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GOVERNOR'S PRESS CONFERENCE

TUESDAY, OCTOBER 28, 1969

Remarks By

Gilbert L. Sheffield, Director

California State Department of Human Resources Development

Thank you Spence and thank you Governor for declaring HRD in operation.

First, I'd like to briefly give you an idea of what the Department of Human Resources Development is to be;

Second, I very much want you to meet the strong staff of Deputy Directors who will be working with me in shaping HRD's future.

Then, I'd like to turn the meeting over to you for your questions.

Governor Reagan and Spencer Williams have filled you in on the key events which preceded my appointment as HRD's Director.

Since then, with their invaluable guidance and with the daily help of the staffs of HRD's components, I have been working toward this moment -- when we sign the formal document to activate the new department.

The Department of Human Resources Development is formed by bringing together four state government organizations:

The Department of Employment . . .

The Service Center Program . . . .

The State Office of Economic Opportunity . . .

And, the California Commission on Aging.

The purpose of bringing these bodies together is to create a single state agency to deliver job training and placement services to the hardcore unemployed, as well as to continue administration of other employment and manpower-related programs vital to the citizens of California.

HRD has the same source of funds, both federal and state, which our components have had. The intention is for us to be innovative and creative in the use of these resources -- to find new approaches to solving one of society's most important problems.

A large part of the answer to how successful we will be depends on our ability to marshal and coordinate the many resources and programs which now exist. Much of our effort will be devoted to involving the private business sector, local government, and people of disadvantaged communities in the necessary solutions for each community.

One of the most interesting parts of A.B. 1463 is its creation of a new civil servant position, the job agent, with a new work-style. He won't be bound to a desk.

He will have personal responsibility for a caseload of hardcore unemployed. He will work closely with his clients to develop an employability plan for each, and will be responsible for the accomplishment of this plan. The end objective is to remediate a client's difficulties and problems so that he can be a productive, contributing member of society by virtue of having meaningful sustained employment.

This job agent must be equally at home and as effective in a disadvantaged community or in the office of a corporate vice-president.

By the end of the year, we expect to have 140 job agents at work in some two dozen disadvantaged communities throughout the state.

We also will be searching out ways to make California's manpower program a coordinated, orderly effort. There is money to be saved here and certainly more people to be served.

We are aware, of course, that it costs a lot more to work with a person who has no saleable skills -- to prepare him for a decent job and hope for a decent life -- than it does to refer a qualified person to an existing job vacancy,

So, we don't expect to be able to measure our success by traditional methods -- how many people have we placed in the period of a month, or a year?

We'll be using new criteria, new yardsticks, which should tell us . . . how are we doing with the really hard cases? What are we doing for the man who has been given up as impossible, and who perhaps has given up hope himself?

We begin this new organization with an innovative attitude, with a desire to be more responsive to the needs in California, and most importantly with a sincere dedication to purpose.

And that is, by working with the community, with business, with industry, and with the tools provided us by the taxpayers of the state and nation; our aim is to provide every Californian with an opportunity to share in the good life of our state.

HRD EXECUTIVE STAFF  
BRIEF BIOGRAPHIES

Gilbert L. Sheffield, 40, was appointed Director, Department of Human Resources Development, in February, 1969. He was formerly assistant vice president, personnel, Pacific Telephone Company, responsible for management training, minority employment, minority relations and urban affairs activities. He played a key role in the formation by Bay Area employers of the Management Council for Bay Area Employment Opportunity to promote minority employment and training.

Sheffield was born in Oakland and is a 1951 graduate of the University of California at Berkeley, majoring in personnel and industrial relations. Between 1951 and 1953 he served in the U.S. Army Infantry, was decorated for gallantry in action in Korea. He joined Pacific Telephone in 1953, working as a traffic staff assistant in Sacramento and Fresno, was promoted district traffic manager, Stockton, in 1961, division traffic manager, Los Angeles, 1962, and general traffic manager, Bay Area, 1964. He is married, has two daughters, two sons.

James W. Connor, 38, HRD's assistant director for planning, joined the department's planning group in March, 1969, from the Department of Water Resources, where he was deputy comptroller, and before that, since 1963, budget officer. He entered state service in February, 1958, serving subsequently as budget analyst with the Department of Finance, and assistant fiscal officer with the Board of Equalization. He served two years as controller at Hastings College of Law, University of California, then joined Water Resources as budget officer in 1963, receiving the Department's "Award for Management Excellence" in 1964. A native of Chicago, he received a B.S. degree in business administration from the University of Illinois in 1953, then served as an Air Force officer 1953 through 1956 in Korea and Japan.

Sigurd I. Hansen, 49, deputy director heading HRD's Tax Collection and Insurance Payments Division, was formerly chief of the Bureau of Employment Agencies and Bureau of Electronic Repair Dealer Registration. He entered state service in 1967 after 12 years as business manager, Lafayette School District, two years as purchasing director, Hayward High School District, five years with Burroughs Corporation in accounting machine systems. He is a graduate in business administration from the University of California, Berkeley. During World War II he was a naval aviator, serving in the South Pacific.

Benjamin Hargrave, 51, northern region deputy director of HRD's Job Training, Development and Placement Division, was previously education officer for the Economic Opportunity Council in San Francisco. Prior to that he had spent 22 years as teacher and principal in the Oakland Unified School District. When he joined HRD, he was serving as president of the West Oakland Area Council, a member of the Oakland Manpower Commission, and advisory member for Educational Opportunities Clearinghouse (PACT) and the East Bay Skills Center. He is also a director of Oakland NAACP and Alameda Negro Leadership Conference. A veteran of World War II, Hargrave is a graduate of Springfield College, Mass. He obtained his M.A. at San Francisco State College and did graduate work at U.C. Berkeley and Stanford University.

Louis J. Johnson, 43, southern region deputy director of HRD's Job Training, Development and Placement Division, was previously principal of Jefferson High School, Los Angeles, and has been a teacher and administrator in the Los Angeles City School System since 1954. A native of Texas, Johnson graduate from Howard University, Washington, D.C., and the University of Southern California. He is a member of the National Principals Advisory Committee for Upward Bound and the Council of Black Administrators. He has been active in manpower training programs in disadvantaged communities.

Daniel R. Lopez, 51, deputy director heading HRD's Job Training, Development and Placement Division, was previously manager of the State's East Los Angeles Service Center. A native of Oxnard, Lopez attended Vallejo Junior College, University of California at Berkeley, and the University of Southern California. He began state service in 1948 and worked in the Department of Corrections until joining the Service Center Program in 1966.

Alan C. Nelson, 35, HRD's assistant director for legal affairs, was previously Deputy District Attorney, Alameda County, since 1964. A native Californian, he is a graduate of the University of California's School of Law (Boalt Hall), Berkeley, after which he spent five years as a private attorney with a San Francisco law firm. In Alameda County, he strengthened the Family Support Division of the district attorney's office and was president of the District Attorneys California Family Support Council.

James W. Pool, 54, HRD assistant director, evaluation, began state service in 1966 as a publications coordinator. He joined the staff of the Human Relations Agency in 1967 as Assistant to the Secretary, Spencer Williams. A native of Neosho, Missouri, he is a graduate of the University of California at Berkeley. After three years as an NBC news editor, 1939-42, and four years of military service, Pool joined Ventura County government, rising in 15 years from clerk to chief executive. From 1961 to 1966 he was Cost Reduction Administrator, Atomics International, a division of North American Rockwell, Inc.

Lynwood B. Steedman, 55, deputy director heading HRD's Management Services Division, was previously assistant director, administration, Department of Employment, the agency's principal administrative officer. He joined the department in Sacramento 33 years ago as deputy registrar of employers, rose through positions of increasing responsibility to the top post in 1963. He is a graduate in economics and personnel administration from the University of California, Berkeley.

William H. Tolbert, 61, deputy director heading HRD's Farm Labor Services Division, held the same position in the State Department of Employment. He was appointed by Governor Reagan in 1967. From 1947 to 1967 he was manager of Ventura County Citrus Growers Committee, during which time he also served 12 terms as president of the National Farm Labor Users Committee. He is a graduate in animal husbandry from New Mexico State University. He was deputy administrator of the Department of Agriculture's Farm Labor Administration in 1942, and labor branch of the War Food Administration and was ultimately regional director in 1945-6 for the seven Western states.

October 28, 1969 CE



## FACT SHEET

### CALIFORNIA STATE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

800 Capitol Mall, Sacramento, California 95814 (916) 445-9212

**Director:** Gilbert L. Sheffield. Age 40. Appointed by Governor Ronald Reagan in February, 1969, after having served as Assistant Vice-President, Personnel with the Pacific Telephone Company.

**Department Origin:** Created as a component of the Human Relations Agency (Spencer Williams, Secretary) by the 1968 Human Resources Development Act, landmark bipartisan legislation passed nearly unanimously by the State Legislature. (Assembly, May 28, 1968; Senate, August 1, 1968) Signed by Governor Reagan, August 24, 1968.

**Components:** State Department of Employment ( 9,097 funded positions)  
Service Center Program - excluding Employment (591 funded positions)  
State Office of Economic Opportunity (30 funded positions)  
California Commission on Aging (12 funded positions)

**Legislative Intent:** To create a single state agency and single state fund to deliver, along established lines of priority, a total system of job training and placement services to provide the hardcore unemployed with an unbroken sequence of services from intake through placement on the job and periodic follow-up and evaluation.

**Unique Aspects:** Job Agents: By the end of 1969, a total of 140 job agents will be at work in two dozen disadvantaged communities throughout California, each with specified caseloads of hardcore unemployed for whom they will have personal responsibility. The job agent is a new breed of civil servant, recruited this fall primarily from disadvantaged areas. Working with clients with long histories of unemployment or underemployment, he will be charged with motivating his clients, providing them proper training, securing them meaningful employment, and maintaining regular communication with them until they have completed 18 months on the job.

HRD Centers: The Department expects to open a total of 18 HRD Centers within the next few months. These will be established in the following areas: Bakersfield, Compton, Fresno, Los Angeles (Avalon-Florence, Central), Long Beach, Oakland (East Area-Fruitvale, West Area), Pasadena, Sacramento, Santa Ana, San Bernardino, San Francisco (Mission District, Bayview-Hunter's Point, Chinatown), San Jose and Vallejo.

HRD's initial 140 job agents will be working out of these centers and the eight established Service Centers located in East Los Angeles, South-Central Los Angeles, East Fresno, West Fresno, Richmond, San Diego, San Francisco and Venice.

**Activation:** Legislative deadline was January 1, 1970. Activation steps began October 1. Effectuation document signed by Governor October 28, designating Friday, October 31, as the formal activation date for HRD.

**For further information:** Lionel Holmes 5-4529  
Charlie Ericksen 5-4262

Statement by Spencer Williams, Secretary  
Activation of Human Resources Development

State Capitol  
October 28, 1969

We in the Human Relations Agency take a special pride in the birth of the Department of Human Resources Development.

The department -- with a legislative deadline of January, 1970, for activation -- has developed with miraculous speed over the last year. I'd like to thank the many employees of all elements of the new department for their help in its formation. I'd like also to commend my Assistant Secretary - Lucian Vandegrift - who served as acting director of HRD during its initial weeks, and did a fine job of keeping things moving until Gil Sheffield came aboard.

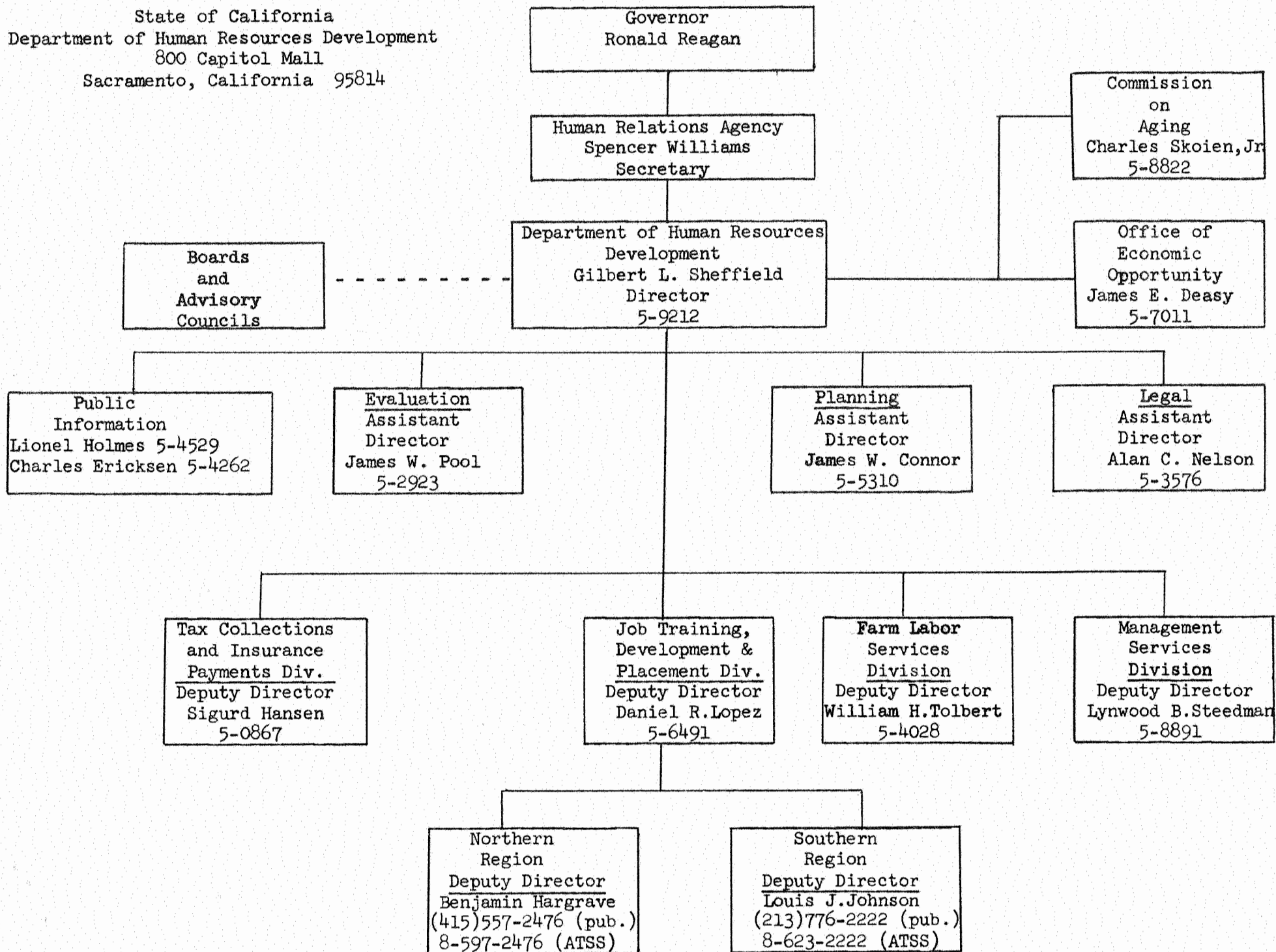
Today, through the efforts of Gil Sheffield and his able staff, the department is ready to undertake an assignment unique in our 50 states.

It is not unusual for California to pioneer new ways to meet old problems, and with the Department of Human Resources Development, we're at it again.

No other state in our country has yet dared to develop an attack on the ills of poverty, unemployment and burgeoning welfare rolls as is being prepared by this new department.

Now I would like to invite Governor Reagan and Gil Sheffield to join me in signing the documents which will officially activate the new department, as of the final day of this month.

State of California  
Department of Human Resources Development  
800 Capitol Mall  
Sacramento, California 95814





Governor Ronald Reagan today issued the following statement:

"Today, I would like to talk briefly about history, red tape, a talent search and a helping hand.

"Let us begin with the history.

"Before we came to Sacramento we promised the people of California that we intended to do our best to make jobs--not welfare--an accepted way of life for the less fortunate citizens of this state.

"We were convinced that the majority of the hardcore unemployed and the disadvantaged wanted a helping hand---not a handout.

"When we arrived in Sacramento we took a close look at the programs that were supposed to be helping the unemployed and disadvantage get back on their feet.

"We found a maze of overlapping, expensive and often competing manpower programs that simply were not doing this job.

By executive order, we created the Job Training and Placement Council and asked it to clear a path through the maze of red tape.

"The Council did its work well. It reviewed and evaluated the public-funded training programs in existence, chopped away the red tape and came up with specific recommendations on how to get the disadvantaged off their knees and on to their feet.

"One of the first facts that became obvious was the need to gather the proliferation of manpower programs together into a single agency.

"In our reorganization plan, we proposed the creation of a department of Human Resources Development to accomplish this.

"The result was the Human Resources Development Act which passed both houses with bi-partisan support and was signed into law last fall.

"That is the history. Now to the talent search. To direct this new department, it was obvious that we needed a man with the executive ability and the creativity to administer a department that would be responsive to our state's needs.

"But we needed another talent--a feeling for people and a sensitive understanding of their needs. We found those qualities in Gil Sheffield and those who will be working with him.

"I am very proud of Gil's accomplishments in bringing HRD to life well in advance of the legislative deadline for its activation.

"Now I would like our Human Relations Agency Secretary, Spencer Williams, who has been working closely with Gil Sheffield and the HRD staff to bring the new department to life, to introduce Gil."

Governor Ronald Reagan today formally activated California's new manpower arm, the Department of Human Resources Development, as a major step towards getting "the disadvantaged off their knees and on to their feet."

Created by the 1968 Human Resources Development Act, the department will formally join the state's Human Relations Agency on Friday, October 31.

Headed by Gilbert L. Sheffield, it unites the state's Department of Employment, Service Center Program, Commission on Aging and Office of Economic Opportunity.

While continuing the services presently provided by its components, HRD will focus greater attention on the special employment needs of the state's disadvantaged areas.

Within the next few months, it will introduce HRD Centers to 18 communities throughout the state. A "new breed" of civil servant--the job agent--will be working out of these centers and California's eight established Service Centers to give individual attention to specified caseloads of clients with long histories of unemployment.

A major goal of the new department, according to Governor Reagan, is to "make jobs, not welfare, the accepted way of life for the less fortunate citizens of this state."

Signing the official HRD effectuation document with the Governor were Sheffield and Spencer Williams, Human Relations Agency secretary.

Sheffield, was named by Governor Reagan to direct HRD last February.

Targeting on a January 1, 1970, activation deadline set by the legislature, Sheffield brought the department into existence two months ahead of schedule.

Sheffield described HRD as a department which "will aim to get maximum use out of our manpower dollars, without losing sight of our real objective: To provide every Californian with an opportunity to share in the affluence of our state"

He said that HRD is operating with the same funding sources which its components had, and that the department's total staffing has not been increased by new programs or new positions such as the job agent.

A total of 140 job agents will be at work by the first of the year, Sheffield said. These were selected from a list of more than 4,000 candidates recruited in a campaign which centered in disadvantaged areas.

"The job agent will be the focal point of our new thrust," Sheffield added.

"Our success will be measured by his ability to communicate effectively with his clients and to work in harmony with the employer community," continued Sheffield, and added, "Only with the full participation of the business community will our department be able to reach its goals."

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WAS



# **The Recipient Fraud Incidence Study**

Conducted by

**THE FRAUD REVIEW PANEL**

for the

**STATE OF CALIFORNIA - HUMAN RELATIONS AGENCY  
DEPARTMENT OF SOCIAL WELFARE**

## **PART II**

### **Recommendations**

**JANUARY 1970**

January 7, 1970

Mr. Robert Martin, Director  
State Department of Social Welfare  
744 P Street  
Sacramento, CA 95814

Dear Mr. Martin:

The results of the study to determine the incidence of undetected recipient fraud in the Aid to Families With Dependent Children (AFDC) caseload have been reported to you under separate cover on this date.

In conducting this study new benchmarks have been established in cooperative relations between county and state government. The major part of the study work has been performed by District Attorneys and members of their staffs. In spite of the extreme pressure of other responsibilities, these individuals and agencies have given generously of their time, sometimes at personal sacrifice. In addition, a number of county welfare departments have also contributed investigative and other valuable staff services.

The taxpaying public which has the responsibility of caring for those who are truly in need deserves to have confidence that the regulations governing the welfare program are scrupulously adhered to. For the same reason, those who are in any way involved in the administration of the system have the absolute duty to insure that such is the case. Only in this way can the proper concept of public support of welfare programs be realized.

In conducting this study the Fraud Review Panel was given a unique opportunity to survey and critically examine many of the procedures and problems related to the program.


January 7, 1970

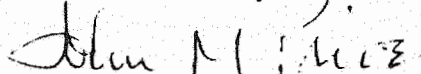
Our observations and the study findings clearly indicate a serious problem is present which will require continuing attention. It appears most advisable that a program be developed which will constantly assess the level of administrator and recipient compliance with the law and regulatory requirements. We recommend that a program be adopted which will provide for continuing review and monitoring of that compliance.

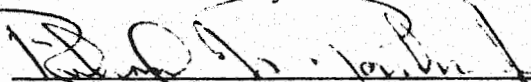
Accompanying this letter are further recommendations developed during the conduct of the study. Many are not new. Many have been discussed elsewhere. The Panel believes, however, that the study findings add a new note of urgency, and it is for this reason that they are restated here. The findings in the report, the comments and observations above, and the accompanying recommendations should be viewed in a positive context. It has been the Panel's goal to establish the extent of fraud and to suggest ways in which waste can be curtailed to the end that those truly in need may be most benefited.

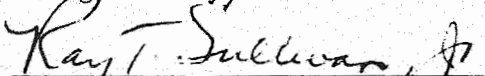
Very truly yours,


FRAUD REVIEW PANEL MEMBERS

  
Keith C. Sorenson, District Attorney  
San Mateo County

  
John M. Price, District Attorney  
Sacramento County

  
Richard N. Parslow, Jr., Deputy District Attorney  
Orange County

  
Ray T. Sullivan, Jr., County Counsel  
Riverside County

  
Rudolf H. Michaels, Chief, Legal Office  
State Department of Social Welfare



RECOMMENDATIONS DEVELOPED FROM A  
STUDY TO DETERMINE THE EXTENT OF RECIPIENT FRAUD IN THE  
AID TO FAMILIES WITH DEPENDENT CHILDREN WELFARE PROGRAM

January, 1970



## RECOMMENDATIONS

### State and County Administration

A significant portion of welfare fraud losses result from the failure to report changes in family composition and income; either earned income, income in-kind, or income received from other sources. Related to this is the need for a clearer understanding on the part of the recipient of his responsibility to report such circumstances, and improvement in the system by which such reports and status changes are received and processed by the counties.

It is clear there is room for improvement in all of these areas. The recipient-oriented caseworker must realize the serious implications for the recipient as a result of his (the caseworker's) failure to insure the recipient's understanding of these requirements. The consequence of such a failure can lead to prosecution. While this fact should be impressed on the recipient, the caseworker must also understand that failure to adequately cover this subject in his discussions with the recipient may be exposing both to needless difficulty.

A significant portion of the fraudulent conduct and many of the errors identified in this study commenced or were permitted to continue unabated because some caseworkers were not sufficiently aware of the danger signals. The apparent lack of training and/or interest on the part of some caseworkers may be viewed as a significant factor associated with the incidence of fraud and error.

There is a serious lack of uniformity between the counties as to (1) when during the month such reports of changes in family composition and income are due, (2) the manner of processing the reports, and (3) the ease with which the information contained in the reports can be applied to the grant. In connection with these problems the Panel recommends that:

1. Regulations provide for a mandatory, timely, simplified and uniform system for reporting income and changes in family composition by recipients throughout the State.
2. Regulations and forms on this and other subjects be written in a clear and concise manner to the end that ambiguity is eliminated. For example, the word "prompt" would be better understood if a specific period of time were substituted; the words "Income" and "Family Composition" would be better understood if they were clearly defined and their definitions impressed on recipients.
3. Monthly detailed status and income reports be required as a pre-requisite of paying aid.
4. The recipient be instructed, before being asked to complete any document relating to eligibility for aid, that any false statement will subject him to criminal penalties.
5. Regulations regarding signatories on affirmations and reaffirmations require that all adults in the home who affect the grant must sign these documents, as well as any and all adults responsible for the child.
6. Greater attention be given to those cases in which there is variable income or income from self-employment, as well as during those periods in which there are five weekly pay periods.
7. Consideration be given to pressing disciplinary and/or legal action against caseworkers and others who deliberately or negligently overlook illegal situations or who aid and abet in the commission of welfare fraud.
8. It be required that each applicant for aid receive a pictorial pamphlet outlining his responsibilities; and this document be followed up with

mailings at intervals in the future. An example of such a brochure accompanies this report as Appendix A.

9. Efforts to simplify AFDC program regulations be continued. The extensive detail involved in policy, regulations and calculation of the need and the grant, results in confusion and misunderstanding of the program requirements.

In the course of the study the Fraud Review Panel was exposed to some of the administrative complexities of the internal system at both the state and county level. The vastness and costs of these systems would seem to justify close and continuing scrutiny to insure that the internal mechanism functions as efficiently and economically as possible. While payment documentation is a necessity, attention should be given to simplifying the steps, eliminating unnecessary steps and providing some tracking system in order to determine without delay the number and amounts of grants received in a particular case in a given period. Reports of all kinds should be carefully evaluated to insure they are still justified in terms of their usefulness and purpose and, if so, that they are both accurate and timely. Although these comments are of a general nature, the Panel recommends that:

10. Continuing attention be given by the State Department of Social Welfare to updating the Master Persons File and developing procedures which will assure that it remains current. In this connection it is important that the counties continually provide current information for input into the file.
11. Regulations concerning the final payment of aid in the month of discontinuance be improved. At this point substantial overpayments can be made which are difficult or impossible to recover due to the inability of the system to respond promptly to change.

12. Notices advising recipients of discontinuance contain in bold print that there is no further entitlement; that any warrants received should not be cashed but returned to the welfare department. Further, that such notice recite the penalty for non-compliance with this requirement.
13. As an aid to maintaining better controls, support contributions received by the probation or other departments of county government in all cases be uniformly transmitted to the welfare department to offset the grant instead of being paid directly to the recipient.

In their review of sample cases in this study, members of the Panel have identified a number of problem areas associated with the payment of aid and the policies and regulations related thereto. As a means of resolving these problems, the Panel recommends that:

14. A system of closer followup be established to insure that extra sums paid recipients to meet specific special needs are actually used for the purpose intended.
15. A policy be adopted which will provide for the discontinuance of aid when a recipient absents himself from the state for thirty days for whatever reason.
16. Regulations require the listing of parent social security numbers as well as other potential employable family members on the application for aid, and a greater effort made to obtain these numbers on current cases. Applicants for aid who do not have social security cards can be assisted in completing the simple application at the time the application for aid is taken.
17. In cases involving fraud, the guilty party not have the benefit of deductions for work-related expenses and/or other exemptions in computing the amount of the overpayment.

18. Caseworkers alone not have the authority of declaring individuals incapacitated. Supervisory staff should participate in this decision after appropriate evaluation and verification.

The Panel makes two observations with regard to existing statutes and the need for legislative action. First, the wording in Section 10500, Welfare and Institutions Code is such that it is being used for purposes contrary to its intent. Secondly, Section 11482 of the Welfare and Institutions Code, as related to Section 487.1 of the Penal Code causes a distinction to be made between welfare recipients and non-welfare recipients.

The Panel recommends that legislation be introduced for the purpose of amending:

19. Section 10500, Welfare and Institutions Code reads as follows:

"Every person administering aid under any public assistance program shall conduct himself with courtesy, consideration, and respect toward applicants for and recipients of aid under that program, and shall endeavor at all times to perform his duties in such manner as to secure for every person the maximum amount of aid to which he is entitled, without attempting to elicit any information not necessary to carry out the provisions of law applicable to the program, and without comment or criticism of any fact concerning applicants or recipients not directly related to the administration of the program."

This section should contain language which speaks to the recipients' responsibility and, further, sets forth the requirement that welfare benefits are to apply as a supplement to all other benefits to which the recipient may be entitled, and after property which exceeds the limitations has been utilized.

20. Section 11482, Welfare and Institutions Code reads as follows:

"Any person other than a needy child, who willfully and knowingly, with the intent to deceive, makes a false statement or representation or knowingly fails to disclose a material fact to obtain aid, or who, knowing he is not entitled thereto, attempts to obtain aid or to continue to receive aid to which he is not entitled, or a larger amount than that to which he is legally entitled, is guilty of a misdemeanor."

This section should be amended so it is consistent with Section 487.1 of the Penal Code; that is welfare fraud resulting in an overpayment of less than \$200 should be considered a misdemeanor and in excess of \$200 should be defined as a felony. Such a change would clarify the present law.

#### Caseworker-Recipient Relationships

Efforts of caseworkers, both eligibility and social workers, are directed toward assisting the recipient in obtaining financial independence and self-determination, as well as improving his self-image and his physical and emotional environment as well as that of his family. The tools used by the caseworker in achieving these objectives are the various financial aid and service programs supported by the public or private organizations within certain limits and guidelines. The caseworkers' responsibility to render aid in a humane and understanding manner is obvious. Their responsibility in administering public funds and the public trust involved is just as obvious.

There appears to be however, a minority of caseworkers who overlook and encourage acts by recipients which are contrary to the letter and intent of the prescribed limits and guidelines. Aside from fostering greater dependency in the recipient, these few caseworkers should realize that welfare cheating is a morally degrading act. Unlawful acts are just as degrading when committed by a welfare recipient as when committed by an individual who is financially independent. For these caseworkers to fail to shoulder their responsibility in this area - to deliberately overlook or in other ways to encourage this behavior in recipients is directly contrary to basic social work philosophy. An indication of this adverse and negative attitude manifested itself recently when some caseworkers advised their co-workers and recipients not to cooperate in this study, a study



which was instituted and conducted within the jurisdiction of welfare administration. Public employees have the same obligation to taxpayers, as employees of private organizations have to their employers, and such activities should be dealt with accordingly.

Welfare recipients specifically and the public in general have a right to expect that caseworkers will be trained and knowledgeable in their areas of responsibility. Although recognizing there is a great amount of detail involved in this work, the Panel believes that a significant part of the administrative error and fraud identified in its report could have been avoided with improved caseworker training.

On the general subject of caseworker-recipient relationships, the Panel recommends that:

21. Greater emphasis be placed on developing in caseworkers, a sophisticated awareness of the possibility that they may be deceived. This subject is discussed at greater length below.
22. Increased emphasis be placed on supervision and review of case record material by caseworkers and supervisory staff. More than isolated instances were noted where glaring errors and omissions requiring follow-up did not receive necessary attention or were subject to unnecessary delay.

#### Detection and Prevention of Fraud

In general terms, one of the most pressing needs in connection with preventive programs is a systematic training program for caseworkers and eligibility workers. Such training should be included in the initial caseworker orientation and furthered by the use of in-service training programs. Involvement should be mandatory. A suggested plan for developing such a comprehensive program is contained in Appendix B.

In the area of detection and prevention, the Panel recommends that:

23. In consideration of the extent of welfare fraud and administrative error revealed by the fraud study, county governments carefully review the present level of fraud investigation and staffing to determine whether they are adequate to cope with the size of the existent problem.
24. A method be developed for identifying, for closer follow-up, those cases in which the recipient has previously been suspected of welfare fraud or has, in fact, been convicted of welfare fraud.
25. The State utilize information developed by state and federal agencies as aids to administering the program. Systematic obtaining of information on recipients earnings, benefits and property would be of significant benefit in this regard.
26. Cases involving large monthly totals of aid payments and other income, and cases involving unemployed or incapacitated parents, be scheduled for special and more frequent follow-up.
27. In instances where recipients are not furnished caseworker services, provision be made for frequent review of eligibility.
28. County governments be encouraged to expand their investigative staffs to meet the problems identified by the study. Smaller counties should receive assistance in developing investigative staffs in the areas of child support and welfare fraud, perhaps through a county pooling arrangement.
29. Where school attendance is a condition of receipt of welfare the caseworker contact the school with sufficient frequency to insure that eligibility continues to exist.
30. The policy of non-scheduled home visits by caseworkers during normal business hours be adopted by all counties.

DOES  
YOUR  
SOCIAL  
WORKER  
KNOW  
?

---

ABOUT MONEY YOU GET FOR YOURSELF OR YOUR CHILDREN

- |                                             |                                                      |                                                |
|---------------------------------------------|------------------------------------------------------|------------------------------------------------|
| <input type="checkbox"/> from your job      | <input type="checkbox"/> from a child's father       | <input type="checkbox"/> from disability       |
| <input type="checkbox"/> from a child's job | <input type="checkbox"/> from rent                   | <input type="checkbox"/> from unemployment     |
| <input type="checkbox"/> from your family   | <input type="checkbox"/> from social security        | <input type="checkbox"/> from any other source |
| <input type="checkbox"/> from your friends  | <input type="checkbox"/> from workmens' compensation |                                                |

---

ABOUT PEOPLE IN YOUR HOME - WHEN ANYONE MOVES IN,  
MOVES OUT, OR VISITS

- |                                          |                                                 |                                     |
|------------------------------------------|-------------------------------------------------|-------------------------------------|
| <input type="checkbox"/> a family member | <input type="checkbox"/> another adult or child | <input type="checkbox"/> your child |
| <input type="checkbox"/> a friend        |                                                 |                                     |

---

ABOUT YOUR PROPERTY - THINGS YOU OWN OR BUY

if you are buying or selling:

- |                                         |                                     |                                                           |
|-----------------------------------------|-------------------------------------|-----------------------------------------------------------|
| <input type="checkbox"/> a home         | <input type="checkbox"/> a car      | <input type="checkbox"/> furniture                        |
| <input type="checkbox"/> other property | <input type="checkbox"/> appliances | <input type="checkbox"/> if you are buying life insurance |

---

HAVE YOU MOVED LATELY? ARE YOU PLANNING TO MOVE?

Does your social worker know your new address? ☐

---

SCHOOL

Do you have a child over 15 who does not go to school? ☐

---

IF YOUR SOCIAL WORKER DOES NOT KNOW THE THINGS YOU  
HAVE CHECKED ABOVE, call him and tell him now - this  
is for your PROTECTION !

---

**PROTECT  
YOURSELF  
TELL  
YOUR  
SOCIAL  
WORKER**

For your child to get the right amount of aid, your social worker must know about:

**MONEY** you or your child get - no matter who or where it is from.

**THINGS** you own or are buying.

**PEOPLE** who live with you - no matter who they are.

Have you told your social worker **ALL** he must know to pay aid for your child?

Don't wait for him to ask. Tell your social worker **ALL** **THE FACTS** now !

**WHAT  
IS  
FRAUD  
?**

A few people do not tell their social worker all the facts.

These people can be arrested for fraud.

What is FRAUD?

Fraud is a crime. A person may have to pay a fine and he may be put in jail for fraud.

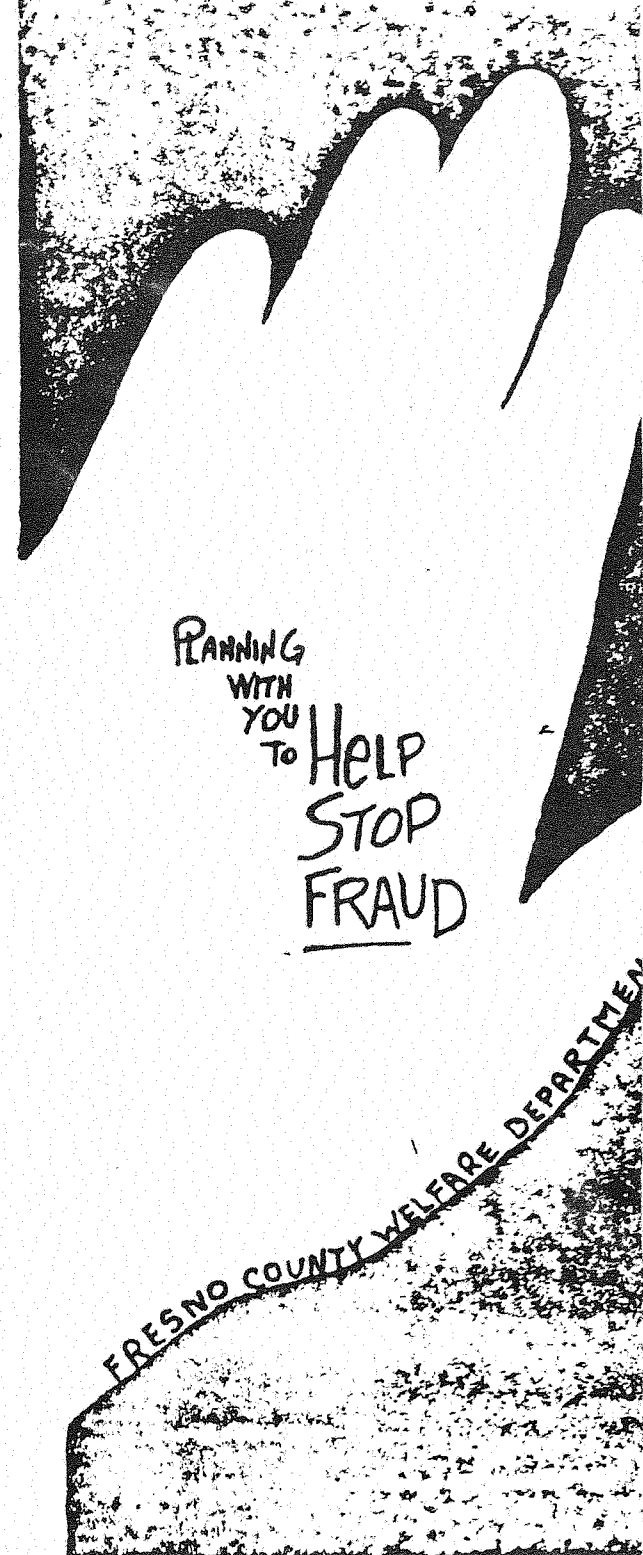
When a person gets aid that he should not get, he may be guilty of fraud...

IF the aid was paid because he lied.

IF the aid was paid because he told only part of the truth.

IF the aid was paid because he did not tell all the facts right away.

You can help stop fraud. Check the list inside this folder. If your social worker does not know all these facts about you and your family - tell him **NOW** !



**PLANNING  
WITH  
YOU  
TO  
HELP  
STOP  
FRAUD**

**FRESNO COUNTY WELFARE DEPARTMENT**

SUGGESTIONS FOR DEVELOPING A  
FRAUD PREVENTION AND DETECTION TRAINING PROGRAM

1. The Director of the State Department of Social Welfare would have responsibility for mandating this program in all counties.
2. The curriculum would be developed by a group consisting of representatives of the County Welfare Directors' Association and the District Attorneys' Association who have demonstrated an interest in this area. Included would be a Deputy District Attorney with experience in welfare fraud and child support, an experienced casework and eligibility supervisor, a county welfare investigator and district attorney investigator as well as selected executive staff of the State Department of Social Welfare.
3. Each new caseworker and eligibility worker would receive fraud detection and prevention training as a part of his orientation.
4. Within the first six months the new staff member would participate in a full days fraud prevention and detection training activity.
5. Advanced courses would be provided for supervising staff at regular intervals and participation would be mandatory. Subject matter would be varied.
6. Programs would include a heavy emphasis on prevention, as well as:
  - a. Identification of clues and leads
  - b. Actions to be taken
  - c. Referral procedures
  - d. Recipient responsibility
  - e. Staff member responsibility
  - f. Case examples to illustrate

Welfare

CALGOVROFC \* SAC

CALGOVROFC WSH

TO: JIM JENKINS  
FROM: JANE S.  
DATE: JAN. 8, 1970

QUESTIONS & ANSWERS:

MR. TWNAME, WHEN YOU SAY THAT YOU EXPECT CALIFORNIA TO STRAIGHTEN THEMSELVES OUT IN SHORT ORDER, DO YOU HAVE A DEADLINE IN MIND? HOW LONG WILL YOU PERMIT THIS THING TO DRAG ON?

A- IT IS NOT OUR INTENT TO USE THIS COURT ACTION OF YESTERDAY AS AN EXCUSE FOR ANOTHER LONG, DRAWN OUT DELAY.

COULD YOU GIVE US A MORE SPECIFIC TIME? 30 DAYS, 60 DAYS, 90 DAYS?

A- I WOULD EXPECT THE ACTION BE CERTAINLY TAKEN BEFORE APRIL 1ST DATE THAT WAS INDICATED BEFORE THERE WAS THE DATE OF THE CUT OFF.

WHAT WAS YOUR DECISION THAT YOU HAVE ALREADY MAILED AND ARE NOW RESCINDING? WHAT WAS THE CONTENT?

A- I WILL GIVE YOU A COPY OF THAT. THE AMOUNT OF MONEY INVOLVED WAS APPROXIMATELY \$684 MILLION.

I DO NOT UNDERSTAND THE COURT COMPLICATIONS.

A- NEITHER DO I.

WHAT IS GOV. REAGAN GOING TO DO THAT WILL EXPEDITE THE COURT SITUATION?

A- THE TAXPAYERS' SUIT WAS BROUGHT IN LOS ANGELES COURT RESTRAINING THE STATE FROM IMPLEMENTING ITS REGULATIONS FOR ONE REASON AND THE WELFARE RIGHTS ORGANIZATION SUIT BROUGHT IN SACTO. RESTRAINING THE STATE FROM IMPLEMENTING ITS REGULATIONS FOR ANOTHER REASON. THE GOV. HAS ASKED THE SUPREME COURT TO CONSOLIDATE THE TWO CASES AND MAKE ONE JUDGEMENT AND ASSUME JURISDICTION IN ORDER TO GET OUT OF THIS JUDICIAL DEADLOCK.

SUPPOSE THE COURT MOVED THE OTHER WAY AND AGREES WITH THE STATE LEGISLATURE COUNSEL, AGAINST THE STATE ATTORNEY GENERAL THAT THE REAGAN ADMINISTRATION CANNOT SHIFT WELFARE RULES UNILATERALLY WITHOUT LEGISLATIVE CONCURRENCE AND SUPPOSE BY APRIL 1ST, THE STATE LEGISLATURE HAS NOT ACTED, CAN YOU TELL US INDEFINITELY UNDER THOSE TWO CONDITIONS YOU WILL ORDER CUT OFF?

A- THERE ALWAYS SEEM TO BE NEW CIRCUMSTANCES. IF THE COURT RULES AGAINST THE STATE OF CALIF. WE WILL HAVE NO CHOICE BUT TO CUT OFF THE FUNDS.

END FOR NOWO



Welfare

AC94PX

VVXUIV

URGENT

California Welfare Lead

WASHINGTON AP - The Nixon administration reversed today its decision to cut off 700 million in aid to California after Gov. Ronald Reagan promised to comply with federal relief regulations.

An aide to Elliot Richardson, Secretary of Health, Education and Welfare, said the receipt of a telegram from Reagan this morning caused administration officials to reverse their earlier decision to end matching welfare financial aid to California because of the state's alleged violations of federal regulations.

The aide said California promised to alter its maximum payment to families receiving aid for dependent children as soon as courts allowed the change.

At issue in California's supposed failure to fulfill the 1967 law requiring a cost-of-living adjustment in maximum payments to AFDC families. But states are allowed to pay less than the full maximum they establish.

A federal, etc., 7th graf AC65

By G. C. THELEN Jr.

Associated Press Writer

Lt94:acs Jan. 8

1970

PB  
FYI  
State of California

## Memorandum

Human Relations Agency

*file*  
To : Edwin Gray  
Associate Press Secretary  
Governor's Office  
State Capitol

Date : April 1, 1970

File No.: 25:24

Subject: Status of Social  
Security Pass-On


From : Office of the Secretary

The federal Tax Reform Act of 1969 increased Social Security benefit payments by approximately 15% effective January 1, 1970. Sections of the Act require that all of the increases received by beneficiaries for the months of January and February are to be disregarded for the purpose of computing public assistance grants excluding Aid to the Potentially Self-Supporting Blind. In addition, four dollars (\$4.00) of the increases for the months of March, April and May are required to be disregarded (excluding Aid to Families with Dependent Children and Aid to the Potentially Self-Supporting Blind) in computing aid; "passed along", in other words. As a result:

1. California is passing on the increase to the extent required by federal law, but no more;
2. Public Assistance recipients who have OASDI income will get the full 15% increase for January and February. In March, April and May they will get \$4 of the increase. Thereafter, they will get none of the increase, as permitted by the Social Security Amendments of 1969;
3. The additional Social Security income saves the State \$19 million in aid payments in 1970-71. This has been anticipated in the Governor's Budget;
4. Congress, however, may pass emergency legislation to mandate the \$4 "pass on" in 1970-71;
5. The California Legislature is also considering bills to require passing on up to \$7.50 in the next (70-71) fiscal year;
6. The Legislature is also currently considering several measures which would increase the public assistance grants of persons not receiving social security benefits by four dollars (\$4.00). This department is opposing these measures on the basis of the cost of living adjustments granted in December, 1969. Passing on \$4.00 to social security recipients would cost an estimated \$6.2 million for Fiscal Year 70-71. If \$4.00 were also given those not receiving Social Security, it would cost another \$4.5 million.

The State Department of Social Welfare has issued Department Bulletin No. 6557 (attached) to implement the Tax Reform Act. This bulletin provides the legal authority for California to carry out the federal mandate. The pass-on provisions apply only to those public assistance recipients who receive Social Security benefits.

This month, Social Security beneficiaries will receive a lump sum check from the Social Security Administration for the amount of increase applicable to January and February. This check will have no effect on the grant received by public assistance recipients excluding Aid to the Potentially Self-Supporting Blind. Social Security checks received after April 1, 1970, will reflect the 15% increase for beneficiaries. The amount of this increase, less \$4.00, will be deducted from public assistance grants received by Welfare recipients for the months of April, May and June, excluding Aid to Families with Dependent Children and Aid to the Potentially Self-Supporting Blind.



WALTER L. BARKDULL  
Assistant to the Secretary  
Human Relations Agency

cc: Jerry Martin  
Dennis Flatt

## Memorandum

To : Paul Beck, Press Secretary  
Office of the Governor

Date : April 21, 1970

Subject: Preliminary Information  
on U.S. Supreme Court  
Decisions--Percy v.  
Montgomery; Lewis v.  
Stark

From : Department of Social Welfare  
744 P Street, Sacramento 95814

The Supreme Court reversed the three-judge district court by upholding health and welfare federal regulations dealing with the income of a step-father and a man in the house.

The gist of the opinion is that, in the absence of proof of actual contributions by a substitute father, the state may not assume that the income of the man in the house is available for the support of a dependent children family. In other words, no benefits can be denied or reduced until such income is actually available for current use on a regular basis.

The State of California had heretofore interpreted language in the Social Security Act which permitted the state to consider for grant purposes, funds from the man in the house. However, a federal regulation ran counter to that interpretation and the court favored the federal regulation.

The step-father provision was written into law in California in 1951; the man-in-the-house provision became a state regulation in 1956. It was enacted into law in 1961.

An approximate estimate of what this decision will cost is as follows:

State General Funds	\$11,675,000
County	11,621,000
Federal	16,870,000
Total	<del>\$40,166,000</del> → 34,167,200

The court's opinion will definitely influence and perhaps preclude Sections 60 and 61 of Duffy's Bill AB 1360. The decision, of course, will reduce fraud as postulated in the department's fraud study because the court has eliminated, for all intents and purposes, the crime involved.

As Lowell Thomas used to say, "There's good news tonight." In this case, we have just received word that the Supreme Court has vacated the judgment of the District Court in Kaiser v. Montgomery. The case is being remanded to the District Court for further consultation in light of the Dandridge decision. Nothing will happen until there is a further hearing in the U.S. District Court in San Francisco. Kaiser looks like a winner.

*Robert Martin*  
ROBERT MARTIN  
Director

cc: Lucian B. Vandegrift

70-71

8,470,900  
4,081,800  
12,251,000

24,810,800

G. F.  
Counties  
Fed.

Tot.

Est. fiscal  
impact in  
1970-71

# Memorandum

To : Rus Walton  
Program Development Secretary

Date : May 7, 1970

File No.: 21:23

Subject: California's ranking in  
Public Assistance payments

From : Office of the Secretary

*file*

For your consideration in preparing any statements for the Governor, I am transmitting herewith a memorandum prepared by Dennis Flatt, of our staff, regarding California's ranking in Public Assistance payments. These items often come into controversy, and I felt should be available to the Governor for whatever value they may be in dealing with averages.

LUCIAN B. VANDEGRIFT  
Secretary

cc: Paul Beck, Press Secretary  
Robert Martin, Director, Department of Social Welfare

LBV:sm  
encl

07 MAY 22 1970  
HUMAN RELATIONS AGENCY  
CALIFORNIA

# Memorandum

To : Lucian B. Vandegrift  
Secretary

Date : May 1, 1970

File No.: 26:35

Subject: California's Ranking  
in Public Assistance Payment

From : Office of the Secretary

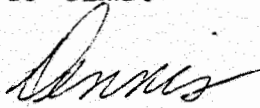
For your information, I have extracted a few statistics from the November, 1969 edition of Public Assistance Statistics, which is a publication of the U.S. Department of Health, Education, and Welfare. I think that it is important to keep on top of California's ranking with respect to other states, since this question is frequently asked.

Name of Program	California's Ranking	U.S. Average Payment	California's Payment
<u>Old Age Assistance (OAS)</u>	#3	\$73.40	\$107.70
Comment: California is exceeded by the state of New Hampshire, which pays \$117.70; and the state of Iowa, which pays \$109.35.			
<u>Aid to the Blind (AB)</u>	#1	\$98.25	\$150.75
Comment: The next closest state is Massachusetts, which pays \$146.85			
<u>Aid to the Permanently and Totally Disabled (ATD)</u>	#3	\$89.15	\$126.70
Comment: California is exceeded by the state of Iowa, which pays \$135.45 and the state of Hawaii, which has an average payment of \$130.25			
<u>Aid to Families with Dependent Children (AFDC)</u>	#18	\$44.80	\$ 49.75
Comment: To keep this memo concise, I won't list the states which exceed California, but you may be interested to note how the other large states compare with California. New York has an average payment of \$64.05 per recipient; Illinois, \$50.30;			



Pennsylvania pays an average  
of \$52.15; Massachusetts pays  
\$68.65.

I'll try to keep you informed as these figures change from time  
to time.

A handwritten signature in cursive script, appearing to read "Dennis".

DENNIS O. FLATT  
Assistant to the Secretary

Gentlemen:

May I express my appreciation to both Chairmen and all members for their willingness to hear this presentation in joint session.

I come before you with news of a reduction in anticipated revenues and, at the same time, facts concerning expenditures, largely beyond our control, that will exceed original estimates.

With your permission, I should first like to turn to fiscal year 1969-70, the year which is just now drawing to a close. Our revenue estimates for this year were made about December, 1968 and were presented to the Legislature in early February, 1969. Few economists in this country predicted at that time that nearly a year later the stock market would suffer a substantial decline, cutbacks in the aerospace industry would increase unemployment and some weak spots would appear in the economy.

Nevertheless, these events did occur and it is not surprising to any of us that, as a result, we will receive from various tax sources this year less money than originally anticipated. It now appears that revenues will fail to achieve our projected goals by only \$9 million.

Welfare expenditures will be substantially above original projections. It was originally anticipated that the State would pay out for welfare \$526 million. Subsequently, this was increased \$26 million to a new total of \$552 million. It is now apparent that expenditures will exceed even this amount by \$20 million, for a full year total of \$572 million. There is some correlation between a softening economy and an increase in welfare payments, although it is less than might be expected. Many of those who have recently become unemployed have substantial unemployment insurance. Additionally, many are skilled persons from the aerospace industry who normally do not become welfare recipients. Either their own financial resources or exceptionally strong motivation toward reemployment keeps them off welfare rolls. However the award of the B-1 contract to California, announced Friday by Senator Murphy, will certainly ease the unemployment problem in Southern California.

The Director of Social Welfare does tell me, however, that welfare rolls continue to expand beyond original projections in part due to activity of those who advise potential welfare recipients of additional benefits available. The Director further informs me that some of these advisors are employed by the federal government.

It is not my purpose here to debate the philosophy of this activity but only to apprise you of its financial implications.

The total population of California now slightly exceeds 20,000,000 and the number of welfare recipients at the city, county and state level is currently estimated to be in the neighborhood of \$1.8 million. This includes the categorical aids at the state level and indigent aid at the county level. In these categories, it appears that approximately one out of eleven persons in this state is receiving some form of welfare grant.

The Medi-Cal program has stayed within its budget for 1969-70, but to leave this impression without some explanation would be misleading.

Medi-Cal expenditures have actually exceeded original projections by approximately \$18 million. However, diligent work on the part of auditors for the Department of Health Care Services has simultaneously discovered overpayments made during earlier years. These overpayments, which we term audit recoveries, were made in large part to counties and amount to approximately \$18 million.

An opinion was obtained from the Attorney General that these audit recoveries were properly creditable to this year's operation and they have been so credited.

The situation, however, is not as simple as merely expending \$18 million more than was anticipated and balancing this by unanticipated audit recoveries in like amount. The audit recoveries are not in cash, but over a period of months must be retrieved from the counties in order to disrupt as little as possible their cash flow.

Had no further administrative actions been taken, the budget for the Department of Health Care Services would have been in balance, but their cash flow would have been short by the approximate figure of \$18 million. This situation was compensated for by the fact that the Department of Health Care Services did not pay to the Department of Mental Hygiene billings of some \$19 million in the current fiscal year. This will be reflected as an amount payable at the end of the year by the Department of Health Care Services and an amount receivable by the Department of Mental Hygiene, and can be liquidated as the audit recoveries are reflected in cash.

At the same time, I should point out to you administrative actions taken by the Director of Health Care Services which will have an effect upon the 1970-71 fiscal year. It became increasingly apparent that

bills submitted by providers to the intermediaries were improperly made out. Therefore, in August, 1969, the Director of Health Care Services sent a letter to the intermediaries, stating that commencing April 1, 1970, the intermediaries would return all bills not fully made out. This action actually began in May 1970 after notification to all providers

The effect, however, is certainly to postpone from 1969-70 to 1970-71 a certain amount of payments.

We are greatly impressed with the C.H.A.P. project in Sacramento County which has greatly reduced the average stay in hospitals here. This concept can now be exported statewide with a corresponding reduction in hospital stay. We are hopeful that this can be done with the support of the California Medical Association.

Departments funded from the General Fund will make additional savings in the current fiscal year of approximately \$38 million. These savings are over and above all budgeted savings and come about through stringent efforts of department heads to economize.

These savings more than offset the drop in revenue and the increase in welfare expenditures. The net result will be a surplus \$9 million larger than anticipated at the end of fiscal year 1969-70. To this \$9 million can be added \$4 million reported to us by Departments as prior year savings. This totals \$13 million.

I should like now to turn to the revenue picture for 1970-71.

When I first presented the 1970-71 budget to you, I indicated General Fund revenues would be \$4.76 billion if inflation continued at its current pace, but \$4.65 billion if an economic dip took place.

Because economists nationwide were evenly split on the course of the economy, we advised you that we were arbitrarily choosing a middle ground of \$4.707 billion.

It is now evident that economic trends have followed the latter course; that is, a slight hesitation.

Our current projection of General Fund revenues is \$4.636 billion, very close to the lower estimate made in February but a drop of \$71 million from the middle projection chosen.

I would like now to turn to the picture on welfare and Medi-Cal both insofar as the State is concerned and also the federal government and the counties.

There is ample evidence financially that we have created services for our people which are rapidly growing beyond our ability to pay. On the federal level, let me give you an example. There is now before



Congress a bill to make administration of welfare services a closed end appropriation and to set the limit at 110 percent of this year's figure. If administration were used as that term is commonly understood, there should be little difficulty in living with a 10 percent increase. Unfortunately, however, administration in the welfare sense is far different.

Under administration the federal government lists, for example, all of the salary of each social worker. The need for social workers is determined by caseload. The size of caseload and the eligibility are in large measure determined by federal statutes and regulations.

Thus, on one hand, the federal government is telling us who may be a welfare recipient and how many employees we will need to process this caseload. On the other hand, it is informing us that we cannot expect more than a 10 percent increase in federal funds to cover this expense, no matter how large it grows. The result, obviously, is to shunt off a tremendous burden to the states and the counties.

Turning for a moment to the county level, we find county supervisors strongly protesting the welfare burden which is placed upon them by the federal government. Supervisors are vigorous in blaming substantial tax increases on these activities. In Los Angeles, for example, the supervisors have proposed a 94 cent tax increase. The present county tax rate is \$2.90 per \$100 assessed valuation, so the new rate represents almost a 33 percent increase in one year.

Of the 94 cents additional need, the County Administrator informs me 57 cents is brought about by welfare and 6½ cents by Medi-Cal type expenses.

There, the number on welfare is expected to be 842,000 next year, up 156,000 from this year. One out of nine will be on welfare.

Recipients on AFDC numbered 304,000 in April, 1968, when the courts ruled out duration of residence. By June 30, 1971, three years later, the number is expected to be 672,000, or more than double. While the entire growth is not attributable to this ruling, a portion of it is.

Ventura County has had a long history of small annual county tax increases and even some decreases. Prior to this year, the largest increase was 9 cents. This year it is programmed at 44 cents, with 10 cents alone being allocated to welfare increases.

When I presented the budget in early February, I pointed out that the four year budgeted growth in both welfare and Medi-Cal had been 80 percent and that there was no letup in sight. I am now before you

to state that even our original estimate of some 16 percent increase in the budget year coming up for these two services is below reality. Current projections indicate that welfare will increase an additional \$40 million and Medi-Cal an additional \$30 million.

These spiraling increases must be brought to a halt if the taxpayer is not to be crushed or normal functions of state and county governments squeezed out of existence.

This Administration has spoken out repeatedly on the need for limits on welfare spending. Recently the Governor communicated directly to the President his concerns regarding a proposed welfare program before the Congress.

We are working directly to achieve modification of federal regulations which are unnecessarily costly.

As an example, the courts recently held that a welfare recipient is entitled to a hearing before his payment benefits can be discontinued. The judge did not specify the type of hearing. California has a two-step process---an evidentiary hearing held by the county, where many cases are quickly and fairly disposed of, and a more formal, "fair hearing" conducted by the state.

Under the latter, a miniature trial is conducted, with a full and complete transcript kept and typed, a recommended decision made which must be reviewed and passed on at a higher level.

The Secretary of HEW now proposes that all cases being discontinued or receiving a reduction in payments must go through the full "fair hearing" process, effective July 1, 1970. This will increase costs tremendously. The state will have to hire an estimated 100 referees and support personnel to pick up the extra workload. Meanwhile, the state must bear the cost of continuing welfare payments pending the outcome of the more burdensome "fair hearing" procedure, no matter how unjustified the claim.

This proposed regulation goes beyond the limits imposed by the United States Supreme Court. The court did not specify hearings for payment reductions, nor did the courts specify formal "fair hearings." In fact, the court supported the use of evidentiary type hearings. Therefore, there is no good reason why these federal regulations should not strictly comply with the lesser requirements set forth by the court.

The Director of Social Welfare will be prepared, at your later convenience, to give you additional examples of instances in which regulations have exceeded statutory law. No longer can we in the State or the counties bear the unnecessary burden of regulations which go beyond legal requirements.



There have been many suits carried to the Supreme Court by welfare recipients, anxious to enlarge their benefits. There have been few by cities and counties, seeking to limit spending which is depriving the majority of their citizens of other services which they very much want.

We are confident that, working in cooperation with Washington, we can obtain consideration of this problem. In the event we are unsuccessful, we will have no hesitation in joining with our cities and counties in an effort to get relief through the courts.

We recognize that changing federal welfare regulations will be a lengthy procedure, necessitating the prediction that welfare expenditures will be \$40 million more than originally anticipated.

The drop in revenues plus the increases in welfare and Medi-Cal add up to a total of \$141 million. Since the Governor's budget must be in balance, I should like now to turn to the ways in which we expect to meet that figure.

We originally predicted a free surplus of \$28 million at the end of 1970-71. We have this evening noted that the current year will end \$13 million better than anticipated.

These figures total \$41 million, all of which is available to meet the projected shortage of \$141 million.

The Department of Finance has already forwarded letters to the Budget Committees, reducing the Governor's budget by a net \$15 million, of which we may now take note. We are now faced with a problem of finding \$85 million.

After careful deliberation, one of your committees voted to eliminate salary increases for instructional and instructional related positions at the University and the other voted similar action at the State Colleges. We now indicate our willingness to accept that decision and are suggesting a decrease in the budget of \$19 million, which was the total of your separate actions.

We are also agreeable to your action in declining to fund the Academic Senates of the two segments of higher education, a reduction of approximately \$½ million.

Originally, the Governor's budget contained \$34 million in capital outlay from the General Fund for higher education. Some of this is for projects which are started, or for equipping facilities which are nearing completion. We propose the elimination of \$20 million from General Fund projects presently available or included in the Governor's budget.

By agreement made several years ago, overhead funds provided through contracts with the federal government are divided between the University and state government. In the current year these funds exceed original estimates by \$5 million and the General Fund share is \$2½ million. This does not involve any renegotiation. In fact, the University will also be receiving from this source \$2½ million more than expected.

I have already spoken out strongly against the unchecked spending in welfare. In the limited field available to us, we propose to reduce this crushing blow upon taxpayers by \$21½ million through the following actions:

Reduce homemaker and attendant care	\$10 million
Reduce special needs	2 million
Eliminate special home repair allowances	1½ million
Redefine unemployment at 30 hours	1½ million
Reduce educational stipend	½ million
Reduce personal grants---out of home care	5½ million
Cut Department of Social Welfare budget operations	½ million
	<hr/>
	\$21½ million

I also have been informed that there is approximately \$5½ million available through increased audit recoveries of the counties in the Social Welfare program. We hope that once put on notice that the counties will put their house in order and thereby reduce costs as reflected in the ongoing program rather than as audit recoveries.

A total of \$4 million will become available to the General Fund as a result of federal matching in the childrens' centers program. The Departments of Education and Social Welfare have developed an inter-agency contract which will provide for improvements in the existing program and will produce federal matching funds. The improvements in this program will result from meeting the Federal Interagency Day Care Standards required for federal matching.

There will be available in 1970-71, including prior year funds, \$12 million on a cash basis for reimbursement of local expenditures for flood control projects. The program has been moving very slowly as it depends largely on federal funding and the federal government has major budgetary problems. We believe a reduction here of \$4 million will leave sufficient funds to sustain the program at the 1969-70 level of reimbursement.

We originally requested \$1 million for the Title V-Manpower Development and Training Act in the expectation the program would be funded at the federal level. The federal funds have not been forthcoming, therefore State funds will not be necessary.

Two minor shifts to federal funding, in vocational educational funding and Public Health regional diagnostic centers, will make available \$1½ million.

Textbooks are normally printed on a multi-year cycle but need not be. By printing only one year's needs, not a single student will be deprived of a single text, but \$1½ million can be saved. Obviously this is a deferment to a "pay as you need" basis.

Property tax relief for senior citizens amounted to \$7.8 million two years ago, and \$8.2 million this year, an increase of \$400,000. Even if this increase were to double to \$800,000 in the budget year, a total of \$9 million would suffice. Since we had budgeted \$10 million, we can safely lower this estimate \$1 million.

We can withdraw \$2½ million from capital outlay designed for development at San Clemente State Beach and \$½ million from Agricultural District Fairs and the Exposition for \$3 million in reductions. I have been informed it would not be possible to spend the San Clemente money in 1970-71 in any event.

This balances the budget but I would like to return momentarily to higher education. With the passage of Proposition 7, sale of higher education bonds becomes possible again. The Treasurer has already announced an offering of \$50 million for June 16 which must be considered when evaluating the \$20 million cut proposed.

Thank you very much.

*Verne Orr  
Director  
Dept. of Finance*

WELFARE REFORM

C. - 2.

Welfare  
6-11-70

1. Pending enactment and implementation of national welfare reform legislation, Congress should immediately amend Title IV A of the Social Security Act so as to provide that, irrespective of any other provisions of law, families with total gross income from all sources which is equal to the income received by a specified percentile (lower 25%) of all families in a particular state or the poverty level, whichever is lesser, would be ineligible for any aid payments in which the Federal Government participates.
2. Insure that any federal welfare legislation passed by the Congress contains the following provisions:
  - a. Clearly establish that its purpose is to assure a national minimum standard to support those unable to take care of themselves;
  - b. Establish a method for determining an acceptable range of state effort in support of aid payments. This might be expressed as a relationship between state expenditures for welfare and such bases as per capita income; total state budget; federal income taxes collected in that state, etc.
  - c. Specify that the Federal Government would share national revenues with the states in whatever amount is needed to make up the difference between state fiscal resources and effort (as determined in accordance with "b" above) and the cost of maintaining national minimum standards of aid.

- d. Establish minimum standards for aid which take into account national differences in the cost of living.
  - e. Provide financial incentives to states to administer on an integrated basis all the aid payment programs in that state regardless of funding source.
  - f. Provide financial rewards to states which demonstrate the capacity to administer these programs at some specified level of efficiency above national norms.
4. Immediate action by the Secretary of HEW to:
- a. Establish "net" earnings as the basis for determining the amount of earned income to be disregarded under current provisions of law.
  - b. Maintain the present two-step fair-hearing process as authorized by the U.S. Supreme Court.
  - c. Make the use of simplified methods of determining eligibility for AFDC completely optional with the states.
5. Hunger and malnutrition exist in the states. Current food and nutrition programs are diffuse and tangled in conflicting administrations. They are ineffective in reaching the most seriously deprived families and children. To combat hunger and malnutrition:
- a. Consolidate state and local administration of food programs under one agency to increase efficiency and fiscal control.
  - b. Make programs more accessible to the most needy - persons with little or no income, lacking transportation, having insufficient cash for food stamp purchase, ignorant of help available.

- c. Remove existing provisions prohibiting counties and cities from participating in both the Food Stamp Program and the Federal Commodities Distribution Program.
- d. Reduce the purchase requirements for food stamps.
- e. Generate broad community understanding and participation through public information and enlistment of volunteers to help in consumer education and training of low income people in purchase and use of food. Employ the poor in such programs.
- f. Test innovative programs and procedures in critical poverty areas. Prepare for extension of successful ventures into all communities of the most needy persons.

California comments June 11, 1970



*Questioning  
policy*

C. - 2.

WELFARE REFORM

1. Substitution, on a phased basis, of a federally financed system of welfare payments for the current federal-state program for the aged, blind, disabled and dependent children, and including also the general assistance programs now financed by the states themselves. Eligibility and grants would be determined by the federal government; the system would be state administered under federal guidelines. The system should include realistic income exemptions to provide incentives for persons to seek employment. Adequate daycare for children of working mothers and an expanded federal job training program should also be assured.
2. Increase in the present levels for all payments under the Old Age Survivors Disability Insurance Programs with a minimum payment of \$100 per month.
3. Transfer of the present Old Age Assistance, Aid to the Permanently and Totally Disabled and Aid to the Blind programs to the Social Security Program, with payments being made from federal general revenues to the Social Security Trust Fund to cover the increased cost.
4. Review by the Secretary of Health, Education, and Welfare of federal regulations promulgated by his predecessor as to their adverse effect with respect to the following:
  - a. The use of the declaration system for determining welfare eligibility.
  - b. The continuation of welfare payments during the pendency of appeal to persons whose grants are reduced or who are determined ineligible, and the requirement that states assure the provision of attorneys for appellants.
5. To combat hunger and malnutrition:
  - a. Increased federal funds for the Food Stamp Program so that welfare recipients and low-income persons in all states could be covered by the Food Stamp Program.
  - b. Removal of existing provisions prohibiting counties and cities from participating in both the Food Stamp Program and the Federal Commodities Distribution Program.
  - c. Reduction of the purchase requirements for Food Stamps and, where necessary, provision of free stamps to welfare recipients.
  - d. Consideration of providing food stamps in lieu of a portion of welfare payments, subject to the approval of the recipient.

- e. Transfer of the Food Stamp Program, programs under the School Lunch Act and the Commodity Distribution Program from the Department of Agriculture to the Department of Health, Education, and Welfare.
- f. Expansion of federal, state and local programs to provide nutrition education.

*existing policy*

C. - 3.

HEALTH

1. Adoption by the federal government of a national universal health insurance program coupled with hospital cost controls as the primary method of keeping rising health costs from preventing all people from receiving the medical care they need. Such a program should utilize the existing private enterprise medical system. Publicly paid programs such as Medicaid should be used only as a secondary program for those who have used up their insurance benefits. Medicaid should be 100% federally financed.
2. Adequate funding by the federal government of (a) the Federal Supplementary Food Program for low-income groups vulnerable to malnutrition to make selected nutritious foods available to infants, pre-school children, pregnant women and nursing mothers, and (b) programs to provide free or reduced-priced lunches and breakfasts through schools, summer recreational programs, and daycare centers to assure all children from low-income families one or two nutritious meals per day.
3. Expansion of federal and state programs of grants and loan payments to encourage the development and rehabilitation of health facilities particularly in low-income areas where maternal and child health care is inadequate.
4. Review of the formula for the allocation of federal funds for the construction and modernization of health facilities to assure that the funds are being devoted to meeting the Nation's most urgent needs.
5. Assurance that the allocation within a state of federal funds for the construction and modernization of the various types of health facilities be based on priorities developed by the state and be in accordance with plans developed through state comprehensive health planning.
6. Placement of responsibility for comprehensive health planning in the Office of the Assistant Secretary of Health and Scientific Affairs of the U. S. Department of Health, Education, and Welfare. Such a designation by the Secretary of HEW would be complementary to the major responsibility and reliance placed on such efforts by Governors and enhance the possibilities of achieving a federal-state "partnership" for the improvement of health services.

National Governors' Conference  
61st Annual Meeting  
Colorado Springs, Colorado  
August 31 - September 3, 1969

C. - 5.

MANPOWER TRAINING AND DEVELOPMENT

1. Enactment of federal legislation which would consolidate federal manpower programs, provide for flexible funding of these programs, and enable the states to coordinate all manpower training and development activities within a state.
2. Review by Governors of the state administrative structure for manpower programs to assure that each state has (a) an effective mechanism to develop a comprehensive statewide manpower plan and (b) an agency which has the capability to administer a unified system of manpower services.
3. Establishment of a national computerized job bank which would provide information regarding available jobs and job applicants.
4. Provision for systematic review and assessment of the effectiveness of manpower programs.
5. Establishment of State Manpower Training Staffing Centers with federal financial support to assure an adequate supply of trained personnel to plan and administer manpower programs.
6. Increased efforts by states to work with private business to increase job opportunities for the disadvantaged. Specifically, Governors should work with the National Alliance of Businessmen in the development of statewide "Jobs" program.

MANPOWER TRAINING AND DEVELOPMENT

1. Enactment of federal legislation which would consolidate federal manpower programs, provide for ~~flexible-funding-of-these programs, and enable the states to~~ block grants and delegate to the states the authority necessary to plan and coordinate all manpower training and development activities within a state.

2. Review by Governors of the state administrative structure for manpower programs to assure that each state has (a) an effective mechanism to develop a comprehensive statewide manpower plan and (b) an agency which has the capability to administer or contract for a unified system of manpower services.

3. Establishment of a national computerized job bank which would provide information regarding available jobs and job applicants.

DELETE - Explanation: On the basis of today's technology, this is not economically feasible. In addition, the practicability of considering the entire nation as a job market for the purpose of matching workers with jobs should be seriously challenged.

Items 4, 5, 6 - no changes.

California comments June 11, 1970

# Memorandum

To : Honorable Ronald Reagan  
Governor

Attn: James Crumpacker  
Cabinet Secretary

Date : August 10, 1970

File No.: 24:34

Subject: Press Briefing

From : Office of the Secretary

1. Unruh said in a television interview Sunday that the welfare system is a mess, that recipients who can work must be found, that we must insist on their doing something and get them jobs. He said the State was without plans. Syd Kossen Sunday identified unemployment as a critical campaign issue. Watts unemployment is reported worse than in 1965 and general unemployment in California is up from 6 in June to 6.2 for July.

I am glad that Mr. Unruh agrees with me that welfare is a mess, but I would prefer that he help do something about it.

## The Facts:

AB 1360, administration supported welfare reform bill, provides for a public works employment program to be established by the Department of Human Resources Development. It would provide that all employable welfare recipients be referred to the program or to the Work Incentive Program in those counties that have the latter.

When the bill came to the Assembly floor for passage, Mr. Unruh was absent on personal business. The bill was approved, however, and is now in the Senate. (A hearing was to start at 3:30 P.M. today.)

This may lead to a question whether in view of the State Social Welfare Board's attack on the fraud provisions of AB 1360 the administration still supports AB 1360.

The bill does have our strong support in general. We share the Board's view that the fraud provisions were weakened by Assembly amendments and are working with the author to correct this problem.

The subject may also lead to questions about the WIN "cut". We have not cut WIN. The current appropriation for training is the same as was spent last year. We budgeted the same for training-connected expenses of the enrollees such as transportation. Later we found that actual expenditures for the



training-connected expense only exceeded the amount budgeted. One of the problems was that individual counties had no way of relating their expenditures to the total appropriation. To correct that, we have established an allocation system so that each county will know how much it can spend for this purpose. Meantime we have instructed the counties to continue at their present levels while we analyze the cause of the higher rate of spending and explore various possibilities of funding. There have been no cuts in the training program.

Perhaps because of his absences, Mr. Unruh seems unaware of other actions we have taken.

For example, the State Department of Rehabilitation completed a survey of more than 167,000 welfare recipients and identified more than 20,000 who are potentially eligible for rehabilitation services. County welfare departments are now in the process of making formal referrals of these cases to the department. In the last fiscal year the department rehabilitated more than 3,600 welfare recipients for a savings of about \$3.5 million in welfare costs.

Just last week the Department of Human Resources Development announced a pilot program to pit state workers against private employment agencies in finding jobs for welfare recipients. Both the welfare recipient and the taxpayer will be the winners in this unusual contest and I don't see how anyone can lose. About 5,000 welfare recipients will be involved in this test program.

There may be a question about CSEA opposition. The Governor should express confidence in the State workers. This is not a slap at them. There is, unfortunately, more than enough persons on welfare to keep both the department and the private sector busy.

Another plan to find jobs is also getting underway. HRD is making a concerted effort to make employers aware of the problem and enlist their help in getting persons off the welfare rolls and on to payrolls.

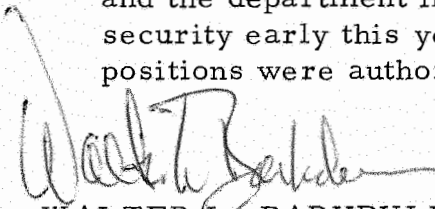
They are using the slogan "Give a hand up -- save a handout." The Department isn't just sloganeering, however. We are asking employers to tell us what they need. The Department will then try to motivate and train welfare recipients to fill the employer's need. That's a brand new approach.

The adjusted rate of unemployment was 6.2 for July, up from 6.0 in June. The rise was associated with the slowing of the pace of the economy related to the campaign against inflation.

We have taken steps to stimulate employment in California without increasing inflation. For instance, I have asked release of road-building funds. . I have signed legislation that, if approved by the voters, will permit a much-needed improvement in local sewer system . . to help them win the fight against pollution and also help the construction industry. We have increased the interest on bonds - making them marketable - and continued the water project and others.

The State won a partial victory in the long-hair case. The class action and the restraining order were lifted. This means local office managers can continue to use their own discretion on paying UI benefits based on availability for work. It should be emphasized that each manager makes his own decisions. All UI determinations can be appealed.

2. Prison Problems. I attach suggested responses for the basic questions that may be anticipated. In addition, it should be noted that the administration approved and the department implemented a five-post coverage system that gives greater security early this year in the Department of Corrections. Eighty-one new positions were authorized, 33 of them at Soledad.



WALTER L. BARKDULL  
Assistant to the Secretary

Attachment

State of California

## Memorandum

To: Mr. Walter L. Barkdull  
Assistant to the Secretary  
Human Relations Agency  
915 Capitol Mall, Room 200  
Sacramento, California 95814

Date: August 10, 1970

File No.:

Subject:

From: Department of Corrections, Sacramento 95814

Here are some possible subjects which may arise at the Governor's Press Conference and the comments we think would be appropriate. This is in response to your request.

Courtroom Security and Convicts

The procedures followed in individual courtrooms should remain the responsibility of the court and local law enforcement agencies. The Department of Corrections must continue to comply with requirements laid down in such matters by the courts. While the tragic incident in San Rafael involved inmates from San Quentin, the same situation might well arise any time with defendants housed in the local jail, that is, an armed accomplice entering the court and kidnapping hostages. Suggestions have been made that all the courtrooms should initiate strict security provisions for persons entering. Another suggestion would involve the holding of court for inmates in the prisons themselves. Both suggestions involve legal and monetary factors which should receive thorough study by local authorities.

Prison Problems Generally

*few* The current concern growing out of several violent incidents, comes at a time when the overall operation of the ~~prison in the entire~~ STATE correctional system is going along quite well. The prison return rate has dropped sharply in the last ~~five~~ years. Prison intake is down consistent with the aims and purposes of the Probation Subsidy Program. Innocuous offenders are being retained in the community under the supervision and control of probation officials. The state prison system is receiving a much higher percentage of offenders who have been sent to prison for crimes of violence. Ten years ago, violent offenders made up only 33 percent of the state prison population. Today, the proportion is up to 46 percent.

Generally speaking, prison operations and activities reflect similar situations in the free world. If there are racial problems in the free world, you can expect to find them in prison. Only, prison problems will be more serious since they occur in a smaller, closed society and since prisons contain individuals who represent the extremes of racial hostility in the world.

If there is an increase of violence in the general society, we might expect an increase in prison violence, especially since non-violent offenders are being systematically removed from the state prison picture.

Our prison system, in the opinion of nearly all prison authorities, is one of the nation's best. We place great emphasis on rehabilitative programming. There are academic classes ranging from literacy courses through college. We teach 45 job skills. There is great emphasis on group counseling. The prison industries program provides practical work experience. The people who work in our prisons have a very difficult job. They must deal with hostile, aggressive and maladjusted individuals trying both to retain firm control on the one hand and also extend an opportunity through correctional programs for offenders to re-establish themselves as law-abiding citizens.

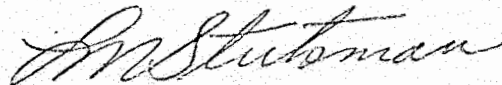
#### Special Investigations

I believe that the investigation which is being conducted by local authorities into the terrible tragedy in Marin County may reveal security deficiencies or other factors which should be studied by those responsible for courtroom security in other locations.

With respect to any suggestions concerning a general look at the state prison system, this is already being done under the auspices of the Board of Corrections. The Board is looking at the entire criminal justice system in this state since you can't really consider one phase without getting involved in the problems experienced by other segments. I do want to emphasize that our prison and parole operations are under constant scrutiny and are staffed with experienced, dedicated professionals. There

August 10, 1970

are probably more experienced administrators and line employees in the California Department of Corrections than in any other similar department in the country. They are our experts in dealing with the hard problems and challenges which face persons in the Corrections field.

A handwritten signature in cursive script, appearing to read "L. M. Stutsman".

L. M. STUTSMAN  
Chief Deputy Director

## Memorandum

To : Governor's Cabinet  
Governor's Senior Staff

VIA Lucian Vandegrift, Secretary  
Human Relations Agency

Date : December 9, 1970

Subject: Welfare Summary  
Sheet

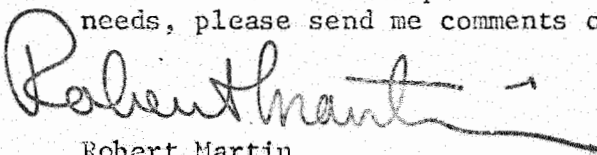
From : Department of Social Welfare, 744 P Street, Sacramento 95814

At the end of December and every month thereafter, you will receive a wallet-sized monthly statistical summary of public assistance caseloads and expenditures published by the State Department of Social Welfare.

The front side of the summary sheet contains breakouts by public assistance program of caseloads and expenditures for the most recent month, for the month previous, and for "the most recent month" one year ago. The three months of data allow a monthly comparison and a twelve month comparison. Also shown on the front side under the column "payments" are the average monthly payments per recipient for the various programs.

Information on the reverse side of the sheet remains unchanged from month to month unless altered by State or Federal legislation or regulation. The data relate to State, County, Federal cost sharing formulas for various public assistance programs. Also listed are maximum grants allowed for the typical case in various programs.

If either content or presentation of the information falls short of your needs, please send me comments or suggestions for improvements.

  
Robert Martin  
Director



GOVERNOR'S CABINET

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Lucian Vandegrift

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State of California  
Human Relations Agency

PUBLIC ASSISTANCE CASELOADS AND EXPENDITURES  
October 1970

Department of Social Welfare  
Research and Statistics  
November 23, 1970

Program	Aid recipients & persons certified for medical assistance only			Payments		
	Oct. 2/ 1970	Sept. 2/ 1970	Oct. 1969	Oct. 2/ 1970	Sept. 2/ 1970	Oct. 1969
				TOTAL		
Grand total, cash grant and medical assistance . . . . .	2,263,745	2,274,338	1,840,688	\$ NA	\$ NA	\$197,098,695
Cash grant subsistence . . . . .	1,980,664	1,942,710	1,560,516	141,763,258	138,939,176	113,206,066
Med. assist. only . . . . .	179,673	230,019	211,344	xxx	xxx	xxx
Medical assistance . . . . .	xxx	xxx	xxx	NA	NA	80,723,049
General home relief . . . . .	103,408	101,609	68,828	4,089,654	4,263,291	3,169,580
				Average <sup>a/</sup>		
AGED PERSONS						
Cash grant subsistence . . . . .	319,302	318,525	311,944	107.64	106.98	109.87
Med. assist. only . . . . .	57,091	60,704	58,294	xxx	xxx	xxx
Medical assistance . . . . .	xxx	xxx	xxx	NA	NA	73.52
BLIND PERSONS (AB/APS)						
Cash grant subsistence . . . . .	13,947	13,861	13,170	156.67	154.75	151.12
Med. assist. only . . . . .	1,026	1,040	919	xxx	xxx	xxx
Medical assistance . . . . .	xxx	xxx	xxx	NA	NA	77.40
DISABLED PERSONS						
Cash grant subsistence . . . . .	181,988	179,821	157,529	127.86	124.91	125.57
Med. assist. only . . . . .	15,168	17,611	15,345	xxx	xxx	xxx
Medical assistance . . . . .	xxx	xxx	xxx	NA	NA	118.42
FAMILIES WITH DEPENDENT CHILDREN						
Cash grant subsistence:						
Family groups: <sup>b/</sup> children . . . . .	856,225	839,064	665,150	76.13	76.11	69.87
cases . . . . .	348,606	341,085	258,825	186.98	187.23	179.57
total persons . . . . .	1,196,716	1,172,276	917,419	54.47	54.48	50.66
Unemployed cases:children . . . . .	141,684	136,602	82,294	74.45	73.52	68.85
cases . . . . .	49,680	46,543	25,337	212.33	215.78	223.63
total persons . . . . .	234,802	224,611	129,484	44.93	44.71	43.76
Bdg. Homes & Inst:children . . . . .	33,909	33,616	30,970	153.55	150.95	133.27
Medical assistance only:						
Family groups: <sup>c/</sup> cases . . . . .	34,933	47,967	41,977	xxx	xxx	xxx
total persons . . . . .	96,824	141,189	129,751	xxx	xxx	xxx
Bdg. Homes & Inst:children . . . . .	9,564	9,475	7,035	xxx	xxx	xxx
Medical assistance:						
Family groups: <sup>c/</sup> . . . . .	xxx	xxx	xxx	NA	NA	24.51
Bdg. Homes & Inst. . . . .	xxx	xxx	xxx	NA	NA	23.59
GENERAL HOME RELIEF						
Total persons . . . . .	103,408	101,609	68,828	39.55	41.96	46.05
Family cases . . . . .	16,285	16,167	9,952	63.93	67.08	67.19
Persons in family cases . . . . .	58,395	61,158	36,193	17.83	17.73	18.48
One-person cases . . . . .	45,013	40,451	32,635	67.72	78.59	76.63
Unemployed in labor force (%)	5.9	5.8	3.7 <sup>d/</sup>	xxx	xxx	xxx
Civilian population (excluding military) . . . . .	19,909,700	19,881,200	19,582,700 <sup>d/</sup>	xxx	xxx	xxx

<sup>a/</sup> Medical assistance averages based on persons in cases "open" during the month. Cash grant averages for adult aids computed from "net" person counts. <sup>b/</sup> Excludes U cases <sup>c/</sup> Includes U cases <sup>d/</sup> Preliminary  
NA - Not available

Revised January 13, 1970

GRANT PARTICIPATION					
PROGRAM		MAXIMUM GRANTS	FEDERAL	SHARING STATE	COUNTY
<u>ADULTS</u>	OAS	\$195.00	50%	6/7 Rmdr.	1/7 Rmdr.
	AB	202.00	50%	3/4 "	1/4 "
	APSB	202.00	-	5/6 Grant	1/6 Grant
	ATO	Based on Statewide Average of \$122.00 per month for Fiscal Year			
			50%	6/7 Rmdr.	1/7 Rmdr.

<u>CHILDREN</u>	MAXIMUM STATE BASIS				
	No. Children	1 ER	2 ER		
AFDC	1	\$148	\$166	50%	6 7/8 Rmdr. 3 1/2 Rmdr.
	2	172	191		
	3	221	239		
	4	263	282		
	5	300	318		
	6	330	349		
	7	355	373		
	8	373	392		
	9	386	404		
	10	392	411		
	11	399	417		
	12	405	424		
	13	412	430		
	14	418	437		
	15	424	443		

Plus \$6 for each additional AFDC child in FBU.

AFDC-BHI	FEDERAL BASIS	FEDERAL SHARE	STATE BASIS	STATE SHARE	COUNTY SHARE
<u>FEDERAL CHILDREN</u>	The average amount paid	50% of the federal basis	50% of the average payment up to \$100 per child per month	6 7/8% of the State Basis	Amount paid less federal and state shares.

<u>NON-FEDERAL CHILDREN</u>	The average payment up to \$80 per month.	6 7/8% of the State Basis	Amount paid less state share.
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#### ADMINISTRATIVE EXPENSE \*

For costs of providing required and recommended services, 75% Federal - 25% County.  
Other costs, 50% Federal - 50% County.

#### STATE SUBVENTION

\$65 State for each new or reissued license up to cost of administration for each fiscal year.

#### ADOPTION'S ADMINISTRATIVE EXPENSE

100% State for budgeted costs.

#### CHILD PROTECTIVE SERVICES \*

Federal 75% - County 25% (Funds limited to federal appropriation.)

\* 85% and 15% for AFDC and CPS Services through June 30, 1969.