\$4,368	\$ -0-	\$4,368	
From 30 to 21	4,368	3,000	7,368	\$ 73,680
From 20 to 11	4,368	5,000	9,368	93,680
From 10 to 0	4,368	8,000	12,368	123,680
				\$291,040

The Subvention Program will provide for cash advances to counties upon receipt of a three-year plan to reduce commitments to zero. Cash advances will provide an increased incentive to reduce commitments while facilitating State planning in reducing State operated programs.

Special provision will be made for small counties who made few or no commitments to the State in 1971-72. These counties will be allowed to recover a maximum of 75 percent of the costs of services rendered to juvenile court wards with certain other expenditure limitations.

Maintenance Subsidy payments to counties for maintaining juveniles in county ranches and camps will be frozen at the 1971-72 level. Presently the State pays counties \$95 per month for each juvenile housed in a juvenile home, ranch, or camp operated by counties. Since a significant proportion of the new Incentive Subvention will be used to maintain juvenile court wards in county operated institutions, it would be inappropriate to continue the Maintenance Subsidy in addition to the Incentive Subvention. However, several counties would be adversely affected if the Maintenance Subsidy was abolished and the funds eliminated.

To provide counties with the proper institution capacity for juvenile wards presently sent to the Youth Authority, it will be necessary to remodel existing units, add security and program features, and in some cases build new units. The existing construction subsidy will be modified to provide 50 percent of the cost of construction not to exceed \$10,000 per additional bed unit.

Further, the existing construction subsidy will be amended to permit remodeling of existing facilities and additional construction to provide increased security and program resources necessitated by the shift in responsibility for all juvenile wards to local programs. Allocations pursuant to this provision will not be made unless there is an approved county plan for handling all juvenile wards and cost sharing will be limited to not more than 50 percent, with a maximum of \$7,500 per bed unit of rated capacity after remodeling. None of the remodeling funds will be spent on a facility on which construction began after July 1, 1973.

The establishment of multi-county detention facilities will be encouraged to the maximum extent feasible. Total funds available for construction and remodeling will be \$10,000,000 to be appropriated by the Legislature and available for three years. At the end of the three year period, statutory authority relating to construction and remodeling will become inoperative.

State provided services will decline as county capabilities are increased. By June 30, 1976, counties will be required to retain all juvenile wards. The savings achieved will be redirected to meet the increased payments for the Incentive Subvention and the Construction and Remodeling Subventions.

The estimated State financial impact and personnel reductions are presented below:

Financial Effects (In thousands)

	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>
Probation Subsidy Increase*	\$1,299	\$ 2,260	\$ 4,446	\$ 6,078
Incentive Subsidy	1,835	3,067	5,792	8,200
Constr./Remodeling Subsidy	<u>2,250</u>	<u>5,000</u>	<u>2,000</u>	<u>750</u>
Total, Subsidy Increases	\$5,384	\$10,327	\$12,238	\$15,028
Less Support Budget Reduct.	<u>-2,181</u>	<u>-5,640</u>	<u>-9,760</u>	<u>-15,650</u>
Net Cost	\$3,203	\$ 4,687	\$ 2,478	\$ -622

Cumulative Workload and Personnel Reductions (approximate)

	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>
Institution Capacity	440	830	1,290	1,900
Parole Caseload	100	900	1,700	2,650
Employees--Institutions	165	345	660	1,150
Employees--Parole	4	36	60	100

*Computed at \$4,368 per case

In 1977-78, cost would be about \$15,000,000 and savings about \$20,000,000--a net savings of \$5,000,000. Conservatively estimated, it would take about three years, or until 1978-79, to recover the State's investment in the first three years. The only cost to be recovered is the capital outlay because the subsidy costs will be financed by the institution and parole reductions.

By approximately June 30, 1979, all juveniles will be removed from the State institution and parole programs. The State will have reduced approximately 1,500 employees for a net annual savings (after deducting subsidy and subvention costs) of approximately \$7 million.

3. Community Corrections Performance Measurement System

It is essential that community youth rehabilitation programs be monitored to determine their success and eventual impact on the criminal justice system.

Counties will be required to develop a baseline data system for all juvenile wards. This data will be accumulated at the State level and reports on recidivism by county will be published at least annually. In addition, this data will be used to assist the less successful counties to improve their juvenile ward programs.

The data system will be developed with the capability for monitoring adult offenders as well.

4. Department of Correctional Services

The elimination of all juvenile wards from the State correctional system will reduce the workload of the Youth Authority by more than 50 percent, with only criminal offenders aged 18-25 remaining. The primary reason for maintaining two Departments has been to insure separation between adult criminal and juvenile programs. Assumption of responsibility for all juvenile wards by the counties will allow the Departments of Corrections and Youth Authority to be consolidated into a single Department of Correctional Services, thereby increasing the effectiveness and efficiency of State Correctional Services.

The new Department will be organized in accordance with the attached organization chart which provides for three major Branches. These Branches include Operations, Planning and Evaluation, and Administration.

- The Operations Branch will provide the direct correctional services (detention, parole, etc.) currently being provided by the two Departments. This Branch will also be responsible for administering the subvention programs.
- The Administration Branch will provide internal business management, personnel, and training functions.

- The Planning and Evaluation Branch will formulate changes in the inmate classification system, develop methods of assessing inmate program needs, and develop success indicators and other evaluation methodologies for use in assessing release readiness. In addition, this Branch will be responsible for the development and implementation of a comprehensive plan for the delivery of Correctional Services in California. This plan will address both needs and resources for local, state and federal correctional programs following the policy that correctional facilities and programs will be operated at the lowest possible level of government.
- Local government will operate facilities and programs for all juvenile court wards and for convicted felons not requiring long term incarceration in a prison. (Long term defined as one year or more).
- The State will operate facilities and programs for convicted felons requiring long term incarceration in prison. In the case of youthful criminal offenders, the State will operate facilities and programs pending development of comparable programs by local government.
- The Federal Government will be requested not to construct nor operate any correctional facilities in California. Federal prisoners who are California residents will be housed in local or State operated facilities at Federal expense.

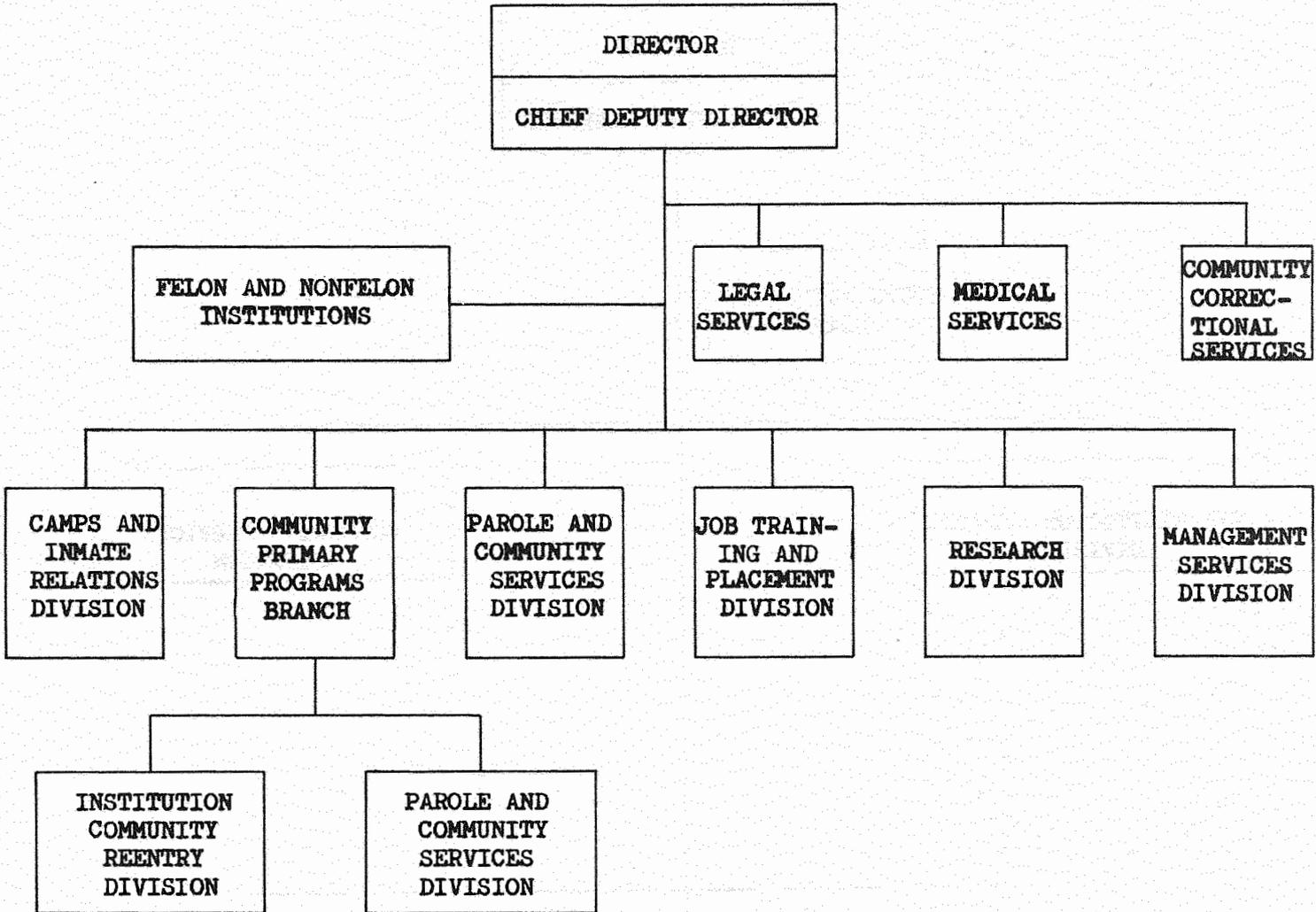
5. California Parole Authority

The Parole Boards will be located in the new Department for housekeeping purposes only. They will report directly to the Health and Welfare Agency.

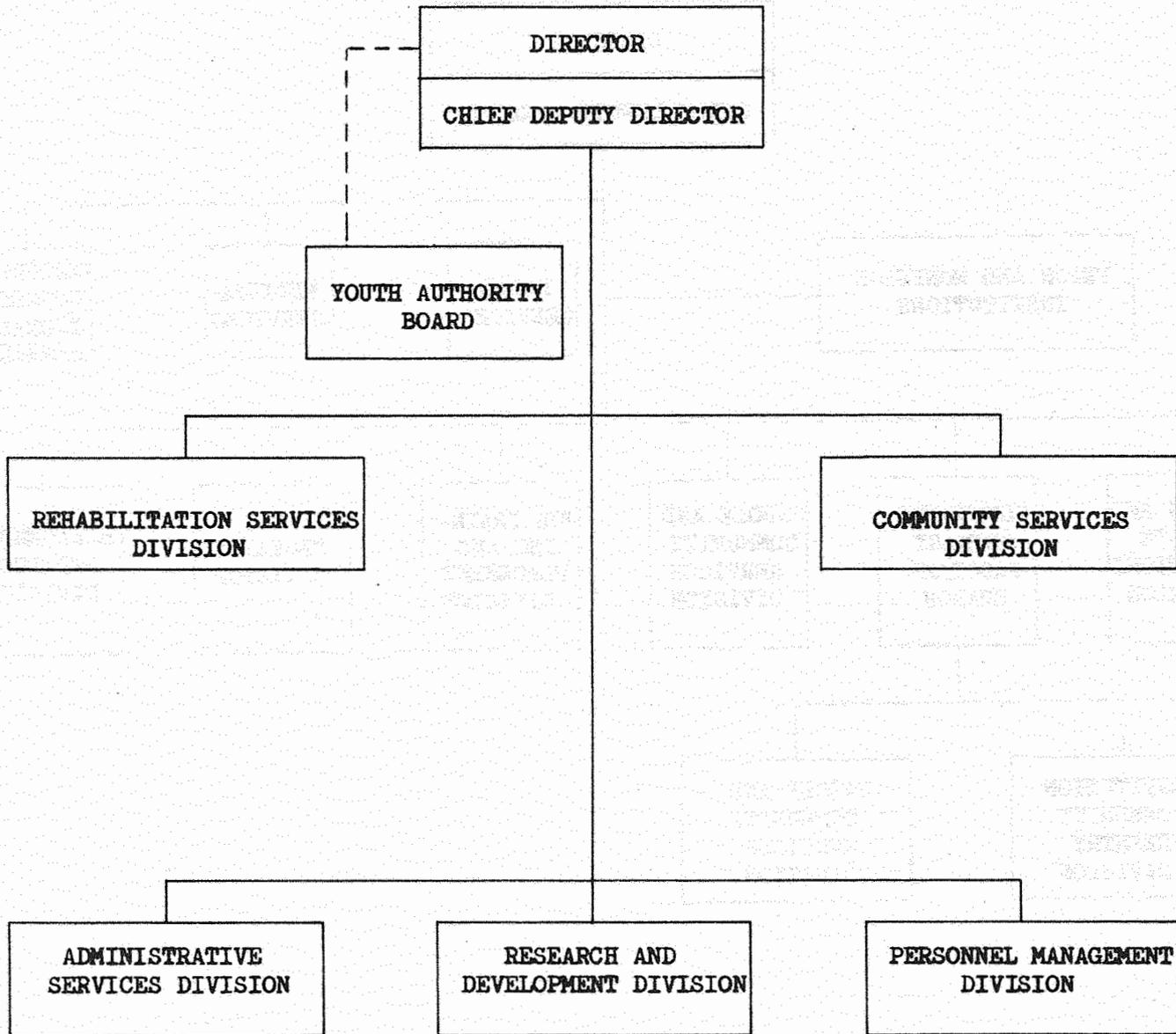
The Adult Authority and the Women's Board of Terms and Parole will be combined with the Youth Authority Board to form the California Parole Authority. This Board will consist of 17 members initially, at least three of whom will be women.

With the removal of juvenile wards from the State system, this Board will decline to fourteen members by 1978-79. The Chairman will be designated by the Governor and

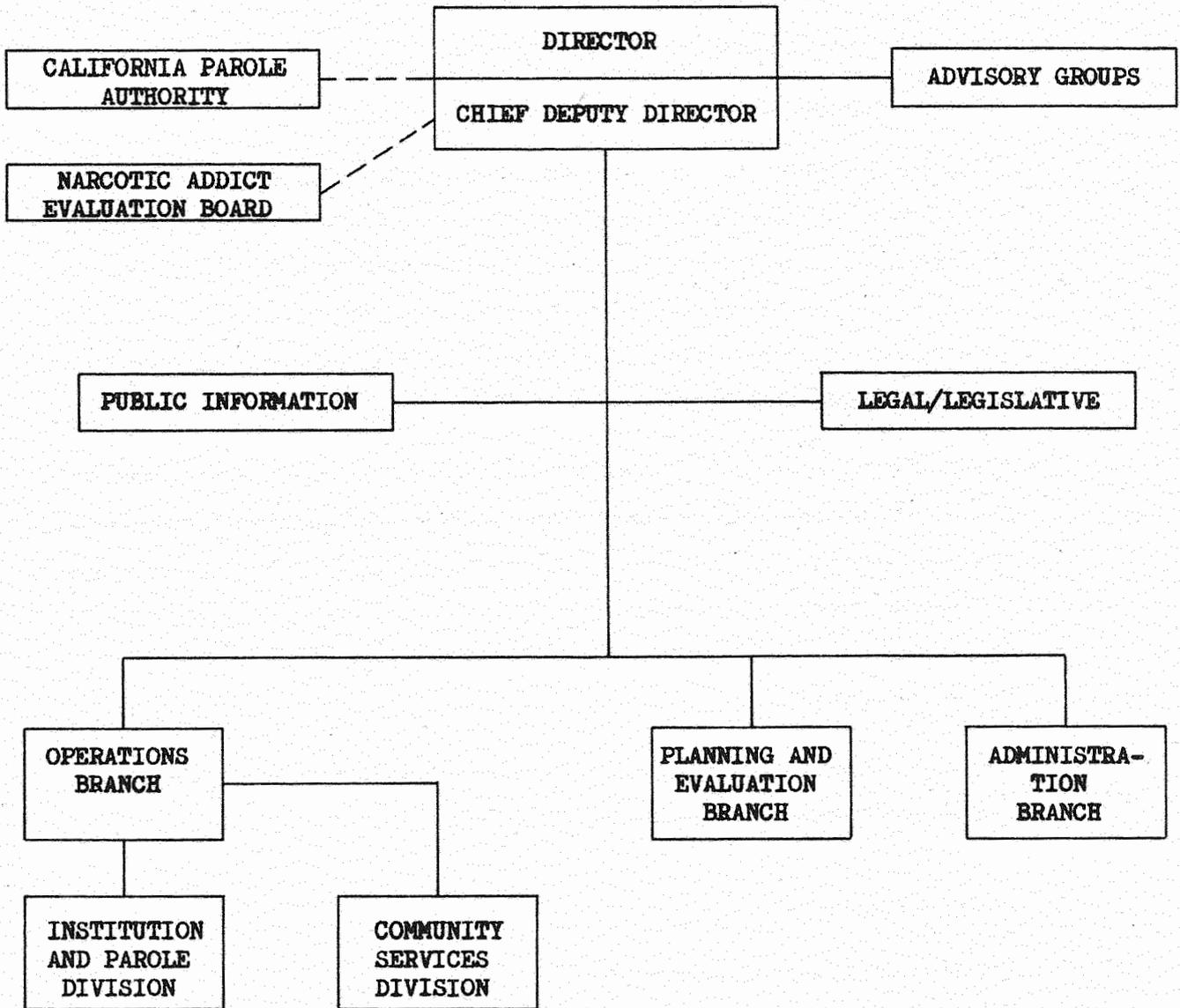
1973 DEPARTMENT OF CORRECTIONS



1973 DEPARTMENT OF THE YOUTH AUTHORITY



1974 DEPARTMENT OF CORRECTIONAL SERVICES



will organize two sub-boards, one to hear youthful offenders and one to hear adult criminals. The sub-boards may be reconstituted by a majority vote of a quorum of the full board.

D. Current Programs/Proposed Changes

1. Community Juvenile Offender Rehabilitation Program

- Probation Subsidy

Currently Probation Subsidy provides State funds to counties for reducing commitments to State institutions. Established in 1965, this program established a combined commitment rate (baseline) to the Departments of Corrections and the Youth Authority for each county. Counties earn \$4,000 annually for each commitment reduction below that baseline. Recent legislative changes have increased the \$4,000 to \$4,368.

Counties were authorized to establish special probation supervision services for adults and juveniles. Costs of these special services are reimbursed not to exceed the amount each county has earned via combined reduced commitments. Earnings due to reduced juvenile commitments may be used to pay the costs of adult special supervision and vice versa. Expenditures under this program are estimated to be \$21.5 million in 1972-73.

Although Probation Subsidy will continue without modification, it will become part of the overall subvention program of the new Department.

- Incentive Subvention

Currently this subvention does not exist.

This proposal will provide additional State funds to counties shifting juvenile wards committed to State institutions to the local community. Using 1971-72 juvenile ward commitments as a base, counties would be paid for each reduced commitment using the following table:

Base rate to - 33%	\$3,000 per commitment reduction
- 34% to - 67%	\$5,000 per commitment reduction
- 68% to - 100%	\$8,000 per commitment reduction

Incentive Subvention funds will be expended on juvenile wards only. Total cost of the Incentive Subvention will be \$8,200,000 when all juveniles have been removed from State programs.

- Maintenance Subsidy

Currently this program provides for State payments to counties of \$95 per month for each juvenile maintained in an approved county facility. This subsidy was originally established to pay 50% of the costs of keeping a juvenile in a county facility. However, as costs rose, the \$95 rate has decreased from 50% of costs until it now represents 17% of costs.

The Maintenance Subsidy should be abolished, inasmuch as the Incentive Subsidy will provide funds for maintaining juvenile court wards in county facilities. However, abolishment of the Maintenance Subsidy would result in a financial loss to the participating counties. It is therefore proposed that Maintenance Subsidy payments be frozen at the 1971-72 level. Continuing annual expenditures of \$2,758,610 will be necessary. The subsidy will become a part of the new Department's overall subvention program.

- Construction and Remodeling Subsidy

Currently this subsidy provides for State payments to counties for construction of additional juvenile homes, ranches and camps at a rate of \$3,000 per bed not to exceed 50 percent of cost. Very little county use has been made of this subsidy because counties have had great difficulty in raising their share and approximately 30 percent of existing county facilities are vacant. The present subsidy does not provide for remodeling.

Under this proposal, the Construction Subsidy will be revised to provide State financing of 50 percent of the cost of new construction not to exceed \$10,000 per bed. Additional provision will be made to provide for State financial participation in

the cost of remodeling. The State will provide up to 50 percent of the costs of remodeling not to exceed a total cost of \$7,500 per bed. Total State expenditures for construction and remodeling will not exceed \$10 million which will be appropriated and available for encumbrance for three years. At the end of the three year period, State participation in capital outlay and remodeling programs will be discontinued.

2. Community Corrections Performance Measurement System

Currently this program does not exist.

This proposal will require counties to develop a baseline data system which accumulates information of each juvenile ward. Data collected will include arrest and conviction information including juvenile and criminal court disposition. The State will annually report the relative success rates in dealing with juvenile wards by county.

The State will use this data to assist the less successful counties to develop more effective programs for juvenile wards.

To insure statewide uniformity, the Department of Correctional Services will design (or have designed under contract) a system which counties can adopt.

Eventually, this system will be expanded to include similar data on adult offenders.

3. Department of Correctional Services

Combine the Department of Corrections and the California Youth Authority.

Currently the State operates two departments for providing incarceration and parole services to offenders. The Department of Corrections provides correctional services to criminal offenders over age 18 and civilly committed narcotic addicts. The Department of Youth Authority provides correctional services to juvenile wards and youthful criminal offenders. State resources committed to the direct operation of these two departments during 1972-73 are reflected below:

	Dollars	Man Years
Youth Authority	\$ 52,400,000	3,471
Corrections	\$112,800,000	7,221
Total	\$165,200,000	10,692

This proposal will consolidate the two State Departments. It will result in a single department responsible for providing direct correctional services to criminal offenders and civilly committed narcotic addicts only. This department will assume the basic responsibilities of the current two departments. State resources committed to the direct operation of this department during 1978-79 will be as follows:

	Dollars	Man Years
	\$143,200,000	9,182

- Governor's Commission on Children and Youth

Recently we phased out the Governor's Commission on Children and Youth with the intention of replacing it with a more responsive body. This proposal will establish the Advisory Commission on Youth to advise the Director of Correctional Services relative to local and State correctional programs for youth.

- Board of Corrections

This Board is charged with the responsibility for adopting jail standards and making jail inspections; conducting studies of and planning for crime control; performing a general advisory function to the Departments of Corrections and Youth Authority; and removing for cause members of the Adult Authority. The Secretary of the Health and Welfare Agency is the chairman of this Board. This proposal will abolish the Board of Corrections and transfer the responsibilities as follows. The Department of Correctional Services will be responsible for jail inspections. The California Council on Criminal Justice will be responsible for conducting studies and planning for crime control. The General Advisory function will be performed by advisory committees established by the Director of Correctional Services.

4. California Parole Authority

- Combine the Adult Authority, the Women's Board of Terms and Parole, and the Youth Authority Board.

Currently the Adult Authority is a nine member Board authorized to perform the paroling function for all adult male felons committed to the California Department of Corrections. The female counterpart of this Board is the Women's Board of Terms and Paroles which has five authorized members. The Youth Authority Board is an eight member Board authorized to perform the paroling function for all juvenile court wards and youthful criminals committed to the California Department of Youth Authority. The Director of the Department of the Youth Authority serves as the chairman.

This proposal will combine these three Boards into a single Board designated the California Parole Authority. Members will be appointed by the Governor to four year terms. The chairman will be designated by the Governor and will be authorized to establish a sub-board serving youth and a sub-board serving adults. The composition of these two sub-boards may be changed by a majority vote of a quorum of the full Board. The authorized membership of the California Parole Authority will decline as the number of juvenile court wards declines.

1973-74	17 members
1974-75	
1975-76	16 members
1976-77	
1977-78	15 members
1978-79	

- Continue the Narcotic Addict Evaluation Authority

Currently the Narcotic Addict Evaluation Authority is a four member Board authorized to perform the paroling function for all narcotic addicts civilly committed to the California Department of Corrections. This proposal would continue this Board, but make it responsible to the Chairman of the California Parole Authority.

E. Implementation Schedule

The California Community Correctional Program will be implemented on the following time table:

1. The Community Juvenile Offender Rehabilitation Program will begin 7/1/73.
2. The Community Performance Measurement System will begin 7/1/73.
3. The Department of Correctional Services will become effective in January 1974.
4. The Parole Board revisions will be effective in January 1974.
5. And lastly, State services to juvenile court wards will be discontinued effective 7/1/76.

F. Legislative Proposals

1. All of the programs proposed will require legislation. The Community Juvenile Offender Rehabilitation Program and the Community Corrections Performance Measurement System are interlocking programs and should be submitted as a single legislative proposal. Both programs must become operative at the beginning of the 1973-74 fiscal year to insure proper accountability between the State and local government.
2. The establishment of the Department of Correctional Services and the revision of the Parole Boards both represent major organizational changes and should be submitted as a single legislative proposal. However, both of these organizational changes have major program and policy implications as they relate to the Community Rehabilitation and Performance Measurement programs. Major revisions in the Welfare and Institutions Code and the Penal Code will be necessary to accomplish these organizational changes.

G. Marketing Plan

In developing the California Community Correctional Program, it is necessary to look ahead and assess the marketability of the program.

To prevent misconceptions about the program proposals, an extensive information campaign will be prepared to clarify to the public that the State is not trying to unload its criminal

element on the community. Instead, the State is proposing the removal of wards of the juvenile courts from State institutions for return to the community where they eventually return even under the present system. However, unlike the present system, significant financial resources will be made available so that a major effort can be made in the community to turn these juvenile wards away from the criminal justice system.

Youth Authority facilities will gradually close as a consequence of this more effective treatment program but care will be taken to insure that these closures are labeled as a natural occurrence rather than the real intent of the program.

The following groups will be singled out and provided specifically tailored information addressing their unique concerns and problems.

1. Law Enforcement

If and when the California Community Correctional Program is approved by Cabinet, key sheriffs and police chiefs will be briefed. This group will oppose the program because they will fear that more problems are being returned to them.

This fear can be allayed by pointing out that significant funding goes with the juvenile; that these funds can be used for detention as well as probation; and that the measurement system will be used to monitor each county's success or lack of success.

2. Juvenile Court Judges

Juvenile Court Judges will be concerned by the elimination of the sentencing alternative effective July 1, 1976. Here again, advance briefings of selected judges on the level of funding and the use for detention as well as probation will override most fears.

3. County Boards of Supervisors

Supervisors will be contacted and briefed in advance of the public release. The extremely high level of funding will remove most objections of this group.

4. Communities Suffering Economic Loss Due to Institution Closures

Legislative representatives and members of Boards of Supervisors will be given advance briefings on closure possibilities. The Stockton area should be the only community to be effected to any major degree. Consideration will be made of making a portion of this facility a multi-county detention center for juvenile court wards in the San Joaquin valley.

5. Chief Probation Officers

The California Community Correctional Program has been discussed in broad terms with Probation Officers representing the counties of Orange, Los Angeles, and Santa Clara. In general, the program has been well received and should be strongly supported by this group.

6. Employee Organizations

Groups such as the CSEA, the Youth Counselors Association, and the Parole Agents Association will oppose this program because of the anticipated reduction of approximately 1500 jobs.

The key argument to offset the job loss is that the juvenile court wards will receive better programming in the community which is the primary concern. Displaced Youth Authority employees will be offered first choice at jobs in the Department of Correctional Services and efforts will be made to encourage lateral transfers from the State to local government.

7. Governor's Select Committee on Law Enforcement

This group is currently studying the entire area of Law Enforcement. Endorsement of the California Community Correctional Program should be made by this group in its report to the Governor prior to the Governor's announcement of this program.

Other Considerations

It is proposed that juvenile wards commitments to the State be discontinued July 1, 1976. This may make the Bill unacceptable to law and order groups, the judiciary, and

others. If this proves to be the case, a possible and acceptable compromise would be to allow counties to contract with the Department of Correctional Services to provide detention, at county expense. The ward would remain the responsibility of the county during detention as well as afterwards.