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February 21, 1973

Assembly Committee on Welfare
Room 2188, State Capitol
Sacramento, CA 95814

Attn: Stan Lena DEPARTMENT OF SOCIAL WELFARE

Dear Stan:

REVIEW OF OLD AGE SECURITY
RESPONSIBLE RELATIVES' CONTRIBUTIONS
As you requested I am enclosing a copy of the OAS relatives' responsibility scale from the W&I Code - Sections 12100 - 12107; a copy of the regulations on OAS relatives' responsibility; an estimate indicating the cost which would result if the liability was eliminated; and a statement reporting on collections under the relatives' responsibility program.

If there are other materials you would like us to send, let us know.

Sincerely,

Original signed by
Philip J. Manriquez

PHILIP MANRIQUEZ
Assistant Director

attach

Assembly Committee on Welfare

August 31, 1973

Mr. Stanley Lena
Consultant to the Assembly Committee
on Welfare
State Capitol, Room 2188
Sacramento, CA

Dear Stan:

As we discussed the other day the net effect of the annual cost of living increase is such that it does not continue to be based on the original \$100 level but on an increasing level. The last computation for example has the effect of a \$144.40 base rather than the \$100.00 continually cited.

The attachment provides a detailed listing of the components of the cost of living increase. Please give Joy Gee of our Estimates Bureau a call if any part of the attachment is unclear to you.

Sincerely,

Original signed by: GARY D. MACOMBER

Gary D. Macomber, Chief
Payment Planning

Attachment

cc: Mr. Dennis G. Amundson
Mr. Lawrence Agran
Mr. George Miller
Mr. Mike Murray

bcc: Joy Gee, 12-90
Steve Larsen, 16-28
HR-1 Files
Dic Welch, 12-90

GDM/jdt

Assembly Committee on Welfare

The Computation of the
COST-OF-LIVING ADJUSTMENTS
for the Adult Aid Programs

The computation of the cost-of-living (COL) adjustments for the Adult Aid programs is prescribed by the W&I Code. This method of computation is to apply the change from the base period in the Consumer Price Index (CPI) to the dollar base prescribed by the W&I Code. A more commonly used method is to apply the annual change in the CPI to the most recent value as a base. These methods both yield the same results. To illustrate this, attached is the cost of living for the OAS program calculated by both methods.

Referring to the attachment:

Column 1. Specifies the point-in-time. W&I Code Section 12150 prescribes a base time point of January 1, 1962, for the OAS program and a base dollar value of \$100. The December 1961 CPI is used as the initial value.

Column 2. The CPI is provided by the Federal Bureau of Labor Statistics. The W&I Code Section 12150 prescribes that the average of the CPI for L.A. and S.F. shall be used.

Columns 3 through 6. The calculation of COL as prescribed by the W&I Code Section 12150.

$$\text{Col. 3: } \frac{[\text{Current CPI} - \text{Base CPI}]}{[\text{Base CPI}]} \times [100]$$

This is the percent increase in the CPI from base time point.

$$\text{Col. 4: } [\text{Base value of \$100}] \times [\text{Column 3}]$$

This converts the percent increase to a dollar value.

Col. 5: Column 6 accumulated to prior year. This is the COL already provided.

Col. 6: Column 4 less column 5. This is the additional COL to be provided, rounded to the nearest dollar.

Columns 7 through 11. The calculations of COL as by the "annual change in CPI to most recent base" method.

$$\text{Col. 7: } \frac{[\text{Current CPI} - \text{Prior CPI}]}{[\text{Prior CPI}]} \times [100]$$

This is the percent increase in the CPI from the prior year.

Col. 8:
$$\frac{[\text{Prior year Column 8}] \times [\text{Current year Column 1}]}{[100]}$$

Plus $[\text{Prior year Column 8}]$

This increases the prior base by the current change in the CPI.

Col. 9: $[\text{Current Column 8} - \text{Base value of } \$100]$

This is the accumulated amount of increase.

Col. 10: Column 11 accumulated to prior year.

Col. 11: $[\text{Column 9}] - [\text{Column 10}]$ and rounded to the nearest dollar.

OLD AGE SECURITY
Cost-of-Living Adjustments

Month & year	CPI ^{1/} (1967=100)	Computed from base period				Computed year-to-year from changing base				
		CPI percent change from base	Total dollar increase from base	Cumulated increase to date	Cost-of-living adjustment (4) less (5)	CPI percent change year-to-year	Changing base	Total dollar increase (Changing base less \$100)	Cumulated increase to date	Cost-of-liv adjustment (9) less (1)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
December 1961 base period ...	89.75	---	---	---	---	---	\$100.00	---	---	--
June 1962	90.65	1.00	\$ 1.00	\$ -0-	\$1.00	1.00	101.00	\$ 1.00	\$ -0-	\$ 1.00
June 1963	91.4	1.84	1.84	1.00	1.00	0.83	101.84	1.84	1.00	1.00
June 1964	93.2	3.84	3.84	2.00	2.00	1.97	103.84	3.84	2.00	2.00
June 1965	95.5	6.41	6.41	4.00	2.00	2.47	106.41	6.41	4.00	2.00
June 1966	97.1	8.19	8.19	6.00	2.00	1.68	108.20	8.20	6.00	2.00
June 1967	99.6	10.97	10.97	8.00	3.00	2.57	110.98	10.98	8.00	3.00
June 1968	104.05	15.93	15.93	11.00	5.00	4.47	115.94	15.94	11.00	5.00
June 1969	109.35	21.84	21.84	16.00	5.50 ^{2/}	5.09	121.84	21.84	16.00	5.50
June 1970	114.7	27.80	27.80	21.50	6.00	4.89	127.80	27.80	21.50	6.00
June 1971	119.3	32.92	32.92	27.50	5.00	4.01	132.92	32.92	27.50	5.00
June 1972	123.0	37.05	37.05	32.50	5.00	3.10	137.05	37.05	32.50	5.00
June 1973	129.6	44.40	44.40	37.50	7.00	5.37	144.40	44.40	37.50	7.00

^{1/} Statewide average computed per W&I Code.

^{2/} Rounded to the nearest 50 cents per AB 1477; this was done to round the maximum to a full dollar.