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#9 AID PAYMENT MADE TO RECIPIENTS LIVING IN OTHER STATES
Reg. 41-207

Recommended Action:

- 41-207.22 - Amend to reduce period of time for presumption of intent to return and also to require substantial evidence of intent to retain California residency.
- .23 - Amend to require that a person's absence for a temporary purpose must be reasonable, that is, exclude vacation, nomadism, etc.

Current Regulation:

- 41-207.22 - Absence from the State for More Than a Year. If the recipient is absent from the state for over a year, and is prevented from returning because of illness or other good cause, such as inability to travel alone or physical inability to care for himself, his statement of intent to retain California residency must be supported by other evidence.
- .23 - Temporary Absence From State. The place of residence is not changed by a person's absence from the state for a temporary purpose.

Facts and Discussion:

This regulation is the basis for scandal such as the one where the woman from Alameda vacationed in Hawaii while on aid. There are no records kept as to the number of cases like this occurring but the regulations interpreted "liberally" permit considerable leeway.

An argument could be made for a one-year old recipient child in an AFDC program who is taken out of state by his needy caretaker mother and still collects welfare from California upon proof of a doctor's statement that he is too young to travel by himself.

Fair hearing decisions seem to indicate that these regulations have been used by a number of OAS recipients when a recipient leaves the state for health reasons.

There are no records kept as to the number of checks that are sent out of state each month. Therefore, it is difficult to determine the extent of this abuse, but one case in the newspapers is difficult to counteract with statistics.

Recommended Action:

- (1) Amend Section 41-301 (Objectives - Property) to indicate the specific future need for which a recipient may hold the property in reserve (i.e., burial plot).
- (2) Amend to indicate that the general test does not exclude property held for a future need from the property limitations in each individual aid category.

Current Regulation:

- 41-301 - Objectives - Property. In determining eligibility with respect to property, it is necessary to ascertain the purposes for which property is held. A person is eligible if the property he owns is held for any one of the following purposes (within certain limits): ...
- .3 - to provide him with a reserve to meet a future need ... Regulations in this chapter are designed to express a general test: does the property meet a current need or is it held for some future need? This test should be the basis of decision in situations not specifically or exactly covered by the regulations.

Facts and Discussion:

This section of regulations is loosely constructed and subject to the interpretation that property which is held as a reserve to meet a future need is excluded from the overall property limitations, i.e., \$600 in personal property in AFDC. This appears to be left over from a period of time when AFDC recipients could save money in trust for future educational needs of children; the section recently has been repealed.

The regulations should be clarified to expressly state that in no case may the recipient exceed the property limitations for real and personal property set forth in the following sections of the regulations (followed by the appropriate numerical designations).

#11 VALUE OF PERSONAL PROPERTY TO BE EXCLUDED IN DETERMINING ELIGIBILITY Reg. 41-313.21

Recommended Action:

Amend the regulation to establish a maximum dollar amount for value of personal effects.

Current Regulation:

41-313.2 - Personal property to be excluded. The following are excluded when evaluating total personal property:

.215 - the value of personal effects (clothing household furnishings and equipment, personal jewelry, musical instruments and other educational items).

Facts and Discussion:

Non-exempt personal property is now limited to a value of \$600 to \$1500, depending upon the aid category. Exempted personal property includes the items in .215 above. The wording of the regulation makes it possible for a recipient to hold considerable assets in jewelry, musical instruments, recreational items and furniture, while still being eligible for aid. Theoretically there would be no limit to the excluded items, up to and including, fur coats, boats, camper-trailers, etc.

It is anticipated that certain savings would accrue from terminating the eligibility of a number of current recipients and from restricting future eligibility among those with substantial personal property. Estimates of savings cannot be made without a county survey.

#12 LIFE ESTATE IN REAL PROPERTY Reg. 41-313.122

Recommended Action:

41-313.122 should be deleted.

Current Regulation:

41-313.12 - The following items are excluded in evaluating real property which is subject to the monetary and/or assessed value limits as set forth in Section 41-307...

.122 - Real property in which the applicant or recipient holds life estate.

Facts and Discussion:

A life estate has value as an interest in real property and should not be exempt. It appears from investigation that Section 41-313.122, with 41-307.2 and 41-317, is used to reduce OAS recipients' holdings of real property to amounts below the limit expressed in 41-307. By conveying the fee and retaining a life estate in the property the applicant becomes eligible under these regulations.

In addition, this section is subject to 41-317, which requires that the applicant utilize property of which he is a life tenant in order to make a reasonable contribution toward his current needs. After applicant is on aid he has three months in which to initiate a utilization plan. However, this period can be extended in extenuating circumstances. Further, an applicant has up to 18 months under 41-317.23 to put the utilization plan into operation. It is conceivable, therefore, that an applicant can convey the fee to considerable amounts of land, maintaining it himself as a life estate, and still be able to collect aid for at least 18 months without using that real property to contribute to his maintenance.

#13 AID PAID DURING PERIOD OF INELIGIBILITY DUE TO TRANSFER OF PROPERTY TO QUALIFY FOR AID Reg. 41-321.4

Recommended Action:

Recommend that .4 be amended to indicate that aid paid to a recipient during the period of ineligibility extends the period of ineligibility the length of the period that aid was obtained while recipient was ineligible.

Current Regulation:

41.321.4 - Duration of Ineligibility Due to Transfer of Property. After a transfer of property which resulted in ineligibility, a period of ineligibility begins the first day of the month following that in which the transfer occurred. This period is not extended because of income received during the period.

Aid paid to a recipient during the period of ineligibility has no effect on the period of ineligibility.

.41 - Duration of Ineligibility Due to Transfer of Real Property. (Shows period is that which reasonable return for grantor's equity would have supported the grantor and those dependent upon him - same applies to transfer of personal property under 41-321.42.)

Facts and Discussion:

A combination of these two regulations applicable to all aids, makes it possible for a recipient to transfer property without notifying the County Welfare Department. If transfer is not discovered until after period of ineligibility occurs, no action is taken against recipient.

As an example - a recipient might transfer property which would result in ineligibility on the 20th of November 1970. Assume a recipient received \$1000 for this property and recipient has four children. The period of ineligibility begins on the first of December and extends for that period which the \$1000 would support the recipient. 41-321.43 establishes monthly maintenance allowance to be used in determining how long the return from property will support the recipient's family. Under this a family of four requires \$600 a month, therefore, the recipient would only be ineligible until the middle of January, due to the \$1000. If the County did not discover the transfer of property until after the middle of January, the period of ineligibility would have run out and due to .4 the aid paid to the recipient during that period would have no effect.

#14 AFDC-U Reg. 43-340

Recommended Action:

Recommend that 42-340.1 be amended to indicate that unemployment is established only when the applicant is working less than 3/4 of the number of hours established by the chart as full time work in the industry. This would change the definition of unemployment from the existing 35 hours per week to 30 hours per week.

Current Regulation:

42-340.1 - Deprivation due to unemployment. Deprivation of a child due to unemployment of a parent exists when either parent is not working or is working less than 152 hours per month in an industry where full time work is 173 or more hours per month, or if full time work is under 173 hours, he is working less than 7/8 of the

number of hours established by the Department of Employment as full time work in the industry and .11 is available for and seeking full time employment....

Facts and Discussion:

Currently, unemployment is set at 7/8 of the number of hours established by HRD as full time work in the industry. The requirement would appear to be minimal in that a person would be considered unemployed if he worked 35 hours a week in a job that normally worked 40 hours per week. Reduction of the number of hours a recipient is allowed to work and still be considered unemployed, would be a reasonable change in that by far the majority of the people in the State of California would not consider a person working 35 hours a week to be unemployed.

Estimates from the State Department of Social Welfare indicate that savings resulting from this five hour per week reduction in the definition of unemployment would be approximately 2 million dollars.

#15 COLLEGE STUDENTS ON AID Reg. 42-340.12 (30-152)

Recommended Action:

It is recommended that these two sections, 42-340 and 30-152 be amended to indicate the upper limits of training projects the recipients can be engaged in and still receive welfare.

Current Regulation:

42-340.1 - Deprivation due to unemployment. Deprivation of a child due to unemployment of a parent exists when either parent is not working or is working less than 152 hours per month in an industry where full time work is 173 or more hours per month, or if full time work is under 173, is working less than 7/8 of the number of hours established by the Department of Employment as full time work in the industry and .12 is accepted for or participating as a beneficiary in a training project essential to future self support.

For purposes of this section, a "beneficiary" is one who is receiving services for which the project or program was established, as distinguished from the person who is employed as staff in the project or program. A person being trained for employment by on-the-job training or receiving education connected with the training is considered a beneficiary of the project.

Training projects "essential to future self support" are:

- .122 - ...training and educational projects and programs approved by the County Welfare Department under the provisions of Chapter 30-150, "employment in rehabilitated services,"...
- 30-152 - Responsibilities of the social services for employment and rehabilitation services.
 - .1 - Upon referral of an individual to the social services system, an assessment should be made of the potential for immediate employment or rehabilitation leading to employment and where indicated, a service plan shall be made for meeting the objective. The assessment shall include:
 - .21 - reasonable assurance that training or employment leads to stability of employment in a job that takes full advantage of the individual's potential.

Facts and Discussion:

The above recommendation is brought about due to the number of students obtaining college degrees while being supported by the welfare program, either AFDC-FG, AFDC-U, AB, APSB, ATD. Argument is made by social workers that 42-340 indicates that once a person is unemployed he can qualify for welfare as long as he is engaged in a training program which is approved under the provisions of 30-150. The social welfare workers in the Department of Social Welfare indicate that 30-152.21 above gives full authority to welfare departments to allow persons to remain on welfare until they complete a training program which takes full advantage of the recipient's potential. Cases have been shown where recipients have completed medical school and law school while collecting welfare benefits.

A case in point decided by State Department of Social Welfare Fair Hearing referee is 66-32a-1. The claimant was in college with the intention to graduate in four years and refused regular employment while he was attending school indicating that regular employment would jeopardize his plan to reduce his dependence on AFDC. The county had discontinued aid but was instructed to reinstate him retroactively by the State Fair Hearing Officer.

It can be reasonably argued that some training programs reduce a recipient's dependency on welfare, however, once a recipient passes a point in his training where he could cease training and could begin to earn a living, he should be no longer dependent upon the public assistance program to provide him with the benefits it does not provide for other recipients.

#16 PROOF OF DEPRIVATION OF PARENT FOR AFDC Reg. 42-350

Recommended Action:

Entire section of deprivation of parental support or care is ambiguous and open to consideration. Section should be rewritten to distinctively define deprivation and continuous absence.

Current Regulation:

42-350.1 - Definition of "continued absence". "Continued absence" exists when the natural parent is physically absent from the home and the nature of the absence constitutes disassociation, that is, a substantial severance of marital and family ties that deprives the child of at least one of its natural parents.

A substantial severance of marital and family ties means that the absence is accompanied by a definite interruption or marked reduction in marital and family responsibilities in relation and compared to previously existing conditions.

Facts and Discussion:

The regulation has been so loosely interpreted that fair hearings have been decided in favor of recipients who have moved into an apartment adjoining the residence of the former husband and father of the children. The hearing referee found that nothing was in evidence that would establish that they were living together in a conjugal

relationship or were maintaining a home together and, therefore, that deprivation existed (State Department of Social Welfare Fair Hearing #68-97a-1). Similarly, it was held by another fair hearing referee that a former husband's frequent and prolonged visits and his assistance in household and domestic chores did not dispute a recipient's claim that there was deprivation because the hearing officer found no evidence that the recipient and her former husband were living together in the same house or that they had engaged in sexual relations. (63-14-4 AFDC)

The above examples illustrate the looseness of construction in this regulation on continued absence. 42-350.5 states that deprivation will not be affected when the absent parent lives apart but visits the home to see the child, stating that the absent parent should be encouraged to do this. This, however, has been used by recipient groups to provide the basis for considerable visitation to the point where it appears that deprivation no longer exists.

It should be noted that counties consider the unreported presence of a man in the household where the AFDC family is made up of a woman and children, as a major cause of fraud. The looseness of this regulation provides the vehicle to promote that type of fraud.

#17 RESPONSIBLE RELATIVE - OAS INCOME Reg. 42-509

Recommended Action:

Recommend that income included in determining liability for married son and married daughter be equalized. To do this it would be necessary to state that the liability of either a married son or a married daughter would be limited to the community property share of his or her earnings plus the community property share of his or her spouse's earnings.

Current Regulation:

42-509.1, .11, .12 - The maximum liability of an adult child shall be determined under the relatives' contribution scale which gives consideration to the child's net income (from specific sources) and the number of his dependents...

Facts and Discussion:

The regulations as set out above are discriminatory in that they require more income to be included when determining liability of the married son as compared to the liability of the married daughter. 42-509.11c says that the couple's total net community income, excluding the income of the spouse, will be included in determining the married son's liability, whereas the married daughter's liability is dedicated solely on her own separate income.

#18 INCOME EXEMPTED AS CASUAL OR INCONSEQUENTIAL Reg. 44-101.4

Recommended Action:

Recommend entire "interpretation" section be deleted from this regulation.

Current Regulation:

(The following are illustrations given for casual, hence exempt, income.)

44-101.42b - The income from occasional sale of products or resulting from work engaged in wholly or primarily for its therapeutic value, such as knitting, art work, cabinet work, etc.

.42e - The return from home produce from garden, orchard, farm livestock, poultry, firewood, etc., which is sold or exchanged.

Facts and Discussion:

Section 44-101.4 defines casual income as being unpredictable as to amount and time; of short duration; and of negligible importance in meeting continuing needs under recipient aid standard. Income from an inconsequential resource is net return from an interest in real or personal property which makes no appreciable contribution to the continuing needs of the recipient. The section contains some interpretation of what constitutes casual income (e.g. the above examples). This interpretation could be "liberally interpreted" by the county worker to exclude the sale of hippie art work or small contract jobs from the income amount used in determining a grant. The example appears to allow considerable leeway for rural recipients to supplement through roadside stands.

Recommended Action:

Amend section to clarify as current State policy that eligibility shall be determined by minimum needs. The last sentence should read "The minimum standard of need described in this chapter shall be used as one of the determining factors for eligibility for aid. A combination of minimum need plus special needs applicable to the recipient shall be used in determining the amount of aid to be granted."

Current Regulation:

44-201.1 - Total Need. The total need of an applicant or recipient is the money amount necessary to provide those itmes of support, set forth in the subsequent sections of this chapter, as minimum needs and special needs. Standards of need described in this chapter are used as one of the determining factors for eligibility for aid and the amount of aid to be granted (emphasis added).

Facts and Discussion:

It is frequent practice in the public assistance program to determine eligibility based on a combination of minimum need plus special need. This practice is extended to include non-recurring or one-time special needs.

A non-legal review was made of State regulations, State law, and federal regulations regarding the determination of eligibility. At the present time there are no specific statements which restrict eligibility to minimum need only. 44-201.1 is interpreted by State authorities to indicate that eligibility should be determined on the basis of both minimum need and special need. The argument is that the phrase "standards of need prescribed in this chapter are used as one of the determining factors of eligibility for aid..." mandates this policy. In other words, since the word "standards" is plural, it is interpreted to mean both the minimum and special need standards. The above recommendation would not change the fact that both standards of need are needed to determine eligibility and the amount of aid to be granted; the minimum is used to determine eligibility and the combined minimum plus special need is used to determine the amount of aid to be granted.

This recommendation has significant cost implications in that it would limit eligibility and would prevent those people who have a single "needy" month from becoming permanently dependent on aid. For example, a mother with two children applying for AFDC may have, for purposes of argument, a minimum need of \$300 per month. Her income is \$500 per month. It is reasonable to assume that she is ineligible for aid because her minimum needs are exceeded by \$200 monthly income. Suppose, however, that in the month she applies her refrigerator has broken down. This item is a special need in AFDC under 44-272.23. The allowance for a refrigerator is \$217 under 44-245. During this month, then, a combination of minimum need of \$300 and special need of \$217 makes the applicant's total need \$517, or \$17 more than her income. This deficit of \$17 makes her eligible for aid plus a Medi-Cal card.

In the next month the applicant no longer has a need for a refrigerator, but is still making \$500 a month. In recomputing eligibility, the applicant is now eligible for the \$30 and 1/3 exemption (\$197), decreasing her applicable income to \$303. Subtract from that, say, \$60 working expenses and the applicable net income becomes \$243, making her eligible for a grant of \$57 (\$300 need - \$243 net income = \$57 grant).

#20 FAIR HEARING DECISIONS

Recommended Action:

Recommend regulation be adopted to prohibit counties from using State Department of Social Welfare Fair Hearing Decision Digest as case law on welfare cases.

Facts and Discussion:

It is apparent that county welfare departments use the annual State Department of Social Welfare digest of Fair Hearing Decisions as case law in determining fine points of eligibility, grant determination, etc. The W & I Code, Section 10964, requires that the State publish annually a digest of fair hearing decisions and distribute it to each county and make it available to the public. Nowhere in the Code is it stated that this digest of fair hearing decisions shall be used as administrative law in determining recipient claims. Decisions made at fair

hearings are reported in this digest in four or five sentence paragraphs which include the facts, the issue, and the conclusion developed by the fair hearing referee.

Counties appear to have interpreted the distribution of the digest to mean that decisions made at fair hearings and reported in the digest should be used in borderline cases. For practical purposes, county departments tend to generalize cases into categories and decide all cases in line with the closest fair hearing decision.

D. RECOMMENDATIONS ON ABSENT PARENT CHILD SUPPORT

In response to the Governor's request, a survey of California's public assistance problems was undertaken. The Welfare Task Force suggested that a report be made on problems of obtaining support from absent parents, including recommendations to save tax dollars based on changes and cuts in programs. Consideration was given to existing programs in social welfare services, as well as the interrelationship between various public assistance programs.

In the limited time available, field studies were not conducted and reliance was placed upon reports of others. Various recent reports were examined including:

State Social Welfare Board - Preliminary Report of the Task Force on Absent Parent Child Support - October 1970;

County Supervisors Association of California and County Welfare Directors Association of California - Final Report - a County Government Study and Platform for Public Welfare - April 1, 1970;

Letter dated November 6, 1970, from Lucian B. Vandergrift to Ned Hutchinson, with enclosures thereto consisting of letters and memoranda written by Mr. Vandergrift during the years 1966, 1968, 1969 and 1970 describing and commenting upon welfare reform;

Series of articles published by the Sacramento Union during July 1970 on the subject "Sacramento County's Welfare Mess";

Letter dated June 5, 1970, from Ellis P. Murphy, Director, Los Angeles County Department of Public Social Services, to Lucian B. Vandergrift with an enclosed list of state regulations and policies which result in administrative complexities and unnecessary expenditure of public funds;

Letter dated August 17, 1970, from Richard P. Simpson, Regional Director of Local Affairs, California Taxpayers Association, to Ned Hutchinson on the subject "Welfare Administration Reform Study Method";

Letter dated July 22, 1970, from Richard P. Simpson, Regional Director of Local Affairs, California Taxpayers Association, to James J. Crumpacker, Cabinet Secretary, Office of Governor Reagan, on the subject "Welfare Reform" with an attached bibliography of reports on sixteen major studies of the welfare system accomplished in the past ten years;

Updated (1970) 55-page summary of forty-seven items of potential state and county welfare costs savings defined by two task forces.

The Federal Social Security Act of 1935, as amended, and related federal laws were inspected; also certain provisions of the California Welfare and Institutions Code and the support of children provisions of the California Family Law Act (Civil Code Sections 4700, et seq.).

In addition, a number of public officials who are knowledgeable in the area covered by the investigation were conferred with in person or by telephone. Some of these persons are: Lucian B. Vandergrift, Secretary, Human Resources Agency; Robert E. Mitchell, Chairman, State Social Welfare Board; Mrs. Gloria F. De Hart, Deputy Attorney General; Earl Osadchey, Head Deputy, Child Support Division, Office of the Los Angeles County District Attorney; Richard N. Parslow, Jr., Deputy District Attorney, Family Support Division, Orange County; Michael Barber, Deputy District Attorney, Domestic Relations Division, Sacramento County.

The parties most involved in collecting child support from absent fathers are the mother, her attorney, County Welfare Department, District Attorney, probation departments, the judiciary, public agencies responsible for service of process, boards of supervisors, State Department of Social Welfare, and U. S. Department of Health, Education and Welfare.

#1 PARENTAL RESPONSIBILITY

Concurrence is made with Recommendation Number 1 of the Social Welfare Board preliminary report which states that there should be a clear restatement of public policy that parents have primary responsibility for the care and support of their children and that a family breakdown, separation, divorce or private dispute does not absolve them of this moral and legal obligation - an obligation just as binding on the unmarried parent as on the legitimate spouse.

The first suggestion, therefore, is that the Governor, at all appropriate occasions restate this principle of fundamental morality and urge the educators, the clergy, members of the bench and bar, as well as welfare workers and all of the concerned taxpayers, to join you in a drive to restore the moral fiber of parents in times of stress.

#2 PROMPT REFERRAL TO DISTRICT ATTORNEY

Under the existing state of affairs, a distressed mother whose husband has failed to meet this obligation sooner or later finds her way to the County Welfare Department. At that point, speed of action is needed. Long periods of time are frequently consumed while the County Welfare Department conducts its investigations and attempts to restore family harmony and, incidentally, to persuade the husband to provide support for his children.

The second suggestion is that County Welfare Departments immediately refer such cases to the District Attorney for investigation. Members of the District Attorney's staff, including both lawyers and investigators, are by training and by legal mandate the proper office to investigate child neglect cases.

#3 WELFARE WORKER RESPONSIBILITY

District Attorneys' offices point out that an abandoned mother who has a divorce decree may not have sought public welfare, but is unable to secure or protect the rights of herself and her children privately. Often she has found that her private lawyer is unwilling to enforce the child support provisions of the decree. Thus, she may have a legal right to child support and a husband who could pay it if forced to do so. However, without a lawyer to assist in enforcing her judgment, she is practically helpless. Civil Code Section 4702(b) permits the Court to direct the District Attorney to appear on behalf of such minor children in any action to enforce such order. It is suggested that the provisions of Civil Code Section 4702(b) be brought to the attention of welfare workers in all proper cases. One District Attorney submits that it ought to be standard practice to use public enforcement where the income of both parties is below \$15,000 per year; and, further, that sufficient public funds should be provided to allow for such enforcement. "It would be a good investment not only of county funds, but state and federal funds to prevent welfare cases from starting."

#4 PARENTAL RELATIONSHIP DECLARATION AND RELATIVE RESPONSIBILITY

In cases when a man denies that he is the father of the neglected children, the District Attorney's office can promptly have that doubt removed by causing an Action for Declaration of Parental Relation to be brought under Section 231 of the Civil Code. The District Attorney can

enforce the provisions of Section 11353 of the Welfare and Institutions Code to compel the delinquent father to prepare a statement of his current monthly income, total income over past twelve months, number of dependents for whom he is providing support, the amount he is contributing toward the support of all children, current monthly living expenses and such other information as is pertinent to determining his ability to support his children. Under the authority of this section, the investigator should elicit information regarding bank accounts, savings and loan accounts, stocks and bonds, real estate equities, state and federal pensions, life insurance and annuities. The investigator should obtain information concerning all tangible personal property, such as motor vehicles, boats, aircraft, jewelry, house trailers, guns and rifles, binoculars, golf clubs and all items capable of being turned into liquid assets. A violation of Section 11353 of the Welfare and Institutions Code is a misdemeanor. This section, therefore, is a valuable tool in the hands of a skillful investigator operating out of the District Attorney's office. It is questionable whether the average welfare worker could make the maximum use of it. Nevertheless, the investigation made by the District Attorney should be augmented by information obtained by the County Welfare Department to provide the basis for the enforcement of Relatives Responsibility Provisions of Section 11350 of the Welfare and Institutions Code. Recovery of moneys under the last mentioned section could reimburse the county for assistance paid to families with dependent children.

#5 CRIMINAL SANCTION ENFORCEMENT

The District Attorney, with the cooperation of the Welfare Department, can enforce criminal sanctions against fathers who abandon or neglect their children under the provisions of Section 270 of the Penal Code. It is stressed again that control of the investigation should be in the hands of the District Attorney.

Vigorous methods are needed. Too often creditors of an absent husband assert vigorous pressures to collect and do collect 100 percent of their claims, at the expense of the hungry children. The District Attorneys have the legal resources to meet the competition of commercial creditors. They should be urged to do so. In fact, the child support payments should stand in a preferred creditor classification and the Courts ought to recognize such priority; but,

to disappear and avoid apprehension for failure to pay child support. Pursuant to the revised Uniform Reciprocal Enforcement of Support Act which was recently signed by the Governor, the Attorney General's office has additional responsibilities in the enforcement of civil child support orders for children in this State when the fathers are in another state. The incoming Attorney General has announced that he intends to create a section in the Attorney General's office that will assist District Attorneys in all counties of this State do a better job in this area. This new section would also be responsible for assisting District Attorneys in setting up better procedures for enforcement of civil support orders under the new Family Law Act where the Court directs such enforcement.

The next recommendation is that the Governor request the incoming Attorney General to proceed with his plans and, in addition, to harmonize record keeping facilities of State Department of Social Welfare and other state agencies with county facilities.

#8 ABSENT PARENT ESTATE INHERITANCE

The matter of recovery of child support funds owed by defaulting fathers by levying upon bank accounts and other tangible personal property is mentioned above. Occasionally, absent parents inherit estates of deceased persons. Each county, through its Public Administrator, could establish a method of periodically checking the names of distributees in probate Court Orders of Final Distribution of decedents' estates against the names of fathers who are delinquent in their child support payments. The next suggestion, therefore, is that the District Attorneys' association and the Public Administrators be urged to undertake a study of the foregoing suggestion and to draft such legislation as may be proper to accomplish that purpose. There are, on the staff of the Office of the Attorney General, deputies who are experienced in probate matters (Charitable Trust Section). The Attorney General should be asked to lend the services of one or more of these deputies to assist in the proposed study. Maximum use should be made of Reciprocity Statutes and Treaties which permit citizens of California to inherit estates of foreign decedents. (See Probate Code Sections 259, et seq., Clark v. Allen, 331 U.S. 503 (1947).)

#9 ENFORCEMENT OFFICERS MANUAL AND GUIDE TO THE ABSENT PARENT PROBLEM

Some years ago, there was prepared by the Office of the Attorney General a publication entitled "Enforcement Officers Manual and Guide to the Absent Parent Problem In California". New state and federal laws and regulations and drastic changes in the social and economic climate of California would seem to dictate that this manual be revised and brought up to date. The next suggestion is that the Attorney General be requested to accomplish such revision and republication of "Enforcement Officers Manual and Guide to the Absent Parent Problem in California".

#10 CONCILIATION COURTS

Under the authority of Sections 1730-1732, Code of Civil Procedure, the Superior Courts in the following counties have established conciliation Courts: Alameda, Contra Costa, Imperial, Los Angeles, Sacramento, San Bernardino, San Diego, San Francisco, San Luis Obispo, San Mateo, Santa Clara, San Joaquin, Shasta, Sonoma and Yolo. Effective January 1, 1970, the legislature amended the conciliation Court statute to harmonize with the California new divorce statutes. It has been suggested that a further reform be made to expand the functions of the Court to allow something like a small claims action on behalf of married women at the inception of their divorce. Simplification of forms and removal of time lags in getting support orders would hopefully allow women to pursue their child support on their own without the need for public help.

#11 OTHER RECOMMENDATIONS

Time does not permit the full development of all suggestions for meeting the problem of child support by absent parents. But, the following list of additional reforms are submitted for study, analysis and appropriate action.

- a. Revision of statutes and judicial practices to simplify methods of executing against out-of-state assets.

- b. Simplification of the method for transferring civil files for enforcement within the State. District Attorneys find that Uniform Reciprocal Enforcement of Support Act is ineffective for this purpose and creates more confusion than it is worth.
- c. "Beefing up" the extradition procedure. Out-of-state Courts and officials are lax and disinclined to act vigorously. Were there federal funds available for extradition, this problem would soon cure itself.
- d. More money for lawyers, investigators, and computerized case review, for District Attorneys' offices.
- e. Power to obtain wage assignments and attachments from federal employees incomes.
- f. Reduction of the time lost between application for public assistance and referral to a child support unit of the District Attorney.
- g. Greater education of the judiciary in the importance of this matter in relation to welfare.
- h. Improvement in interstate collection methods in support of child support orders.
- i. A more active role on the part of the State Department of Social Welfare, the District Attorneys' Association and the Attorney General to institute child support programs in counties where they do not now exist, or to upgrade them where they are plainly inadequate.
- j. Where the basis of failure to provide is inability of the father to find work, county welfare departments and local employment agencies should attempt to help the unemployed father or the father whose earnings are insufficient to support his family to find extra parttime jobs. Such additional support money would be substantial.
- k. Seek amendment of the regulations of HEW to require that federal moneys to states contain requirement that states tighten up on insistence that absentee fathers live up to their responsibilities to contribute to support of their children.

California, in determining the "standard of need for each eligible family", would then be required to consider court-ordered father contributions and place the responsibility on the county welfare departments and District Attorneys to take steps to enforce collections and withhold payments until there has been exhausted all efforts to make collections from delinquent fathers.

California could do this. For in King v. Smith, 88 S Ct. 2128 at 2133, it states, "States have considerable latitude in allocating AFDC resources, since each state is free to set its own standard of need and to determine the level of benefits by the amount of funds it devotes to the program."

#12 CONCLUSION

The foregoing analysis of problems and suggestions for reforms in collecting absent parent child support funds is submitted to you with the knowledge of the writer (and probably of most readers of this report) that uncollected child support funds like other social welfare problems is complicated and frustrating to all concerned. The summary of the problems set forth in State Social Welfare Board Preliminary Report of the Task Force on Absent Parent Child Support is considered to be as complete and concisely set forth as any written studies which came to our attention. Reportedly, the S.S.W.B. Task Force will in the near future complete a more expanded report on absent parent child support which will include in-depth recommendations for changes in laws, regulations and procedures. Considering the expertise of the S.S.W.B., it may be expected that the final report could be the basis for a sound legislative program to submit to the legislature in January. In addition, the report may be available in time for use in upcoming conferences with federal officials in Washington.

VI. Study Group Three/Findings and Recommendations

A. INTRODUCTION

Specific recommendation for budgetary savings were presented to Cabinet by the Governor's Task Force on Public Assistance. The following are excerpts from studies prepared by the Los Angeles legal group and which formed the basis for many of the budgetary recommendations presented to Cabinet.

B. RECOMMENDATIONS

#1 WORK RELATED EXPENSE DEDUCTIONS FROM EARNED INCOME (AFDC).

FINDING: The State has not correctly applied the work related expense deductions in determining eligibility or in determining the grant. The State can place a maximum ceiling on the amount of such deductions from earned income. In lieu of actual expenses and some maximums, it can use a flat maximum deduction in all cases.

RECOMMENDATIONS:

- a. Repeal and rewrite SDSW Regulation 44-111.25 to correctly follow Federal regulations allowing states to completely disregard Work Related Expense Deductions in determining eligibility in all cases.
- b. Eliminate most of the deductions in determining the amount of the grant as expenses not reasonably related to the earning of income.
- c. Establish a maximum ceiling on the Work Related Expense Deduction of \$50.00; \$100.00, including child care.

#2 CEILING ON "DISREGARD INCOME", THE 30 AND 1/3 EXEMPTION ON EARNED INCOME IN AFDC.

FINDING: The State is not correctly applying the earned income exemptions in determining eligibility. The State can place a ceiling on the 30 and 1/3 exemption for earned income, thereby reducing the large number of high income families still receiving aid.

RECOMMENDATIONS:

- a. Repeal and rewrite SDSW regulation 44-111.25 to correctly follow Federal regulations allowing states to completely disregard the \$30 and 1/3 exemption in determining eligibility in all cases.
- b. Adopt a regulation that establishes a ceiling on gross earned income and resources available to a family as an eligibility requirement in AFDC.

#3 REDEFINE UNEMPLOYMENT TO 30 HOURS OR LESS

BACKGROUND: This will reduce the number of eligible recipients. The SDSW states the lowest income families, such as migrant farm workers, will be shifted through this change to strictly county-supported General Relief or surplus commodity programs.

RECOMMENDATION: Amend SDSW Regulation 42-340, Section 1., Deprivation Due to Unemployment to read as follows:

"Deprivation of a child due to unemployment of a parent exists when either parent is not working or is working less than 130* hours per month in an industry which full-time work is 173 or more hours per month, or if full-time work is under 173 hours, is working less than 3/4** of the number of hours established by the Department of Human Resources as full-time work in the industry, and:"

*Changed from 152 hours

**Changed from 7/8

#4 REDUCE PERSONAL NEEDS ALLOWANCES FOR RECIPIENTS RECEIVING OUT-OF-HOME CARE TO \$5.00.

BACKGROUND: SDSW estimates the State would save \$5.5 million by this adjustment without affecting the general level of care provided by the facility. In a discussion with SDSW it was stated that the recipient of out-of-home care normally only receives one grant check for the maxima amount. This check is signed over to the facility who then rebates to the recipient a sum of money which normally is only \$15.00. This practice is followed because the personal and incidental needs frequently are provided by the facility for an additional service charge which equals the State allowance. SDSW states that a cut in this need will not affect the general level of care provided by the facilities.

RECOMMENDATION: Amend SDSW Regulation 44-209, Section .3, Needs Chart-Recipient Living in Nonmedical Out-Of-Home Care Facility, line b., Personal and Incidental Needs, to provide \$5.00 for both Group I and Group II recipients. (Currently Group I - Minimum to Moderate Care and Supervision-Clients receive \$38.00 a month and Group II - Extension Care and Supervision-Clients receive \$24.00.)

CONFORMITY: This change is in keeping with the intent of the Welfare and Institutions Code, Article 3., Out-of-Home Care, Section 13922., which states: "In the establishment of the rate schedules the Secretary of the Human Relations Agency shall consider, in addition to any other factors he deems to be relevant, the availability of such homes in the community, cost of living, appropriateness of the facility, the cost of providing care under the required standards, and activity programs required for the maintenance or restoration of function of aged and disabled persons."

#5 ELIMINATION OF ATTENDANT SERVICE SPECIAL NEED OR ADULT HOME-
MAKER SERVICES FOR SERVICE WHICH IS PREDOMINATELY HOUSEKEEPING
OR DOMESTIC LABOR.

BACKGROUND: In an interview with Mr. C. Hobbs, Deputy Director, SDSW, he states that the Department attempted to reduce the cost of Homemaker services last July and after 10 days, repealed the changes. The Department made two specific amendments to the regulations. The first change was the elimination of allowances for services which are predominately housekeeping or domestic labor. He estimates this would eliminate the small--under \$50 claims and for a fiscal year should save about \$7.5 million. Very little opposition was raised about this portion of the cutback.

The second cutback area was to reduce the maximum allowances from \$300 to \$150. This portion created major newspaper, county, and other political pressures which required an immediate revision of all the proposed regulation changes. The reduction in these maximum allowances would have saved \$2.5 million.

It also should be noted that these regulation changes were made on an emergency basis without public hearings. This recommendation restates the need to amend the Homemaker program with the use of public hearings. We are not suggesting the maximum allowance be cut because it apparently costs considerably more to maintain a person in a home as opposed to out-of-home care. Secondly, to cut the maximum allowances of the Homemaker program would promote the movement of some recipients to out-of-home care facilities which is not in keeping with the objectives of the program which aim to help aged, blind and disabled adults remain in or return to their homes (SDSW 30-501). However, the program was not designed to simply provide predominately housekeeping or domestic labor services and if a client cannot provide these services for his or herself, it is most proper they seek out-of-home care.

RECOMMENDATION: Amend SDSW Regulation 30-503 by adding the following paragraph:

"6 No allowances shall be made for homemaker service which is predominately housekeeping or domestic labor."

Amend SDSW Regulation 44-239.

CONFORMITY: This proposed change does not conflict with Sections 12152, 12652, or 13700 of the Welfare and Institutions Code which states: "If the physical condition of a recipient of aid under this chapter of this part is such that he requires the services of a full-time or part-time attendant or other special services, he shall be entitled to an additional grant in an amount sufficient to enable him to pay for those services, but not to exceed three hundred dollars (\$300) in any month. The grant payable to a recipient under this section shall not be considered in computing the grant payable to the recipient under Sections 12650, 12651, 13100 and, 13101 of this code, and shall not be subject to the monetary limitations set forth in those sections."

VII. Review of the Interdepartmental Welfare
Task Force Recommendations

A. INTERDEPARTMENTAL WELFARE TASK FORCE RECOMMENDATIONS
SUMMARY

On June 1, 1970, a Regulation Task Force was organized within the State Department of Social Welfare. This task force examined twelve volumes of regulations consisting of approximately 6,000 pages, and issued a preliminary report on November 2, 1970. On November 20, 1970, twenty persons, including members from the Department of Finance, Human Relations Agency, Department of Motor Vehicles, Department of Health Care Services, the New Car Policy Review Board, Professional and Vocational Standards, County Welfare Directors, and the Department of Social Welfare, met to intensively review and price out the approximately 70 regulation changes that had been proposed. On November 23, 1970, this Interdepartmental Welfare Task Force submitted 35 of the departments' recommendations to the Secretary of the Human Relations Agency.

On November 24, 1970, the Interdepartmental Task Force Recommendations were distributed to the Budget Committee of Cabinet. Formal presentation was deferred until the Governor's Task Force on Public Assistance reported its findings. The following are the narrative portion of the 35 Interdepartmental Welfare Task Force Recommendations together with the applicable comments of the Governor's Task Force on Public Assistance. Each of the recommendations was concurred with as stated except for Recommendation Nos. 5, 6, 11, and 12. Special comment was necessary concerning Nos. 1, 4, and 28.

B. TASK FORCE REVIEW

#1 Department of Social Welfare Recommendation: "CASH ACCOUNTING"
BUDGET METHOD

EXISTING SITUATION: When a recipient has income which will affect the grant amount, the county may use, at its option, actual income earned in the last month or an estimate of income to be received during the grant month.

PROPOSED CHANGE: Restrict counties to use of actual income earned in last month to prevent overpayments based on estimates which then cannot be recovered.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We generally concur with SDSW recommendation that procedures should be developed to prevent overpayments in grants. The proposed change recommends use of actual income earned in last month rather than estimate of income to be received during grant month. This change appears to leave open the possibility for error in cases where an individual did not work during the preceeding month but was anticipating work during the grant month. Provision should be made to take this into account.

Steps also should be taken to assure that overpayments based on incorrect estimates can subsequently be recovered.

#2 Department of Social Welfare Recommendation: FOSTER CARE SERVICES

EXISTING SITUATION: Rates now paid for foster care include many services other than basic necessities. Medical, dietary, clothing and other services may be provided. No distinction is made, however, between basic costs versus additional services costs. This results in a loss of federal funds.

PROPOSED CHANGE: Segregate the costs of added services from basic care. Federal funds can then be claimed at fifty percent for basic costs and seventy-five percent for services costs, replacing the current practice of claiming fifty percent federal funds for all foster care costs.

DEPARTMENT'S RECOMMENDATION: Implement change by circular letter to counties.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#3 Department of Social Welfare Recommendation: REDEFINITION OF UNEMPLOYMENT

EXISTING SITUATION: Current regulations define unemployment as 35 hours or less of work per week. HEW regulations require states to use not more than 35 hours and not less than 30 hours.

PROPOSED CHANGE: Define unemployment as 3/4 of normally expected hours of work for that occupation or 30 hours per week, whichever is less.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#4 Department of Social Welfare Recommendation: INCOME ALLOCATION TO SPOUSE

EXISTING SITUATION: An Aged (OAS) recipient can allocate his income to his needy spouse, thus increasing the combined welfare grant. This feature is enjoyed solely by the Aged.

PROPOSED CHANGE: Eliminate this "income splitting" technique to gain excessive welfare grants.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation. However, we recommend that the proposed change be pended for further study in that it relates solely to OAS recipients.

Prior to decision on implementation, investigation should be made as to the origin of this regulation and its intent.

#5 Department of Social Welfare Recommendation: UNWED MINOR MOTHERS - PARENTS TO SUPPORT

EXISTING SITUATION: Current law does not require the parents of unwed minor mothers to support their children. Upon determination of pregnancy the minor can apply for and be eligible for public assistance.

PROPOSED CHANGE: Require the parents to support their unwed minor children who become parents.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation procedure.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We question whether by regulation change parents can be required to support unwed minor children who become parents. A formal legal opinion would be necessary before we could concur that this recommendation could be established without legislation. However, we do support the concept of this recommendation.

#6 Department of Social Welfare Recommendation: "HIGH INCOME" FAMILIES

EXISTING SITUATION: After a family becomes eligible for welfare (AFDC), it can earn high amounts of income without losing welfare payments through excessive income exemptions mandated by federal law.

PROPOSED CHANGE: Supplement federal law and regulation by imposing a limitation on "spendable income" above which no grant will be paid.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We strongly support the concept of this recommendation which is to impose a limitation on "spendable income" above which no grant will be paid. However, we question whether this could be accomplished solely by regulation change (see Welfare and Institutions Code, Section 11008).

It is our recommendation that this recommendation be implemented through appropriate legislative change.

(See comments on Recommendation #11)

#7 Department of Social Welfare Recommendation: WAGE ATTACHMENT

EXISTING SITUATION: The amount of court-ordered wage attachments is currently considered exempt income to the extent that it exceeds the amount of other income exemptions. As the exempt income increases, so does the grant payment.

PROPOSED CHANGE: Discontinue policy of allowing wage attachments to increase exempt income.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation procedure.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#8 Department of Social Welfare Recommendation: ENFORCEMENT OF OUT-OF-STATE RELATIVES RESPONSIBILITY

EXISTING SITUATION: Adult children of Aged (OAS) recipients living out-of-state are not defined as responsible relatives and therefore not required to contribute to the support of their parents.

PROPOSED CHANGE: Require all adult children of Aged recipients, no matter where they reside, to contribute to support of parents. Explore all avenues of collecting from children as alternative to welfare.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this proposal to redefine parent support requirements to include out-of-state adult children of Aged (OAS) recipients. It is assumed that this proposal relates to Welfare and Institutions Code, Section 12100, and Code of Civil Procedure, Section 1650, which is the Uniform Reciprocal Enforcement of Support Act.

#9 Department of Social Welfare Recommendation: WIN COUNSELING

EXISTING SITUATION: Recipients who refuse to cooperate in WIN are allowed to receive aid up to 60 days while participating in counseling related to this problem. No limit is prescribed for number of times a recipient may take advantage of this.

PROPOSED CHANGE: Recipients will be limited to one counseling period.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#10 Department of Social Welfare Recommendation: SUPERVISORY RATIOS

EXISTING SITUATION: Current regulations provide that Protective Service Units shall not average more than five (5) caseworkers per supervisor.

PROPOSED CHANGE: Protective Service Units shall not have a prescribed ratio of caseworkers per supervisor since all other staffing ratios have been abolished.

DEPARTMENT'S RECOMMENDATION: Circular Letter is currently in process to advise counties that regulations will be forthcoming to abolish these supervisory ratios.

Implement change through normal public hearing regulation procedure.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#11 Department of Social Welfare Recommendation: STANDARD DEDUCTION FOR WORK-RELATED EXPENSES

EXISTING SITUATION: Current regulations allow exemption of a number of work-related expenses such as child care and transportation. Each grant must be individually computed to consider these expenses. This is administratively time consuming and expensive, and allows the social worker considerable discretion.

PROPOSED CHANGE: Reduce work-related expenses to the minimum required by federal law. Establish a standard deduction schedule for employment expenses. Provide for exceptional cases only to the extent required for federal conformity.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation. However, there is a question of the legality of implementing this recommendation by change in regulations.

We suggest that a priority be given to implementing this recommendation through appropriate legislation.

#12 Department of Social Welfare Recommendation: INCOME FROM ROOM AND/OR BOARD

EXISTING SITUATION: Regulations provide two methods of computing net income derived from room and/or board, one for the adult programs and one for Families. The adult aids method subtracts actual costs from gross room and board income; the AFDC method allows a 90% deduction, without regard to actual costs.

PROPOSED CHANGE: Adopt a single method for all programs: allow a deduction which averages 50% through all programs.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: The proposed change has some serious policy considerations inherent in it in light of exemptions allowed for work-related expenses in AFDC and those allowed as expenses incurred in gaining income for State and Federal tax purposes. We suggest this recommendation be pended for further study.

#13 Department of Social Welfare Recommendation: BLOOD RELATIVES AS FAMILY HEADS IN SAME HOME

EXISTING SITUATION: Most frequent situation is teen-aged daughter with her own child, in home where mother and siblings receive aid. Daughter and mother are treated as separate family units.

PROPOSED CHANGE: Treat blood relatives in the same home as a single family unit, with a single head, in such situations.

DEPARTMENT'S RECOMMENDATION: Withhold implementation regulation pending further study.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We
concur with this recommendation.

#14 Department of Social Welfare Recommendation: VALUE OF
AUTOMOBILES

EXISTING SITUATION: Present regulations provide two different methods for determining the value of an automobile that a recipient may possess for essential transportation. Both methods relate to a \$1,500 allowable ceiling. Two methods create confusion.

PROPOSED CHANGE: Use a single method; namely, the market value of the automobile, without regard to problems of equity and encumbrances. The value should be determined by multiplying the annual license fee (minus the registration fee) by 50.

DEPARTMENT'S RECOMMENDATION: Implement through normal hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We
concur with this recommendation.

#15 Department of Social Welfare Recommendation: FAMILIES LIVING
TOGETHER WITHOUT MARRIAGE

EXISTING SITUATION: When a man and a woman live together, without marriage, and have no children in common, but each one has minor children, present regulations treat them as two separate families.

PROPOSED CHANGE: Rewrite regulations to treat such a couple as if they constitute one family. (This is now the procedure if they happen to have a child in common.)

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation procedure.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We
concur with this recommendation.

#16 Department of Social Welfare Recommendation: NUMBER OF DEPENDENTS CLAIMED

EXISTING SITUATION: There is no effort to control number of dependents claimed for tax withholding for recipients with earnings. If the recipient claims fewer dependents, his paycheck is smaller, his welfare grant is larger, and he gets more tax refund at the end of the year.

PROPOSED CHANGE: The county welfare department shall compute the amount of grant based on the correct number of dependents regardless of the number claimed by the recipient.

DEPARTMENT'S RECOMMENDATION: Implement through circular letter to counties.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#17 Department of Social Welfare Recommendation: PAST CROP LOSSES AS INCOME DEDUCTIONS

EXISTING SITUATION: Crop losses in previous years are now allowed as an income deduction. By adjusting their current income to welfare levels, persons not truly needy are able to become eligible for aid.

PROPOSED CHANGE: Disallow past crop losses as an income deduction.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation procedure.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#18 Department of Social Welfare Recommendation: "IN KIND" CONTRIBUTION

EXISTING SITUATION: Various rules apply in determining the value of "in kind" contributions received by welfare recipients.

PROPOSED CHANGE: Establish uniform procedure for determining the value of "in kind" contributions based on amounts in the assistance standard. The dollar value thus derived would be deducted from the grant as income.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#19 Department of Social Welfare Recommendation: DEFINITION OF RESIDENCY

EXISTING SITUATION: Regulations defining residency for grant purposes are vague. There are no indicators by which "intent to reside" in California can be judged for welfare purposes, and the result is ambiguity of interpretation and abuse of the system.

PROPOSED CHANGE: Establish criteria for judging "intent to reside". Make residence a matter of physical presence except in extraordinary and temporary circumstances subject to close scrutiny.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation process.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#20 Department of Social Welfare Recommendation: ILLEGAL ALIENS

EXISTING SITUATION: It is possible for illegal aliens to receive welfare because existing regulations and procedures do not require proof of citizenship or legal alien status in determination of eligibility.

PROPOSED CHANGE: Require proof either of U. S. citizenship or legal alien status as a prerequisite to eligibility determination. On detection of possible illegal alien, require counties to immediately inform Immigration Service.

DEPARTMENT'S RECOMMENDATION: Implement through emergency regulation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation. Current U. S. Supreme Court proceedings on this matter should be carefully watched and consideration should be given to California participation in this matter.

#21 Department of Social Welfare Recommendation: ELIGIBILITY FOR FOSTER CARE

EXISTING SITUATION: There are no regulations establishing eligibility criteria for foster care of children in the Boarding Homes and Institutions segment of the aid to families program. Eligibility criteria for the basic family program are clear; additional factors for foster care are not discussed.

PROPOSED CHANGE: Specify criteria for foster care as a distinct eligibility decision after eligibility is established for the basic family program.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation procedure.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#22 Department of Social Welfare Recommendation: ANNUAL INCOME

EXISTING SITUATION: Present regulations lack clarity in defining the monthly income of persons whose income is commonly defined as annual and is not received in 12 equal monthly installments, such as teachers and farmers.

PROPOSED CHANGE: Clarify regulations to require that income under such conditions will be considered to be received proportionately for all the months in the year.

DEPARTMENT'S RECOMMENDATION: Issue Circular Letter immediately.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation. We suggest that income be averaged for those months in which the recipient is not working. Provisions should be made to exclude recipient from grant during months that he

is working. If this is not done, a recipient could make \$500 a month for 6 months, which averaged over a 12-month period would only be \$250 a month. This \$250 level would probably tend to make him eligible for the entire 12-month period, whereas, under the present system, he would be ineligible for the 6 months he was working. In addition, to make the averaging process equitable, provisions should be made to allow exemption of the recipient's normal grant amount from his income during the months that he is working and use the sum total of the remainders for averaging during the months he is unemployed.

The question arises as to whether this annual income includes unearned income. A clarification is required to include unearned income.

The estimated fiscal impact by SDSW figures indicate \$40,000 savings to General Fund in 1971-72. We would suggest that for budget purposes, SDSW be required to sample cases in all programs to arrive at better cost figures.

#23 Department of Social Welfare Recommendation: ELIGIBILITY DURING LEAVE OF ABSENCE FROM A JOB

EXISTING SITUATION: The counties are not currently required to determine whether an applicant for aid is on leave from a job. Thus applicants may take temporary leave from a job and be eligible for public assistance.

PROPOSED CHANGE: Require the counties to determine, at the time of application, whether an applicant is on leave from a job, solely for the purpose of becoming eligible for assistance. Based on this determination, aid may be denied.

DEPARTMENT'S RECOMMENDATION: Implement through normal public hearing regulation procedure.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: This recommendation is sound. Counties should be required to determine whether applicant is on leave from job to qualify for aid.

We suggest that the proposed change indicates counties are to determine whether applicant is on leave from a job "solely" for the purpose of becoming eligible. The term "solely" leaves a loophole in this change and

should be deleted from any proposed recommendation. An individual could take leave of absence from a job for more than one purpose, i.e., a vacation and to qualify for aid, and under this proposed change would not be ineligible.

Implementation method suggests change in State regulation through public hearing procedure is required. We question whether or not a change in regulation is required, as this could conceivably be implemented through SDSW circular letter clarifying unemployment.

#24 Department of Social Welfare Recommendation: SINGLE CATEGORY FOR ADULT AIDS

EXISTING SITUATION: The Aged, Blind, and Disabled public assistance programs provide aid to persons whose living arrangements and life situation are similar. Considerable variation exists, however, among factors governing eligibility and amount of aid grant received.

PROPOSED CHANGE: Combine the three adult aid programs into a single program with uniform eligibility and aid grant standards based upon present disabled program.

DEPARTMENT'S RECOMMENDATION: Withhold implementation regulation pending further study.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation that we withhold implementation decision on this change pending further study. Further explanation is needed concerning the decision to combine the adult aid programs into a single program using the present ATD criteria for eligibility and grant standards. For example, how was ATD determined as basis rather than AB or OAS.

#25 Department of Social Welfare Recommendation: PROPERTY LIENS

EXISTING SITUATION: Current law provides that public assistance granted to a recipient shall not constitute a lien on the property of the recipient. (W&I Code, Section 11007)

PROPOSED CHANGE: Repeal current prohibition on property liens. Establish a law to provide that liens will be placed on the

real property of a recipient of adult aid, with recovery prohibited during the life of the recipient or his surviving spouse.

DEPARTMENT'S RECOMMENDATION: Propose and actively support this legislation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#26 Department of Social Welfare Recommendation: POTENTIALLY SELF-SUPPORTING BLIND

EXISTING SITUATION: Currently the state supports the Aid to the Potentially Self-Supporting Blind (APSB) program with the counties on a 5:1 sharing ratio, with no federal participation. The program (caseload 223 persons) is designed to lead to self-support for the recipient. Actual program administration varies only slightly from the Aid to the Blind program. Running a separate program creates some administrative duplication.

(W & I Code, Chapter 5 of Part 3, Sections 13000-13102 inclusive)

PROPOSED CHANGE: Incorporate the features of APSB in the regular Blind program, merge the caseloads and eliminate APSB, to gain federal sharing and eliminate unnecessary administrative costs.

DEPARTMENT'S RECOMMENDATION: Withhold implementation legislation pending further study.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#27 Department of Social Welfare Recommendation: REAL PROPERTY LIMITATIONS

EXISTING SITUATION: Current law provides two different real property limitations - one for families and one for the adult aids. Families are allowed to own homes with a \$5,000 maximum assessed value, while adult aid recipients may own homes without any maximum assessed value.

(W & I Code, Sections 11151, 11152, 11255)

PROPOSED CHANGE: Establish uniform criteria for real property limitations for all aids. Adopt the standard which allows recipients to own a home with \$5,000 maximum assessed value.

DEPARTMENT'S RECOMMENDATION: Propose and actively support this legislation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#28 Department of Social Welfare Recommendation: UNNECESSARY MEDICAL C PAYMENTS

EXISTING SITUATION: Welfare now pays an Aged (OAS) recipient for medical care debts of members of the recipient's family who themselves are not eligible for welfare.

PROPOSED CHANGE: Eliminate these payments and with them the unnecessary funding of medical care for people ineligible for welfare.

DEPARTMENT'S RECOMMENDATION: Propose and support this legislation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We do not fully concur with this recommendation.

We recommend that existing regulation 44-259 be revised to conform with Welfare and Institutions, Section 12155, and that legislation be sought to amend Section 12155 so that medical care debts of members of the OAS recipient's family will be paid only where the family member is needy. Section 12155 presently requires such payment where the OAS recipient is legally liable for the incurred debt regardless of the need status of the member of the family who incurred the debt.

It is recommended that further study be given to the policy question of whether the medical debts of a needy member of an OAS recipient's family for whom the OAS recipient has a legal obligation of support should be excluded from the current practice.

#29 Department of Social Welfare Recommendation: NONSUPPORT COMPLAINTS

EXISTING SITUATION: Under current law the remaining parent must file a complaint against the absent parent, to enable the District Attorney to initiate proceedings to collect

child support. Some mothers ultimately refuse to sign the complaint. In the meantime, aid is paid and considerable administrative expense is incurred, and no support is collected.

(W & I Code, Section 11477)

PROPOSED CHANGE: Provide for county to file the complaint immediately upon application for aid by the mother. Welfare and Institutions Code, Section 11477 must be revised.

(Revise W & I Code, Section 11477 (b) (c) and 11488)

DEPARTMENT'S RECOMMENDATION: Withhold implementation legislation pending further study.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#30 Department of Social Welfare Recommendation: STATE-COUNTY SHARING RATIOS

EXISTING SITUATION: Many different ratios for state and county cost sharing are now used in the different welfare programs. Counties tend to make program decisions based on the most favorable ratio rather than basing them on overall impact.

(W & I Code, Sections 15200, 15201, 15202, 15203, 15204)

PROPOSED CHANGE: Establish a single percentage for state and county cost sharing for all programs, in such a way as to maintain equity for the counties.

DEPARTMENT'S RECOMMENDATION: Propose and actively support this legislation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation. However, in proposing legislation to establish a single percentage for cost sharing in all programs, consideration should be given to potential for increased costs to the State General Fund in this recommendation. Prior to implementation, consideration should be given to the impact of a change in ratio as it applies to each program.

#31 Department of Social Welfare Recommendation: NON-RECURRING LUMP SUMS

EXISTING SITUATION: Presently non-recurring lump sum payments are considered personal property reserves instead of income.

(W & I Code, Section 12052)

PROPOSED CHANGE: Consider non-recurring lump sum payments as income in the month received, and treat the balance as personal property thereafter. This will reduce or terminate grants because monthly income limitations are much lower than personal property limitations.

DEPARTMENT'S RECOMMENDATION: Propose and actively support this legislation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#32 Department of Social Welfare Recommendation: INCOME-PRODUCING PROPERTY

EXISTING SITUATION: Recipients may own real property, in addition to a home, for producing income. Limits on the value of such property vary among the adult aids and the family program. There is no limit in the blind program.

(W & I Code, Section 11151, 11153, 11255, 12654)

PROPOSED CHANGE: Eliminate provisions in all categories that permit welfare recipients to own real property other than their homes.

DEPARTMENT'S RECOMMENDATION: Withhold implementation legislation pending further study.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#33 Department of Social Welfare Recommendation: WOMAN ASSUMING ROLE OF SPOUSE

EXISTING SITUATION: Present law considers the contributions of a man assuming the role of spouse (MARS) in computing a family's grant. There are no regulations concerning the woman assuming the role of spouse (WARS). These two situations should be treated the same.

(W & I Code, Section 11351.5)

PROPOSED CHANGE: Contributions of "unrelated persons" to the family, rather than "unrelated adult male", as the current law reads, should be subtracted from welfare grants.

DEPARTMENT'S RECOMMENDATION: Propose and actively support this legislation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

#34 Department of Social Welfare Recommendation: STEPFATHER'S RESPONSIBILITY

EXISTING SITUATION: A recent court decision has determined that a stepfather has no responsibility to support his wife's children.

PROPOSED CHANGE: Define an expected level of stepfather contribution to stepchild support. Change the statutes to enable this contribution to be utilized to the extent that natural father support is unavailable. This could be done by establishing a legal concept that the wife's community property rights extend to her children.

DEPARTMENT'S RECOMMENDATION: Propose and actively support this legislation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We strongly concur with this recommendation for a law of general application requiring stepfather's contribution to stepchild's support.

#35 Department of Social Welfare Recommendation: "CASUAL" INCOME

EXISTING SITUATION: The Welfare and Institutions Code now states that the value of "casual income" and "inconsequential resources" cannot be considered in computing the amount of money available to support a recipient.

(W & I Code, Section 11008)

PROPOSED CHANGE: Eliminate this provision from law. Establish regulation that such income will be considered as income.

DEPARTMENT'S RECOMMENDATION: Propose and actively support this legislation.

GOVERNOR'S PUBLIC ASSISTANCE TASK FORCE REVIEW: We concur with this recommendation.

Appendix A: References

APPENDIX A

References

1. December 18, 1970 Response Summary of County Welfare Interviews.
2. Raw data backup to December 8, 1970 Response Summary of County Welfare Interviews.
3. Summary of Regulations. Changes as detailed and researched by Mr. Richard Moore. These changes deal with the ceiling on disregard income, work related expense deductions, and the 30 1/3 exemptions on earned income.
4. Regulation changes as detailed and researched by Jerry Salzman and Jules Markowitz. These regulations deal with redefinition of unemployment, elimination of attendant services, special need and reduction of personal need allowance for recipients.
5. County welfare interview response graphs. This is the final statistical report of 768 interviews at the county welfare level.
6. November 19, 1970 Report to the Honorable Ronald Reagan from Walter S. Rountree on Absent Parent Child Support.
7. December 16, 1970 Recommendation for Welfare Reform Package.
8. December 16, 1970 Review of the Interdepartmental Welfare Task Force Recommendations.
9. November 24, 1970 Interdepartmental Welfare Task Force Recommendations.
10. November 1970 Governor's Task Force on Public Assistance - Redbook (Preliminary Draft).
11. November 23, 1970 Recommendations (Dick Moore).
12. November 2, 1970 Status Report, Automated Payment System
13. October 22, 1970 Status Report, Combining Social Security (OASDI) and Old Age Security (OAS) Payments.

14. October 28, 1970 Income Exemption Study - Net Earnings vs. Gross Earnings.
15. November 20, 1970 Preliminary Draft, Flat Grant Proposal.
16. Governor's Task Force Proposed Regulations Change Package.
17. October 27, 1970 Summary of Rosado v. Wyman U.S. Supreme Court Decision.
18. December 10, 1970 Closed-End Budget Analysis
19. December 3, 1970 Cost Implication Study of Including Special Needs in Computing Eligibility for Public Assistance (Revised December 8, 1970 and December 10, 1970).
20. December 14, 1970 Review of Recommendation to Reduce Work-Related Expenses to the Minimum Required by Federal Law.

Appendix B: Review of the State System of Audit
and Control of County Determinations
of Eligibility for Welfare and Medi-Cal

REVIEW OF STATE SYSTEM OF AUDIT AND CONTROL

Concurrent with the other functions of the Governor's Task Force on Public Assistance, it was decided to form a field audit team to actually audit and review various welfare fiscal intermediaries, major county welfare departments and the eligibility control functions in the State Department of Social Welfare. The purpose for this audit team was to determine the adequacy of the present system of eligibility control and post audit and to develop recommendations pertaining thereto. As an interim measure, the team was to analyze and present to management for immediate action the best information available from the current eligibility control systems.

Due to the sensitivity of such field reviews, it was decided that this team would function under the auspices of the Department of Finance and independently of the Governor's Task Force. The following is excerpted from their November 30, 1970, draft progress report.

DRAFT

REVIEW OF THE STATE SYSTEM OF AUDIT AND CONTROL
OF
COUNTY DETERMINATIONS OF ELIGIBILITY
FOR
WELFARE AND MEDI-CAL

PROGRESS REPORT

November 30, 1970

AUDITS DIVISION
DEPARTMENT OF FINANCE
STATE OF CALIFORNIA

FOREWORD

We believe that the overall objective of the Welfare and Medi-Cal programs is to minimize costs while maintaining an acceptable level of service.

One way of achieving this objective is through enforcing existing regulations to the letter; equitably, uniformly, impartially, but firmly, in all counties.

The State system of audit and control of county determinations of eligibility for welfare and Medi-Cal currently provides a wealth of information that could be used by State and county administrators to enforce existing regulations. However, it is not communicated to enable corrective action.

It is clear that costs could be reduced significantly by reducing over-payments to recipients in the public assistance program alone. Available information indicates annual overpayments as follows:

Adult Cash Grants	\$17,000,000
AFDC Cash Grants	34,000,000
Total Overpayments	\$51,000,000

We do not know what an acceptable overpayment level should be. However, it is our feeling that every effort should be made to reduce such large annual overpayments. In this progress report, we point out that available information is disorganized and not used. Recommendations are made for reporting available information to State and county administrators so that overpayments to recipients may be reduced.

REVIEW OF THE STATE SYSTEM OF AUDIT AND CONTROL
OF
COUNTY DETERMINATIONS OF ELIGIBILITY
FOR
WELFARE AND MEDI-CAL

A. PROGRESS REPORT

Welfare and Medi-Cal determinations of eligibility, amount of grant (Welfare) and client share of cost (Medi-Cal) are county performed functions. The primary responsibility for assuring that the accuracy of these determinations are within acceptable limits is vested in the State Department of Social Welfare and to some degree in the State Department of Health Care Services. County, State, and Federal assistance payments for the Welfare and Medi-Cal programs exceed \$1.5 billion annually.

The current system of audit and control indicates that errors in eligibility determinations resulting in under or overpayments are not within acceptable standards. The actual rate and cost of these errors, and their underlying causes is not accurately known. Based upon the best information available, the statewide error rate in the adult programs is as high as 45 to 50% of all determinations.

As the system, to date, has not provided State Welfare and Medi-Cal Managers with an effective means of developing and implementing the corrective action required to reduce this excessive error rate we suggested and the Directors of Social Welfare and Health Care Services agreed, that the Audits Division, Department of Finance, should make a review of the system of audit and control of county eligibility determinations. Subsequently, the review was approved by the Human Relations Secretary and the Director of Finance.

B. REVIEW OBJECTIVES

- #1 Determine the adequacy of the present system of eligibility control and/or post audit, and develop recommendations which will:
- a. With statistical accuracy, pinpoint the error rate, type, cause, and financial consequences of errors in Welfare and Medi-Cal determinations.
 - b. Achieve this information at minimal cost to the State.
 - c. Be in conformity with federal requirements.
 - d. Provide the eligibility information on a timely basis to the responsible managers in the State and County Departments so that needed corrective action may be taken promptly; and so that the information may be used in policy and procedural formation.

e. Re-evaluate the results of the corrective actions taken and of the policy and procedural changes formulated.

- #2 As an interim measure, analyze and present to management for immediate action the best information available from the current eligibility control systems.

C. SCOPE OF REVIEW

#1 Department of Social Welfare

- a. Eligibility Control Bureau
- b. Field Audits Bureau
- c. Master Persons File

#2 Department of Health Care Services

- a. Medically Needy Operations Bureau

#3 County Social Welfare Departments (Eligibility Control Activities)

- | | |
|----------------|------------------|
| a. Alameda | k. San Francisco |
| b. Alpine | l. San Joaquin |
| c. Butte | m. San Mateo |
| d. Los Angeles | n. Santa Clara |
| e. Merced | o. Santa Cruz |
| f. Mono | p. Sierra |
| g. Monterey | q. Solano |
| h. Orange | r. Stanislaus |
| i. Sacramento | s. Trinity |
| j. San Diego | t. Yolo |

#4 Eligibility Control System - Available Information

#5 Plan for Implementation of Improved Eligibility Control Procedures

D. PROGRESS TO DATE

- #1 The review of the system of audit and control of eligibility determinations in the Departments of Social Welfare and Health Care Services has been completed.
- #2 We are currently visiting county social welfare departments to review their eligibility control activities.
- #3 Examples of available information from the current system of audit and control of eligibility determinations have been compiled (see Exhibits A through J included in this report).

- #4 A summary of recommendations relating to available information and a summary of findings relating to eligibility control activities in the Departments of Social Welfare and Health Care Services is included in the following sections of this progress report.

E. SUMMARY OF RECOMMENDATIONS: ELIGIBILITY CONTROL SYSTEM - AVAILABLE INFORMATION

- #1 Establish in the Department of Social Welfare a formal reporting system to inform State and county administrators of the results of eligibility control activities and to make recommendations for corrective action.
- #2 Issue monthly reports in a format such as that shown in Exhibit K included in this report.
- #3 Direct reports to the following State and county administrators:
- a. Secretary, Human Relations Agency
 - b. Director, Department of Social Welfare
 - c. Director, Department of Health Care Services
 - d. Director, Department of Finance
 - e. County Board of Supervisors
 - f. County Welfare Director
 - g. County Auditor
 - h. County Administrative Officer
- #4 Consider adjusting the next advance to the counties for actual errors discovered by the sampling plan.
- #5 Require the counties to notify the department in writing within 30 days of what action was taken to reduce error rates and overpayment.
- #6 Determine within 60 days after the reports have been issued that the counties have in fact taken adequate corrective action.

F. SUMMARY OF FINDINGS: ELIGIBILITY CONTROL BUREAU

- #1 The present system of sampling and investigating is producing a great deal of significant information. However, because of the limited use of the information that is available, the potential benefits of the system are not achieved.
- #2 There is no formal reporting system to communicate the results of the county sample, or the State sample to State or county administrators.
- #3 A federal report based on the federal sample is produced as required by federal regulations.

- #4 The federal report is on a statewide basis and contains information that is too general to be used as an effective management tool by State or county administrators.
- #5 Trend charts on eligibility and accuracy of grants and estimates of net overpayment have been prepared for some counties, but only when the bureau planned to meet with an individual county welfare director.
- #6 A formal reporting system can be developed using information presently available.
- #7 Under the current system any reports prepared would have to be prepared manually as none of the information available has been automated.
- #8 It has been proposed that counties assemble and analyze test data for local administrative use, but there is no requirement that they do so.
- #9 Counties are expected to take some action for improvement when test results indicate excessive error rates. However, there is no requirement that they take any specific action and no formal procedure for follow-up to determine if they have done so.
- #10 There is no present plan to provide State Welfare and Medi-Cal Administrators with a continuous, systematic reporting procedure to keep them informed on a current basis of the status of the eligibility control program and current actions taken to correct excessive error rates.
- #11 There is no present plan to establish a uniform, effective, statewide system of reporting test results on a regularly scheduled basis to county administrators for their use in reducing excessive error rates.
- #12 There is no present plan to require counties to report on a regular basis their current actions to correct excessive error rates.
- #13 Sampling units are presently selected from a universe of "case actions" rather than "case load". This raises the question of whether the sample is truly representative of the total welfare caseload.
- #14 Sampling units are selected by county personnel on a systematic basis with a minimum sampling interval of 8. Systematic selection by county personnel can subject the sample to possible manipulation.

G. SUMMARY OF FINDINGS: FIELD AUDITS BUREAU

- #1 The sampling plan adopted by the Field Audits Bureau is statistically sound.
- #2 The plan provides a valid approach for reducing State expenditures in the public assistance programs.
- #3 The plan provides administrators at the Federal, State, and County levels with information which can be used for more effective program management. (Sample results are projected to the universe under review, this is not done in the Eligibility Control Bureau.)
- #4 The bureau effectively reports the audit results to all levels of management.
- #5 The audit reports are not published on a timely basis. (The bureau expects to have reports current by December 31, 1970.)
- #6 Legal proceedings are under way in Marin County to prevent the projection of sample results for claim reductions.

H. SUMMARY OF FINDINGS: MASTER PERSONS FILE

- #1 The information contained in the file is dependent on the validity of the information supplied by the counties.
- #2 The error rate is estimated to be approximately two percent.
- #3 Statistical reports of eligible persons, by program, eligibility factor, statewide, and by county are prepared for the Departments of Social Welfare and Health Care Services.
- #4 The Master Persons File is being enlarged to provide county reports required by the federal government.
- #5 Case load samples may be obtained from the Master Persons File for Cash Grant and Medical Assistance Only positive actions (approved applications).
- #6 Samples of negative actions (applications denied) cannot be obtained from the file.

I. SUMMARY OF FINDINGS: MEDICALLY NEEDY OPERATIONS BUREAU

- #1 A statistical sampling method is used to select sample units for review.
- #2 Sampling results are not projected to provide management with necessary data for administration and control.

- #3 The clerical check of liability computations is restricted to a verification of mathematical computations.
- #4 The bureau is checking liability computations for long-term care patients for which the fiscal intermediaries have responsibility for providing control.
- #5 No determination is made to assure that private insurance policies are utilized prior to an individual receiving medical assistance.
- #6 The bureau cannot question the public assistance program deductions allowed by the counties.
- #7 Management reports are of a clerical nature and provide limited information.
- #8 An extensive cross filing system is manually maintained for approximately 240,000 beneficiaries.

J. PLAN FOR COMPLETING THE REVIEW

- #1 The review of eligibility control activities in 20 county social welfare departments will be completed by December 4, 1970.
- #2 The evaluation of our findings in the Departments of Social Welfare and Health Care Services and county social welfare departments, together with recommendations, and a plan for implementation of improved eligibility control procedures will be completed by December 30, 1970.