

Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Reagan, Ronald: Gubernatorial Papers,
1966-74: Press Unit

Folder Title: Issues – Welfare (3 of 3)

Box: P32

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

re: Jobs for Employable Welfare Recipients with County Government *Welfare*

Gold seal, 1 tissue, 1 cc tissue, 1 green
(each ltr. will have a bbc to the County Adm. Officer of the
county the ltr. is being directed)

Mar @ 11 tabs @ 44 & 60 - (2pg. 7½ min. ltr.)

cc of 1st run to: JJC, BN, RAS, DT, BEE, FR, READERS, WASH, GOVERNOR
& 1 bbc to James Hall

June 16, 1971

The Honorable -----
Chairman, ----- County Board
of Supervisors
County Courthouse
-----, California

/My dear Supervisor/Dear --:

As public officials, we should all agree one of the greatest challenges we face is the development of a welfare program designed to preserve, rather than destroy, California's greatest resource--her people.

An important element of the program must be to generate opportunities for able-bodied welfare recipients to contribute to their own well-being. When regular employment or training is unavailable, it remains for state and local government to identify useful work that could be accomplished by employable welfare recipients.

In January, I asked the agencies and departments of state government to examine their operations and develop an inventory of jobs that could possibly provide work for such recipients. The response has been encouraging, and a wide range of work opportunities have been generated.

I am now asking your assistance, along with the help of other counties in California, to undertake a similar inventory of potential jobs within your county for employable welfare recipients. This inventory by governments at the state and county levels should enable us to move toward a comprehensive program that will place able-bodied welfare recipients, who cannot be placed in an existing job or a training program, in work projects as a transition to regular employment. The type of jobs I am asking you to inventory is, of course, as variable as the needs of your county. Several examples as set forth in

cont....

cont.

The Honorable -----

-2-

June 16, 1971

my welfare message are maintenance of recreation and park facilities, recycling of discarded waste products, school monitoring and supervision, crossing guards, disaster repair and cleanup, and child care activities. Such an inventory is limited only by our imagination.

As you may be aware, representatives of the Department of Human Resources Development have discussed with officials of your county the possibility of public assistance work programs. I would appreciate it, and it would be most helpful, if you could respond to this request by July 15, 1971. Your response and any questions you may have should be directed to the department, 800 Capitol Mall, Room 5046, Sacramento, California 95814 (telephone (916) 445-5489).

Your assistance in developing and compiling this inventory at an early date should be of mutual benefit to your county as well as all citizens of California.

Sincerely,

RONALD REAGAN
Governor

JJC:js

Form approved by



6/16/71

720

To Chrm. of Central Committee re: Welfare & Tax
Reform

Mar @ 15 tab @ 45 Gold seal, 1 tissue, 1 green

cc of 1st run to: MD, BN, RAS, DT, Bee, FR, Readers, Wash., &
Governor *Grace*

June 17, 1971

--
--
--
--
--

Dear --:

I will go on radio and television on Wednesday, June 23, in a last attempt to mobilize public opinion in favor of welfare and tax reform. Please notify all of our supporters so that they can help direct attention to this important message.

A schedule of broadcasts is enclosed. As you will observe, the coverage is sparse but it is limited to the resources available from the Citizens Committee for Welfare Reform.

Sincerely,

RONALD REAGAN
Governor

Enclosure

MD:js

Form approved by:

DT

6/17/71

blue seal, 1 tissue, 1 green Mar @ 8 tabs # 36 & 45

cc of 1st run to: BN, MD, RAS, DT, Bee, FR, READERS, Wash., & Governor

June 10, 1971

The Honorable -----
----- County Board of Supervisors
County Court House
-----, California

My dear Supervisor:

Yesterday, shortly after the Senate Health and Welfare Committee killed this administration's welfare reform legislation, a CSAC representative testified in favor of a so-called substitute "welfare reform" program authored by Senator Anthony Beilenson.

It is extremely difficult for us to understand why the CSAC staff took this position when, in fact, one of the provisions of the Beilenson bill would push on to the counties an additional \$83 million in increased costs. As you know, this new burden would end up coming out of the pockets of our already overtaxed homeowners.

I must assume the CSAC representative was not aware of this critical information when he testified. Surely, had he known it, he would not have made the statement he did to the committee.

The increased cost to Los Angeles County alone would amount to about \$30 million next year. Again, the burden would fall squarely on the shoulders of California's beleaguered property taxpayers.

From the time we introduced our welfare reform program in March we have said repeatedly that we would not permit welfare reform to push any additional costs on to the counties. And--to back up our commitment--we amended our program accordingly.

The difference between the \$83 million in added costs to the counties from his bill and the \$71 million in savings the counties would realize under our program amount to a total of \$154 million. In fact the total difference between his overall program and ours could mean as much as \$1 billion in new costs to the people.

I urge you to request the CSAC staff to reevaluate the position it has taken on the Beilenson package. We believe a careful analysis of the implications of the Senator's bill will lead you to the same conclusion we have reached--that it is not true welfare reform, but amounts to nothing more than a gigantic tax increase.

Sincerely,

RONALD REAGAN
Governor

BN:js

"Meeting the Challenge" requests

Mar @ 16 tab @ 40 blue seal, 1 green NO tissues

Enclosure: the "Overview of the Calif. Pub. Assist. Reform. Prog"
cc of 1st run to: BN. DT. RAS. DT. Bee, FR, & Readers

May --, 1971

-
-
-
-

Dear --:

The demand for copies of "Meeting the Challenge" has been so great that we are unable to fill all the requests we have received. We hope that the enclosed "overview" will be helpful--it is a very good summary of the information which is contained in the 179-page booklet.

The Governor very much appreciates your interest in his efforts to bring about meaningful welfare reform. He asks that you express your feelings about his program to your state legislators and to your county supervisors.

Sincerely,

Bruce Nestande
Staff Assistant

Enclosure

BN:--



RONALD REAGAN
GOVERNOR

State of California

GOVERNOR'S OFFICE
SACRAMENTO 95814

Paul

Dear Friend:

The response to our welfare reform proposal was both overwhelming and gratifying. I only regret that it is impossible for me to respond to the thousands of letters and wires we have received.

We have a great opportunity to curb the runaway costs of government through welfare reform. I believe it is at the heart of everything we've tried to do these past several years, so I am doubly grateful for any active support on the local level--and it appears to be growing.

Many of you have asked how you can help. You should let your Board of Supervisors and your elected representatives know of your position. You can be particularly helpful by joining groups of supporters which, I understand, are now forming in many communities.

I am taking the liberty of forwarding your name to community leaders in your county who I know share your views and mine.

Sincerely,

Ronald Reagan

RONALD REAGAN
Governor

T.Y. to Volunteers on the McCandless Citizen Welfare
Reform Committee

gold seal, 1 tissue, 1 green Mar @ 15 tab @ 42

cc of 1st run to: BN, MD, RAS, HAK, WMW, Bee, Mailroom, FR,
JEJ, Governor & Wash.

March 30, 1971

-
-
-
-

Dear --:

I can't tell you how delighted and pleased I was to hear that you had volunteered to be a member of Al McCandless' citizens' welfare reform committee.

It was a special privilege for me to be able to sit down with you yesterday and discuss the details of our program.

On behalf of all the thousands of truly needy welfare families who will, given, for the first time, an income above the poverty level, and the millions of taxpayers who will benefit from these controls on the growth rate, I thank you.

I have already promised you and Chairman McCandless my complete support and cooperation in every possible way during the long, hard struggle ahead of you. Please be assured of my complete sincerity in that pledge.

Gratefully yours,

RONALD REAGAN
Governor

JEJ:js

T.Y. for attending Statewide Press Briefings

Gold seal, 1 tissue, 1 green

CC: BN, MD, RAS, HAK, WMW, BEE, MAILROOM, FR, WASH., GOV

Mar 20 Tab 45

March 22, 1971

Dear -----:

I appreciate your taking the time from your busy schedule to meet with me and members of my administration on the welfare-Medi-Cal reform program. I hope it was useful to you. If you have any questions, please do not hesitate to let us know.

We think that once the entire program is understood, there can be little opposition.

As I mentioned at the meeting, I think you can do a tremendous public service by helping keep the citizens of California informed about this most vital issue.

Thanks again for attending.

Sincerely,

RONALD REAGAN
Governor

PJB:js

To Republican State Central Committee Chairmen, Officers
& Vol. Club Pres. re: Welfare & Medi-Cal Reform

Gold seal, 1 tissue, 1 green Mar @ ³1²/₂ tab @ 45

cc of 1st run to: Gov., MD, BN, WMW, Bee, RAS, FR, Wash., & Mailroom

March 5, 1971

-
-
-
-
-

Dear --:

Within the next few days you will receive a copy of "Meeting the Challenge", our recently announced welfare and Medi-Cal reform program, along with other background material on the welfare problem. We are sending this material to you because you have been so generous with your support in the past. It is our hope that you will be able to continue that support and help us get out the word on our program. This can be done by contacting your Board of Supervisors, writing letters to the editor, and letting your legislators and other representatives know how you feel. OK

There is one assurance I wish to give you regarding this program: There will be no shift of economic burdens to county governments because of these reforms. If at any time it becomes obvious that the counties are being shortchanged, we will take immediate and effective steps to right the wrong. There will be no increased costs to local governments. In fact, we anticipate savings at the local level.

Again, thank you for your continuing efforts. Should you require additional information or material, contact Michael K. Deaver, (916) 445-6343.

Sincerely,

RONALD REAGAN
Governor

MKD:js

Gold seal, 2 tissue, 1 green

CC: BN, MD, RAS, HAK, WMW, BEE, MAILROOM, FR, WASHINGTON, GOVERNOR

Mar 10 Tab 45

March 8, 1971

The Honorable -----

My dear Supervisor:

With regard to my telegram of March 2, enclosed is a copy of my welfare and Medi-Cal reform program, "Meeting the Challenge".

As this is indeed an area where communication must be opened, I look forward to receiving your comments once you have reviewed this reform program.

You can be assured that these reforms are in no way intended to shift economic burden to county governments. In fact, we anticipate savings at the local level. If at any time it becomes obvious that the counties are being shortchanged, we will take immediate and effective steps to right the wrong.

To further tighten the bond between this administration and local government, I have permanently assigned a member of my staff, Bruce Nestande, to act as liaison between myself and local government officials.

Please feel free to contact Mr. Nestande at (916) 445-8054, if you have any questions or need any additional information.

Sincerely,

RONALD REAGAN
Governor

Enclosure

BN/cms:bh

To Governors re: The Welfare System

Gold seal, 1 tissue, 1 green Mar @17 tab @ 45

cc of 1st run to: Governor, JJC, BN, MD, WMW, Bee, HAK
RAS, FR, Wash. & Mailroom

March 1, 1971

-
-
-
-

/My dear Governor/Dear ---:

After the plenary session of the National Governors' Conference on Thursday, February 25, we were able to contact and give 27 governors a chance to sign the attached letter. Twenty-four of you signed. Three said they would express their views directly to the two chairmen involved.

For those who did not get the opportunity to sign, I am enclosing a copy of the correspondence and attachment in the hope that you will communicate your views on this subject directly to the two chairmen.

To those who did sign, I wish to express my deep appreciation personally, and share with you my gratification at this show of unanimity.

I intend to follow up and keep our congressional delegation informed. I hope you will be able to join in this continuing effort.

Sincerely,

RONALD REAGAN
Governor

Enclosures

JJC:js

To Calif. Delegation Sending Set of Bills on
Welfare Medi-Cal Reform Program

Gold seal, 1 tissue, 1 green Mar @ 20 tab @ 45

cc of 1st run to: BN, MD, RAS, HAK, WMW, Bee, Mailroom,
FR, Wash., Gov. & JEJ

March 25, 1971

-
-
-
-

/ My dear Congressman/Dear --:

Enclosed is a set of bills implementing our
Welfare Medi-Cal Reform Program.

By the time you receive this, you will have
had an opportunity to hear our briefing team.
I hope you were able to do so. In any event,
you may have had time to peruse the Legis-
lative Message and other materials sent you
earlier this month. If so, and you have any
further questions or comments, they would be
most welcome.

Sincerely,

RONALD REAGAN
Governor

JEJ:js

To all governors enclosing bills implementing our Welfare Reform Program

Gold seal, 1 tissue, 1 green

CC: BN, MD, RAS, HAK, WMW, BEE, MAILROOM, FR, WASHINGTON, GOVERNOR
cc of 1 ltr to Charles Byerley

Mar 13 Tab 45

March 24, 1971

Dear :

Enclosed is a set of bills implementing our Welfare Reform Program, about which I wrote you earlier this month.

Several more governors have endorsed our February "chain letter" to Chairmen Long and Mills requesting their support for the idea of letting states experiment and innovate. Some have also given the "chain letter" to their congressional delegations, requesting their support.

If you have not expressed your desires to the two chairmen, or canvassed your delegation, I hope you will see your way clear to do so soon.

Any suggestions, comments or questions you may have will be gratefully received.

Sincerely,

RONALD REAGAN
Governor

Enclosure

JEJ:bh

To Demo. Assemblymen: Invitation to Briefing
on Gov. Welfare Reform Program & Medi-Cal Reform 4/12/71

Blue seal, 1 bbc, 1 tissue, 1 green

Mar @ 20 tabs @ 30 & 40

CC of 1st run to: BN, MD, RAS, FR, HAK, Bee, Mailroom
Washington & WAE

April 6, 1971.

The Honorable -----
Member of the Assembly

Dear -----:

You are cordially invited to a briefing on the
Governor's Welfare Reform Program and Medi-Cal
Reform on Monday, April 12, from 3:00 to 5:00
p.m. in Room 760 of Office Building #8. Trans-
portation will be provided to and from the
basement of the Capitol to Office Building #8.

You are urged to be present.

Sincerely,

William Evans
Legislative Secretary

R.S.V.P. to Marian or Isabel
5-4341

CC: To Addressee at State Capitol

WE:bh

Gold seal, 1 tissue, 1 green Add. Tape #15a used for addresses

Mar @ 15 tab @ 45

cc of 1st run to: BN, MD, RAS, HAK, MAILROOM, FR, WASH., JEJ & Gov.

April 12, 1971

-
-
-
-

My dear Supervisor:

I am enclosing a list of members of the statewide Citizens' Committee for the Governor's Welfare Reform Program. I am hopeful that you and as many of your associates as possible will be able to help this committee organize subunits in your county.

As you can see, this is a nonpartisan effort, so I am not appealing to you as a Republican, but as a citizen-leader in your county, with whom I am personally acquainted.

From time to time, as this effort progresses, I will send you periodic reports. Meanwhile, I hope you will have an opportunity to discuss the materials sent you last month with your Supervisors (they also have the materials). They will undoubtedly have questions you could not be expected to answer. This is an important part of our effort, so I will deeply appreciate your forwarding the Supervisors' questions to me as soon as possible.

If we can't answer them fully, effectively and promptly, the program will never get off the ground.

Sincerely,

RONALD REAGAN
Governor

Enclosure

JEJ:js



BOB ANDERSON

Legislative Lobbyist

1220 H Street, Suite 205
Sacramento, Calif. 95814
(916) 442-6613



15

California State Council of Service Employees AFL-CIO

June 17, 1971

PRESS RELEASE

REAGAN'S SECRET WEAPON

INITIATIVE PETITION ON "REFORM '71"

Governor Ronald Reagan is secretly considering the circulation of an initiative petition to place his welfare reform program on a ballot to be voted at large by the electorate.

While it is not clear if he will seek a "reform" statute by initiative requiring 325,000 signatures or a constitutional amendment initiative requiring 520,000 signatures, it is predictable that a filing with the Attorney General for the initiative may be made some time in late August or September, as it appears that Reagan will want to qualify the initiative by February 1972 in time to be placed on the June 1972 primary ballot.

Governor Reagan is pushing his Welfare Reform '71 in the legislature at the present time mainly to gain pre-initiative campaign coverage. While he is continuing to get the publicity, the ground work for the initiative petition is being developed through a state-wide committee and local county-based committees "For The Governor's Welfare Reform Program." Campaign literature is being marketed through the "citizens committees" to test consumer appeal. One such pamphlet aimed at working men shows Ronald Reagan's picture in a layout with Franklin Roosevelt's and Bobby Kennedy's, along with promises that Reform '71 will "cut taxes" and "strengthen family responsibility."

To set the stage for a successful kick-off of the initiative petition later this year, Governor Reagan has maintained an inflexible posture before the state legislature on his "reform proposals." Lack of compromise insures legislative rejection of Reform '71, which then justifies taking Reform '71 directly to the electorate. To further insure legislative defeat of Reform '71, the Governor's State Welfare Director has switched cost-savings estimates of the reforms so frequently during this session that neither the Senate Finance nor the Assembly Ways & Means Committees could pin down the claims sufficiently to write a budget. Deliberate attempts to confuse legislators have resulted in anger, frustration and a deepening suspicion between the Governor and the Legislature. Again, such tactics serve the Governor's strategy. To make his appeal directly to the public, the Governor needs the legislature to reject Reform '71.

The Democrats are hopeful that bi-partisan support for welfare reform can put through a legislative alternative to the Governor's program. This is, of course, one of the most serious threats to the proposed initiative. Governor Reagan has countered that threat by arguing against any alternatives. His arguments include statements that the alternatives will cost the taxpayers nearly \$1 billion and are not reforms. Only his program is "true welfare reform."

With the legislature acting as a temporary foil, the Governor sharpens his program for the real test, a thrust at the July 1972 Republican convention. As leader of a popular campaign to limit welfare expenditures and in exercising his brilliance in what could be called a "non-partisan" contest, Reagan will be able to demonstrate very impressive credentials to the delegates at the national convention. Reagan's gamble is substantial, since the Nixon administration is attempting to defuse the welfare issue with its Family Assistance Plan now pending before the Congress. The prize, however, is well worth the gamble.

LIST OF ENDORSEMENTS AND RESOLUTIONS

CALIFORNIA CITIZENS' COMMITTEE FOR THE GOVERNOR'S WELFARE REFORM PROGRAM

GROUPS:	Extent of Endorsements			
	<u>Full</u>	<u>Qualified</u>	<u>Unknown</u>	
Board of Supervisors:				
San Diego County		X		Represents 9 counties
Riverside County	X			
Northern California County Supervisors' Assn.		X		
<i>Orange</i>	X			
Ventura County		X		
Santa Barbara		X		
Fresno			X	
Santa Clara		X		
Solano County	X			
Sonoma County			X	
Butte County		X		
San Luis Obispo		X		
Tehama County		X		
Glenn County	X			
Civic Groups:				
State Chamber	X			
Riverside Chamber	X			
Pasadena Chamber	X			
Glendale Chamber	X			
San Fernando Valley Business & Professional Assn.	X			
Duarte City Council			X	
Monrovia City Council		X		
Santa Barbara County Taxpayers' Assn.	X			
Alameda County Grand Jury	X			
Bakersfield Taxpayers' Assn	X			

CALIFORNIA CITIZENS' COMMITTEE FOR THE GOVERNOR'S WELFARE REFORM PROGRAMROUPS:

Civic Groups: (Continued)

	Extent of Endorsements		
	<u>Full</u>	<u>Qualified</u>	<u>Unknown</u>
Bakersfield and Kern County Builders' Assn.	X		
Bakersfield Chamber	X		
Kern County Taxpayers Assn.	X		
Hanford Chamber	X		
Sonoma County Taxpayers	X		
Greater Tulare Chamber	X		
Corona City Council	X		
Madera District Chamber	X		
Merced Republican Women's Club	X		
Merced County Republican Central Committee	X		
Bakersfield Republican Women, Federated	X		
Fresno County and City Chamber	X		
Bakersfield Board of Realtors	X		
County Taxpayers' League of Sacramento County	X		
California Association of Mutual Insurance Agents	X		
Kiwanis Club of Fresno	X		
Bakersfield Advertising Club	X		
Monrovia Chamber		X	
Madera County Taxpayers Assn.	X		
Golden Gate Republican Assembly	X		
West of Twin Peaks Central Council	X		
UROC - AREA 5 (San.Francisco)	X		
Tulare County Farm Bureau		X	
San Francisco HomeOwners Assn.	X		
Monterey Heights Homes Assn.	X		
Ventura County Farm Bureau	X		
Kings County Republican Women Federated	X		
Kiwanis Club of Kern, Bakersfield	X		
Kiwanis Club of Lemdore	X		

CALIFORNIA CITIZENS' COMMITTEE FOR THE GOVERNOR'S WELFARE REFORM
PROGRAM

July 21, 1971

NEWSLETTER

Newsletter Office, P. O. Drawer JJJJ, Indio, California 92201

It appears that we have a compromise on MEDI-CAL. First reports are sketchy, but the principle of copayments has been established for both prescriptions and visits to physicians, dentists, and other providers. Also, a schedule of benefits more like those utilized by the average self-supporting Californian has been established. These are both key provisions of the Reform Program. The counties should find the package to their liking in that it will cost them less than the current Program, and carries county cost limiting guarantees. Some people are upset, as always, by the compromises, but all in all we've done well for a first step.

It was hoped in Sacramento that the package would clear the Assembly Health and Ways and Means Committees today, and that the full Assembly would act by week-end. The bills then go to the Senate for their action, and the hope is that it will clear all the hurdles prior to the much discussed recess in two weeks.

Saw a good Letter to the Editor in the Santa Ana Register. Lady noted the return of the Rojas family from New York, then said that "welfare here is simply unbelievable!" Tells of a welfare recipient applying for one of her luxury apartments. "She assured us that we need not worry about our money, because the welfare people would send the check direct. 'We are allowed up to \$200 a month' she stated."

Speaking of letters, another in the L. A. Times by W. M. Bennett, State Board of Equalization member, puts the nepotism thing in perspective. Bennett said "Your editorial is erroneous and does a disservice to the Governor. I am a Democrat as are George Reilly, John Lynch, and Richard Nevins, all of us the elected Board members. This is an agency which is administered by Democrats elected by the people and the fault lies with us, and in no way is any criticism to be directed toward Governor Reagan." Mr. Bennett is a credit to the Board --- and you don't have to listen to unfunny jokes about welfare in high places.

Hey, didja hear that late night newscast where the Oregon Governor said that our R. R. is not just a supporter of the Pres., but "a gung-ho supporter?" This after hearing the Governor talk about welfare at Jackson Hole, and a bit of discussion. Wonder why that didn't get into the papers ---

Head 'em off at the pass --- with a letter? Orange County Supervisor antagonist, wanting to join L. A. in suing the Governor over budget cuts, was stopped in his tracks when another super read a letter from R. R. assuring the Board that no shift of welfare costs from the state to the county would occur "as a result of our reforms." Friendly supervisor further able to assure the Board that "Reagan would have a representative appear before the Board."

Sequel to the story. Bob Carleson appeared before the Orange County Board on July 20, telling them Reform '71 would be cheaper and give the county more control. Said the program is "not one a politician would put forward, but with it we can bring the welfare problem under control." Supervisors reacted favorably to Carleson's plea, and the Welfare Director said he could support the Governor's plan.

Support "clear to the hilt" of Governor Reagan's Welfare Reform Program was pledged by the Glenn County Board of Supervisors. Board action came as announcement was made that a Glenn County Citizens Committee is being formed to throw its

(over)

weight behind the Governor's Reform drive. Motion by Supervisor Ralph Colbert - "staunch Glenn County Democrat" - followed statements by County Welfare Director showing a 50.9% increase in County AFDC costs.

Wondering about those welfare fraud estimates that vary from 1% to 57%? George Miller, Nevada State Welfare Director, explained it all on the KABC welfare special. He said that 1% to 2% is the level that have been prosecuted and convicted in court. On the other hand, when he ran a check of Nevada recipients - and found that just over 50% had misrepresented their circumstances in applying for welfare - 22% were successfully removed from the rolls and the balance had their grants reduced. When asked why more weren't prosecuted, he said a) the penalties are so light that it isn't worthwhile, b) the D. A. is overloaded with welfare cases, and c) the time lag between finding the fraud and the trial worked against vigorous prosecution. When asked why he thought people used the lower figures, Miller said that politicians only find what they are looking for. It can be noted that the people in HEW who put out the 1% to 2% fraud figure work in Washington, D. C. where it was recently shown that 57% of the welfare caseload involved misrepresentation.

A discerning teacher says "Our future welfare rolls are being printed daily in the attendance offices of our schools." A business teacher, she said in a Letter to the Editor, "I know I can develop practical skills which will enable a student to get full-time employment ---. I cannot get results with the student who regards school as a place to go when there is nothing else to do, a place where he drops in to see his friends ---. In my opinion parents should be held strictly accountable to the law for their children's truant absences." Not precisely germane to our program, but inculcating a sense of family and personal responsibility is both our theme and her theme. And if we can't sell a welfare program based on family responsibility, there's little hope for her cause, and today's school absentees will be tomorrow's unemployable welfare recipient.

And another ever lovin' survey find us in the winner's corner. The California members of the National Federation of Independent Businessmen (N. F. I. B.) were polled this Spring on the welfare question. In the first 3962 responses, an overwhelming 3904 said that "able-bodied welfare recipients should be required to work as a condition of receiving public assistance" - a whopping 98.5%. 2310 or 58.3% "think the government should impose a lien against real estate of persons on public assistance if necessary to repay welfare benefits." 3555, or 89% agreed that employables should be separated out for training and education, but only 779 or 19% think "it is the government's obligation to provide a national income floor."

Try this on! Corona police are investigating a new type of welfare fraud. A guy comes to a man's door, tells him he will get him on welfare at \$400 per month for a kickback of \$200. Householder objects, tells the guy to get off his property. Two hours later the heavy returns, barges into the house and tells the man to "shut his mouth and go on welfare." Our hero again refuses, and gets punched in the eye for his stand.

Controversy rages in Santa Ana's Troubleshooter column over affect of welfare on marriage break up. He said "By making welfare support available to young wives who are unwilling to shoulder their responsibilities, welfare authorities are, indeed, subsidizing the break up of many marriages that might well endure if such an easy "out" were not provided." Touche.

More counties compute high cost of Schabarum Bill which is being pushed by CSAC. Extra costs will be: Orange - \$1,760,246, Kern - \$1,271,479, Sacramento - \$1,926,000, Tulare - \$1,695,000, and San Berdoo - a big \$3,056,000.

And while the Legislature drones on, the budget is now \$25,200,000 out of balance. It gets worse at \$1,200,000 per day -----

Governor Ronald Reagan announced today that for the fourth month in a row the total number of persons on welfare in California has declined.

He said statistics provided to him today by State Social Welfare Director Robert Carleson show that 2,188,404 persons were receiving welfare in California during the month of July---down 12,500 from June and 105,173 fewer than were on the rolls only four months ago, in March.

The governor attributed the steady decline in California's welfare population to the strong emphasis his administration has placed on overhauling the state's welfare system, including a series of administrative and regulatory changes which the Department of Social Welfare has been putting into effect since the beginning of 1971 when Carleson took over as director. The reforms were spelled out in detail in a lengthy Welfare Reform package which the governor sent to the legislature March 3.

"These latest figures constitute dramatic proof that the actions we have taken are grabbing hold and really work. They bear out the effectiveness of the overall approach we have taken to bring welfare back under control in California."

The governor pointed out that the four-month decline in the number of persons on welfare "reflects the effects of only a portion of our total welfare reform program, considering the fact that the legislative reforms I signed into law only a week ago will not become effective until after October 1."

He noted that "the steady drop in the number of persons on the rolls in California during these last four months contrasts sharply with the national trend and strongly confirms our belief that the program we have developed here clearly points the direction for true welfare reform."

Carleson said, "Even if the declining trend we have been experiencing in California should begin to level out in the months ahead, it will have been demonstrated for all to see that welfare can, indeed, be brought under control. At the same time we intend to continue to press forward to make every administrative effort possible so that the welfare system will help those persons who need it most, in the most efficient and effective way we can."

Carleson said that up until March, when the governor's welfare reform program was presented, California's welfare rolls had been

PUBLIC ASSISTANCE CASELOADS AND EXPENDITURES

July 1971

Program	Aid Recipients			Payments		
	July ^{p/} 1971	June ^{p/} 1971	July 1970	July ^{p/} 1971	June ^{p/} 1971	July 1970
Grand total.	2,188,404	2,200,939	1,977,305	\$159,396,069	\$160,328,869	\$139,906,418
Cash grant recipients	2,106,324	2,114,515	1,879,916	155,247,560	155,948,051	135,974,079
General home relief	82,080	86,424	97,389	4,148,509	4,380,818	3,932,339
				Average ^{a/}		
AGED PERSONS						
Cash grant recipients	318,320	319,518	316,564	107.55	107.52	107.35
BLIND PERSONS (AB/APSB)						
Cash grant recipients	14,020	14,063	13,653	151.08	151.83	155.53
DISABLED PERSONS						
Cash grant recipients	190,044	189,492	175,948	127.16	129.79	125.01
FAMILIES WITH DEPENDENT CHILDREN						
Cash grant recipients:						
Family groups: ^{b/}						
children	918,466	906,711	805,202	81.77	81.83	76.59
cases	387,144	380,751	325,158	193.99	194.88	189.66
total persons	1,277,328	1,263,103	1,125,886	58.79	58.74	54.77
Unemployed cases:						
children	165,327	177,711	131,719	79.73	79.78	74.11
cases	57,875	61,724	44,245	227.77	229.71	220.63
total persons	272,917	293,699	215,078	48.30	48.28	45.39
Boarding Homes and Institutions:						
children	33,695	34,640	32,787	156.38	146.16	139.93
GENERAL HOME RELIEF						
Total persons	82,080	86,424	97,389	50.54	50.69	40.38
Family cases	10,817	11,458	14,863	58.24	58.93	63.76
Persons in family cases	33,406	35,448	55,642	18.86	19.05	17.03
One-person cases	48,674	50,976	41,747	72.29	72.69	71.49
Unemployed in labor force (%) .	7.3	7.6	6.4	xxx	xxx	xxx
(Seasonally adjusted)	(7.0)	(7.3)	(6.2)	xxx	xxx	xxx
Civilian population (excluding military).	19,956,600	19,937,000	19,721,600	xxx	xxx	xxx

^{a/} Cash grant averages for adult aids computed from "net" person counts.^{b/} Excludes U cases.^{p/} Preliminary.

State of California
Department of Social Welfare
Contact: Mr. William Montgomery
445-0313

Welfare
#71

September 24, 1971

FOR IMMEDIATE RELEASE

Robert B. Carleson, State Director of Social Welfare, announced today that regulations implementing the recently passed Welfare Reform Act of 1971 were filed today with the Secretary of State.

"The regulations filed today are the first of a series that allows the counties to implement the Act, which becomes effective October 1, 1971," Carleson stated. Copies of the regulations were distributed to all counties prior to their filing. "We have been working very closely with a representative group of county personnel in the development of these regulations," Carleson indicated.

Among the more significant regulations filed today are those affecting out-of-state recipients, aliens and college students. The Welfare Reform Act limits the period of time that a recipient may be out-of-state to 60 days. After that time the recipient is presumed to have relocated his residence and welfare aid from California is discontinued.

The new rules also stress that students, age 17 and over, must be attending college full time and maintaining passing grades.

Aliens are no longer eligible for aid if they entered the county illegally. Provisions have been made with the Immigration and Naturalization Service to determine the aliens' status.

Other regulations filed today have the following effects:

- under penalty of perjury recipients must periodically present statements of facts for redetermination of their eligibility
- when emergency assistance to an applicant is necessary, it is limited to \$100 and eligibility must be verified within five working days

RECEIVED
GOVERNOR'S OFFICE
SEP 28 11 16 AM '71

- county welfare staff are now required to provide simply the amount of aid to which the recipient is entitled, rather than the "maximum" permitted, as was the case under previous law
- when a person works on an annual contract basis and receives total earnings in less than twelve but more than eight months, income is averaged for the whole year to give a monthly figure
- earnings from interest have been added as an income classification to be considered in eligibility and grant determination
- lump sum income, except for social insurance payments, will be considered as income for the month during which it is received
- "casual" income, and income from "inconsequential" sources, will not be counted as income, up to the sum of \$60 per quarter
- loans and grants to undergraduate college students from the State Scholarship and Loan Commission, or accredited college, will not be considered as income
- up to one-half of the income of a stepfather is his wife's community property and will be considered available to her to reduce the amount of grant to her children on aid. The stepfather will be allowed a deduction of \$300 plus any prior support liability
- An increased scale of liability was instituted, governing contributions that may be required of responsible relatives of persons receiving Old Age Assistance. Payments from liable relatives will be made to the county rather than to the recipient.

Carleson also said that "additional regulations are currently being drafted to implement the balance of the welfare reform program, and will be issued in the near future."

Acting Governor Ed Reinecke today issued the following statement:

"I would like to open this press conference with an announcement of an extremely important accomplishment we have made here in California---one which no other major state can match.

"State Social Welfare Director Robert Carleson informed me this morning that as a result of the administrative actions and regulatory changes undertaken by his department since the first of the year, along with the strong emphasis our administration has placed on overhauling the state's welfare system, California's welfare rolls have now declined for the sixth month in a row. This contrasts sharply with what is happening in other states across the nation where soaring welfare caseloads continue on the upswing.

"The figures show that during the month of September, there were nearly 10,000 fewer Californians on welfare than in August, and 115,008 less than we counted on the rolls a half year ago.

"Had the Reagan administration not pressed vigorously for welfare reform---had we not instituted administrative reforms wherever and whenever possible---our projections show there would be over 300,000 more people on welfare than there are now.

"I want to emphasize that the six-month drop in the number on welfare reflects only the administrative reforms we have put into effect. The impact of California's new welfare reform law will not be felt until November or December.

"It is worth noting that last month the number of recipients on county financed general relief decreased by more than 3,000---in spite of earlier claims of some that any decrease in state funded welfare programs would automatically push more recipients onto county relief rolls.

"The fact is, the total general relief caseload in the state has been reduced twenty percent over the past six months.

"Even if the declining trend we have established begins to level out in the months ahead, the fact that we in California have been able to confound the so-called welfare experts who said it couldn't be done---for six straight months---reaffirms our strong conviction that the approach we have taken to bring welfare back under control is sound, that it really works, and points the way to true reform."

#

PUBLIC ASSISTANCE CASELOADS AND EXPENDITURES

September 1971

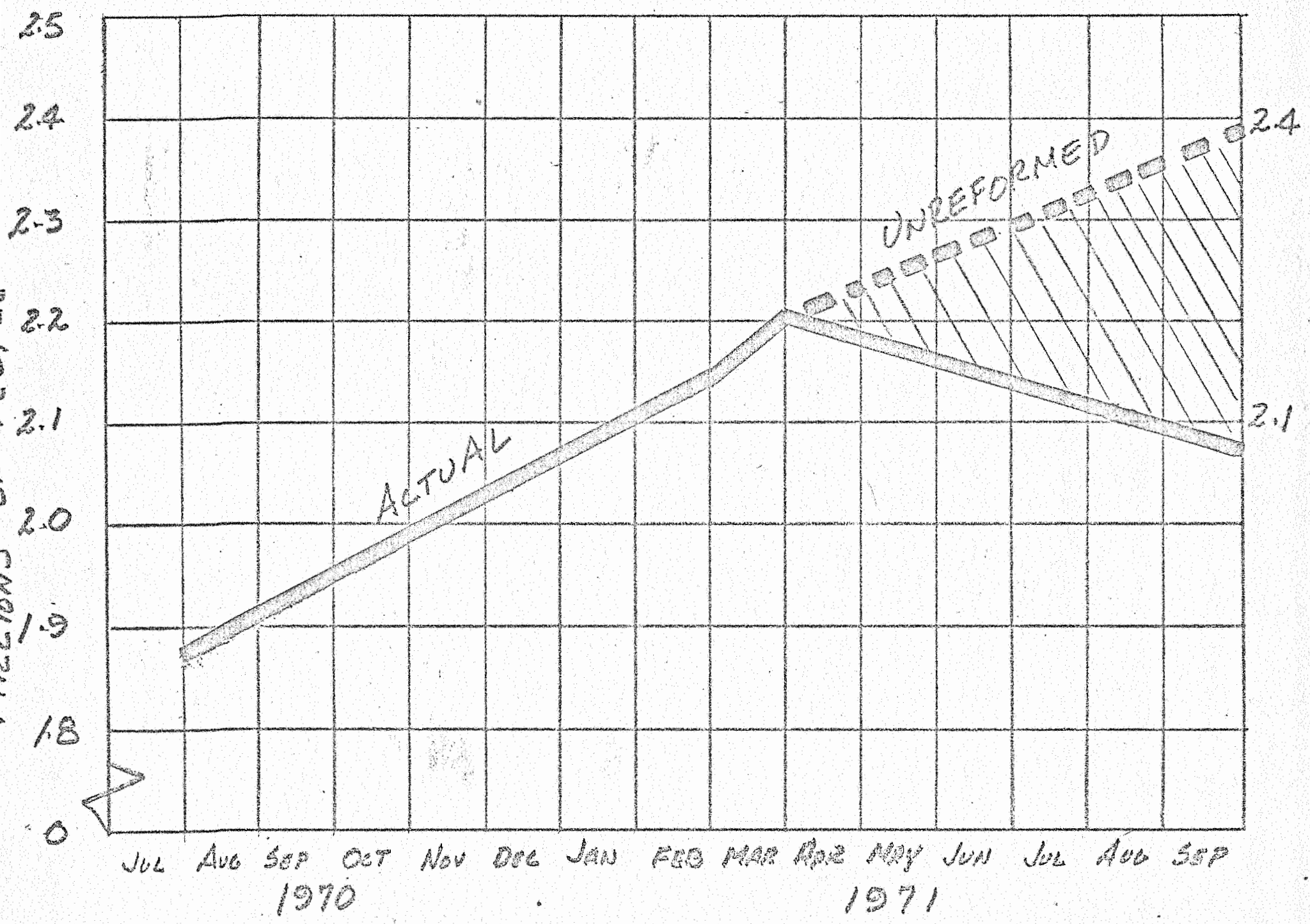
Program	Aid Recipients			Payments		
	Sept. p/ 1971	Aug. p/ 1971	Sept. 1970	Sept. p/ 1971	Aug. p/ 1971	Sept. 1970
Grand total.	2,178,569	2,188,135	2,046,100	\$158,602,920	\$162,268,608	\$143,274,336
Cash grant recipients	2,096,716	2,103,220	1,944,473	154,621,730	157,830,493	139,009,683
General home relief	81,853	84,915	101,627	3,981,190	4,438,115	4,264,653
				Average ^{a/}		
AGED PERSONS						
Cash grant recipients	317,976	318,201	318,652	106.19	106.42	107.01
BLIND PERSONS (AB/PSB)						
Cash grant recipients	14,005	14,123	13,869	150.69	154.53	154.24
DISABLED PERSONS						
Cash grant recipients	190,872	190,289	179,887	128.87	129.00	124.83
FAMILIES WITH DEPENDENT CHILDREN						
Cash grant recipients:						
Family groups: ^{b/}						
children	931,999	925,734	839,953	80.70	83.12	76.09
cases	393,309	389,518	341,307	191.22	197.53	187.27
total persons	1,295,224	1,287,313	1,173,601	58.07	59.77	54.46
Unemployed cases:						
children	149,751	157,447	136,732	81.27	84.29	73.54
cases	53,907	55,819	46,572	225.76	237.77	215.92
total persons	244,627	259,358	224,940	49.75	51.17	44.70
Boarding Homes and Institutions:						
children	34,012	33,936	33,524	161.94	167.38	151.28
GENERAL HOME RELIEF						
Total persons	81,853	84,915	101,627	48.64	52.26	41.96
Family cases	10,406	10,909	16,171	56.15	62.14	67.10
Persons in family cases	33,289	35,252	61,174	17.55	19.23	17.74
One-person cases	48,564	49,663	40,453	69.95	75.71	78.60
Unemployed in labor force (%) .	5.9	6.9	5.8	xxx	xxx	xxx
(Seasonally adjusted)	(7.1)	(7.0)	(7.0)	xxx	xxx	xxx
Civilian population (excluding military).	20,041,500	20,016,300	19,767,200	xxx	xxx	xxx

^{a/} Cash grant averages for adult aids computed from "net" person counts.

^{b/} Excludes U cases.

^{p/} Preliminary.

CALIFORNIA WELFARE RECIPIENTS



Governor Ronald Reagan read the following statement to newsmen this morning at the Republican Governors' Conference being held in French Lick, Indiana:

"Last March, I sent to the California legislature the most comprehensive and far reaching plan to reform the state's welfare system in history.

"The system had gotten so far out of hand it was allowing ludicrous abuses at the expense not only of those who needed its help the most, but also at a staggering cost to the hard working men and women who made its benefits available in the first place.

"California's welfare caseload was increasing at the fantastic rate of 50,000 a month. Barring a drastic overhaul, the monster welfare had ^{/that} become threatened to bankrupt the state in a matter of only a few years.

"The plan we presented included both administrative and legislative reforms. I already had ordered my new director of social welfare to immediately begin implementing a lengthy series of administrative changes, while we pressed the legislature to adopt the remaining reform provisions of the program. Three months ago I was able to sign into law many of the proposals we had fought for---in the face of strong opposition from the welfare establishment and in spite of the dire predictions of others that it could not be done.

"Today I am very pleased to announce to you that California's welfare rolls have now declined for the seventh month in a row---an accomplishment no other state can match.

"During the month of October, there were some 24,000 fewer Californians on welfare than the previous month, and 137,000 less than we had on the rolls in March. Of the 137,000, some 92,000 were in the AFDC category.

"Had we not pressed vigorously for welfare reform at the state level--had we not instituted the administrative changes we did whenever and wherever possible---our projections show that there would now be a third of a million more persons on welfare in California or 13 percent more than there actually are.

"And, the increased federal, state and local taxes this would have imposed on the people of California during these seven months would have amounted to an additional \$80 million burden.

"There were those who---in spite of our assurances it would not happen---insisted that our state reforms would push thousands of persons onto county relief rolls. But, just the opposite has happened. During the same seven months, county general relief rolls in California have declined by more than 38,000 persons.

"Just two days ago Los Angeles County Welfare Director Ellis Murphy announced he was reassigning 1300 county welfare workers because of declining welfare rolls.

"What we are accomplishing in California to bring welfare back under control constitutes a dramatic answer to those who claim that a massive and costly federally controlled program is the only solution to the welfare problem. Handing over the welfare dilemma to the federal government is not the answer.

"The states can and must do the job. We know it can be done, and we are proving it in California."

#

EJG

PUBLIC ASSISTANCE CASELOADS AND EXPENDITURES

October 1971

Program	Aid Recipients			Payments		
	Oct. <u>p/</u> 1971	Sept. <u>p/</u> 1971	Oct. 1970	Oct. <u>p/</u> 1971	Sept. <u>p/</u> 1971	Oct. 1970
Grand total.	2,132,246	2,156,660	2,088,214	\$159,858,320	\$160,769,721	\$146,955,061
Cash grant recipients	2,076,448	2,098,050	1,991,689	155,962,113	156,693,797	142,710,444
General home relief	55,798	58,610	96,525	3,896,207	4,075,924	4,244,617
				Average ^{a/}		
AGED PERSONS						
Cash grant recipients	317,442	317,722	319,557	104.49	106.50	107.10
BLIND PERSONS (AB/PSB)						
Cash grant recipients	14,022	14,037	13,928	148.90	151.08	154.18
DISABLED PERSONS						
Cash grant recipients	191,656	190,951	181,962	126.91	128.47	125.27
FAMILIES WITH DEPENDENT CHILDREN						
Cash grant recipients:						
Family groups: ^{b/}						
children	918,635	930,042	859,370	84.38	82.59	76.50
cases	389,241	392,266	350,655	199.15	195.82	187.47
total persons	1,282,234	1,293,327	1,200,027	60.45	59.39	54.78
Unemployed cases:						
children	143,672	150,401	146,564	85.93	84.10	75.46
cases	51,594	53,789	50,517	239.29	235.16	218.94
total persons	238,016	249,000	242,357	51.87	50.80	45.64
Boarding Homes and Institutions:						
children	33,078	33,013	33,858	161.41	166.31	152.58
GENERAL HOME RELIEF						
Total persons	55,798	58,610	96,525	69.83	69.54	43.97
Family cases	2,040	2,193	11,393	86.43	85.11	54.94
Persons in family cases	6,095	6,561	50,296	28.93	28.45	12.45
One-person cases	49,703	52,049	46,229	74.84	74.72	78.28
Unemployed in labor force (%)	5.7	5.9	5.9	xxx	xxx	xxx
(Seasonally adjusted)	(7.0)	(7.1)	(7.2)	xxx	xxx	xxx
Civilian population (excluding military).	20,066,700	20,041,500	19,789,300	xxx	xxx	xxx

^{a/} Cash grant averages for adult aids computed from "net" person counts.^{b/} Excludes U cases.^{p/} Preliminary.

RONALD REAGAN
GOVERNOR

State of California
GOVERNOR'S OFFICE
SACRAMENTO 95814



December 17, 1971

The Honorable Elliot Richardson
Secretary of Health, Education and Welfare
Washington, D. C. 20201

Dear Elliot:

On behalf of the people of California, and pursuant to Section 1115 of the Social Security Act and Sections 11325-11327 of the California Welfare and Institutions Code, I am pleased to be able to send you the State of California's formal application for the establishment of a Community Work Experience Program Demonstration Project, and to urge you to approve it at the earliest possible time.

This application is based upon, and is the result of, months of careful study and preparation---including numerous discussions between representatives of the State of California and HEW.

The concepts embodied in this application formed the cornerstone of a comprehensive welfare reform program I proposed to the California Legislature early this year. In August, the Legislature passed, and I signed into law, many elements of that same program, including a provision which gave our administration statutory authority to implement the demonstration project this application contains---subject only to your approval as Secretary of Health, Education and Welfare.

Of course, I know I don't have to tell you that the President, in a meeting several months ago at the Western White House, told both John Veneman and me that he wanted to see put into effect the kind of broad-based demonstration project I described to him.

The President made it clear that he wanted the project to be conducted on a scale which would be large enough and broad enough to fairly and accurately test the efficacy of the concept. It is on the basis of this understanding of the President's wishes that we have constructed the attached application.

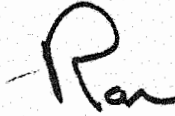
The Honorable Elliot Richardson

-2-

December 17, 1971

I strongly believe that the program we have proposed can meet the minimum requirements necessary to adequately achieve the objectives of a fair and accurate test of the work experience concept. Again, I strongly urge your approval of this application at the earliest possible time.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ran", with a stylized, cursive script.

RONALD REAGAN
Governor

Attach.

PROJECT NARRATIVE
CALIFORNIA COMMUNITY WORK EXPERIENCE PROGRAM
DEMONSTRATION PROJECT

INTRODUCTION

The State of California proposes to establish a community work-experience project in which employable AFDC recipients will participate. This project will demonstrate that a comprehensive program of community work-experience opportunities for all employable welfare recipients is feasible, practical, and in accordance with sound public policy.

This proposal is consistent with strong national sentiment and conforms to the mutual goals of the national and state administrations to strengthen the work ethic and to develop a comprehensive plan to move employable recipients from welfare into jobs. It specifically meets the spirit and letter of Section 1115, Social Security Act, which authorizes states to conduct projects which are likely to assist in promoting the objectives of Title IV (Sections 401-444) of the Social Security Act. Section 401 lists as one of the purposes of Title IV the assistance of parents or relatives of needy dependent children "to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection." Also, in furtherance of such purposes, the State is required to develop a program for each appropriate recipient "assuring, to the maximum extent possible, that such . . . individual will enter the labor force and accept employment. . . ." (see 402(a)(15)). This proposal will accomplish the objectives of Title IV by providing a needed work training and experience resource for the many employable recipients who are not covered by existing programs and who will not be assisted by pending congressional welfare reform and public service employment legislation.

This demonstration project can evaluate the need for future specific federal legislation authorizing or requiring a comprehensive work program. While there are many indications that such projects are permitted by existing law, as a matter of practice such projects have not been initiated. Therefore, the need for a clearly specific federal policy in the future is a significant issue which this demonstration project addresses.

None of the existing training programs for welfare recipients, including WIN, are able to provide work opportunities for all employable recipients. The Community Work-Experience Program

demonstration project will provide these recipients with the opportunity to gain valuable work experience and develop a work reliability history. Additionally, community work experience will contribute to the improvement of the community by providing services that would not otherwise be provided.

1. Goals of the Project

The basic objective of the project is to prepare AFDC recipients for self-sufficiency as required by Sections 402(a)(14) and (15) of the Social Security Act and 45 Code of Federal Regulations 220.16(a) and 220.17, by demonstrating under the California Welfare and Institutions Code Sections 11325-7 that mandatory nonsalaried work-experience will result in more recipients securing regular employment.

The specific goal of the project is to demonstrate that work-experience will facilitate recipients in obtaining employment because:

- o Participants in community work experience are better motivated and prepared to compete in the open labor market than welfare recipients who do not participate in such projects, and
- o Community work-experience will give participants the opportunity to show potential employers that they have work experience and are willing to work.

2. Description and Phasing

The State of California proposes that welfare recipients will be required, as a condition of their continued eligibility for welfare, to accept temporary community work-experience assignments. While enrolled in work-experience activity, the recipient will receive no wages. However, no participant will be required to participate in work-experience for a period of time which if compared to the grant would result in a ratio that would be less than the federal or state minimum wage, whichever is higher. The purpose of work-experience is to assist employable recipients to become job ready by giving them the opportunity to learn new skills, gain valuable work experience and develop a work history.

Participation will be half-time (i.e., no more than eighty (80) hours per month). This will allow participants ample time to seek regular employment. Participants will continue to receive the regular attention and assistance of professional employment counselors who will refer them to job openings and training opportunities.

The assignments will be designed to lead to employment, if possible with the sponsor, once abilities have been developed or demonstrated. There shall be a regular review of the status of the participant to determine if it is feasible to place him in employment or another training program.

While participating in work-experience, recipients will continue to receive their full AFDC grant. It is our intent that in kind provision shall be made for transportation and all other costs reasonably necessary to and directly related to participation in the project. The Department of Human Resources Development shall establish standards prescribing costs which are reasonably necessary to and directly related to participation and will have the responsibility for ensuring that recipients will not incur any additional costs due to participation.

a. Selection of Participants

Only employable recipients will be referred to the work-experience program.

- o Initially, participation will be limited to unemployed AFDC-U recipients and AFDC-FG's without child care needs. When suitable child care arrangements are available, AFDC-FG recipients with children over 6 years will be included.
- o Recipients who are not employable because of illness, disability, school attendance, advanced age, lack of child care, or who are participating in approved apprenticeship or manpower training programs will not be referred to community work-experience activities.
- o Recipients are not required to participate in a Community Work Experience Program if they are under the age of 17 years or are mothers with a child of 6 years of age or under in the home.

b. Placement of Participants

The priorities that the State will follow in placing recipients are:

- o Placement of recipients in existing private or public jobs.
- o Placement of recipients in the Work Incentive Program (WIN) or in other existing training programs.
- o. Placement of recipients in community work-experience activities. These activities will be the holding state for transition to regular employment in the private or public sector.

c. Selection of Work-Experience Activities

The Department of Human Resources Development (HRD) has surveyed all state agencies regarding the types of work-experience activities they can provide. To date, this survey has resulted in the identification of over 10,000 potential work-experience opportunities. A similar survey of city, county, and federal agencies has been initiated and contacts with such agencies are currently under way. Work-experience activities may be developed with either nonprofit organizations (except religious organizations) or public agencies.

In order to insure that all work-experience activities are appropriate and will contribute to the goals of the work-experience project, a series of work-experience standards have been established. Work performed under the demonstration project is selected to serve a useful public purpose such as in the fields of health, environmental protection, education, urban and rural redevelopment, recreation and public safety.

The work-experience activities selected will involve only otherwise unfilled genuine public needs. Jobs already held by employees in the public and private sectors will not be jeopardized. The program does not apply to jobs covered by a collective bargaining agreement nor shall any individual be required as a condition of accepting work to join any company union or to refrain from joining a labor organization.

d. Relationship to the "Employables Program."

Although the Community Work-Experience Program Demonstration Project and the "employables program," which has already been approved by HEW, are mutually supportive, initial implementation may be separate and may not necessarily be in the same counties. If these programs occur in the same county, they will be coordinated and combined by HRD. Until such time, in non "employable program" counties in which the Work-Experience Demonstration is under way, SDSW will continue to supervise the administration of all aspects of the AFDC program. In "employables program" counties, HEW may look to HRD to enforce any federal law, regulation or manual provision regarding services to those referred to HRD under the program and to SDSW to enforce any federal law, regulation or manual provision regarding eligibility as to the recipient referred under the program.

e. Sanctions

Sanctions will be promptly and effectively applied when a recipient refuses a referral to, or voluntarily leaves, a work-experience assignment without

good cause; has been discharged from a work-experience activity for misconduct; or fails to make an adequate search for work. If a determination is reached by HRD that a recipient did not have good cause for his action; was discharged for misconduct; or failed, without good cause, to make an adequate search for work, HRD will promptly give the county welfare department (CWD) written notification of its decision.

In determining whether good cause exists for refusing to participate in work-experience, sanctions will not be applied if any of the following conditions exist:

1. The work-experience activity was not within the participant's physical or mental capacity or was excessively dangerous or hazardous.
2. The work-experience is available because of a bona fide strike, bona fide lockout, or other bona fide labor dispute.
3. The work-experience activity is not located within reasonable commuting time from the participant's home.
4. He is unable to report for the work-experience activity due to his own illness, or is needed at home to take care of a member of his family and he is unable to make other arrangements.

Aid shall be terminated for up to one year with respect to a recipient who without good cause refuses to participate in a community work-experience activity. Aid for the support of the child or children shall not be reduced or terminated as the result of any refusal to participate.

Phasing: Within one year, the demonstration project will be implemented in the following nine clusters of counties:

1. Mountain Cluster
(Siskiyou, Modoc, Shasta, and Lassen Counties)
2. North Coast Cluster
(Humboldt, Mendocino, Sonoma and Marin Counties)
3. Bay Cluster
(Solano, Contra Costa, Alameda, San Francisco, San Mateo, and Santa Clara Counties)
4. Valley Cluster
(Yolo, Sacramento, San Joaquin and Stanislaus Counties)

5. Central Valley Cluster
(Merced, Madera, Fresno, Kings, Tulare and Kern Counties)
6. South Coast Cluster
(Santa Cruz, Monterey, San Luis Obispo, Santa Barbara and Ventura Counties)
7. South Cluster
(Orange County)
8. North Central Cluster
(Butte, Sutter, and Yuba Counties)
9. East Cluster
(El Dorado and Placer Counties)

The total AFDC case load in the counties in these 9 clusters represents 47.5% of the total AFDC case load in the State. However, CWEP participants will total 58,776 in the 9 clusters of counties. This represents .29% of the total California population, 3.8% of the total AFDC recipients and 13.2% of the AFDC cases in the State.

Characteristics of Clusters*

The nine clusters represent the wide variances in population, industry, geography and labor market of California.

Characteristics of Nine Clusters

	<u>Total State</u>	<u>9 Clusters</u>	<u>% of State</u>
POPULATION	19,953,134	10,032,857	50.2
AFDC CASES	442,475	210,344	47.5
POTENTIAL CWEPS	121,750	58,776	48.2

The ratio of total State AFDC case load to the total of 58,776 potential CWEP participants is 7.6 to 1.

Computation of Potential CWEP Participants in 9 Clusters

	<u>Total State</u>	<u>9 Clusters</u>	<u>% of State</u>
AFDC RECIPIENTS	1,526,897	720,584	47.1%
(Less) Children	1,084,422	510,441	47.0%
(Less) Mothers with Children under 7	266,528	124,156	46.5%
(Less) WIN Slots	16,800	9,000	53.5%
(Less) Unemployables	37,398	18,211	48.6%
POTENTIAL CWEP PARTICIPANT	121,750	58,776	48.2%

Description of CWEP Clusters and Counties

1. Mountain Cluster

The mountain cluster is located in the northern most area of the state. Timber, harvesting and lumber processing represent the primary industry. However, commercial fishing and tourism provide some employment.

* All welfare data used in this demonstration project request is taken from "Public Welfare in California, June 1971", Department of Social Welfare, State of California.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Potential CWEP Participants</u>
SISKIYOU	33,225	418	127
MODOC	7,469	131	43
SHASTA	77,640	2,370	866
LASSEN	14,960	236	78
TOTAL	133,294	3,155	1,114

2. North Coast Cluster

The north coast cluster is located immediately to the north of the San Francisco metropolitan area. In the northern portion of the cluster area industry is primarily related to timber, harvesting and lumber processing. In the southern portion industry is primarily agricultural (wine related) and light manufacturing.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Potential CWEP Participants</u>
HUMBOLDT	99,692	2,120	540
MENDOCINO	51,101	1,248	433
SONOMA	204,885	4,816	1,565
MARIN	206,038	2,005	501
TOTAL	561,716	10,189	3,039

3. Bay Cluster

The bay cluster is located in the San Francisco Bay Area and is primarily metropolitan in nature. Industry is widely diversified with emphasis on transportation, manufacturing (heavy and light), ship building, and wholesale and retail trade. While at one time agricultural and food processing seasonally employed large numbers of people these industries are losing their importance.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Potential CWEP Participants</u>
SOLANO	169,941	3,940	1,200
CONTRA COSTA	558,389	12,738	2,996
ALAMEDA	1,073,184	26,588	7,039
SAN FRANCISCO	715,674	19,609	5,001
SAN MATEO	556,234	7,046	2,030
SANTA CLARA	1,064,714	20,034	5,829
TOTAL	4,138,136	89,955	24,095

4. Valley Cluster

The valley cluster is located to the northeast of the Bay Area cluster. Industry is primarily agricultural and food processing in nature and is highly seasonal. In Sacramento County a significant portion of the labor force is employed by the State and Federal Government.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Population CWEP Participants</u>
YOLO	91,788	1,731	593
SACRAMENTO	631,498	17,942	5,285
SAN JOAQUIN	290,208	7,974	2,184
STANISLAUS	194,506	6,219	1,858
TOTAL	1,208,000	33,866	9,920

5. Central Valley Cluster

The Central Valley Cluster is located immediately to the south of the Valley Cluster. Industry is primarily agricultural and food processing in nature and is highly seasonal. In Kern County, at the southern edge of the cluster, the processing of petroleum products employs a significant portion of the labor force.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Population CWEP Participants</u>
MERCED	104,629	3,028	867
MADERA	41,519	1,206	437
FRESNO	413,053	13,101	3,478
KINGS	64,610	1,884	611
TULARE	188,322	6,687	2,138
KERN	329,162	7,002	1,421
TOTAL	1,141,295	32,908	8,952

6. South Coast Cluster

The South Coast Cluster is located between the Bay Cluster and the Los Angeles Metropolitan Area. Industry is widely diversified with transportation, manufacturing, agriculture, and government employing the major portion of the labor force.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Population CWEP Participants</u>
SANTA CRUZ	123,790	2,387	668
MONTEREY	250,017	4,111	1,067
SAN LUIS OBISPO	105,690	1,623	401
SANTA BARBARA	264,324	4,188	1,186
VENTURA	376,430	5,730	1,666
TOTAL	1,120,251	18,039	4,988

7. South Cluster

The South Cluster consists of Orange County. Orange County is the fastest growing county in California. The labor force is primarily employed in petroleum processing and in medium and light manufacturing.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Population CWEP Participants</u>
ORANGE	1,420,386	15,710	4,606

8. North Central Cluster

The North Central Cluster is north of the Valley Cluster and its industry is primarily related to mining and agriculture.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Population CWEP Participants</u>
SUTTER	41,935	573	192
BUTTE	101,969	1,963	472
YUBA	44,736	1,342	510
TOTAL	188,640	5,338	1,174

9. East Cluster

The East Cluster is located east of Sacramento County. Industry in the East Cluster is primarily involved in the timber harvesting and lumber processing. However, tourism is beginning to have an impact on the labor market.

	<u>Population</u>	<u>AFDC Cases</u>	<u>Population CWEP Participants</u>
EL DORADO	438,833	937	304
PLACER	77,306	1,707	584
TOTAL	516,139	2,644	888

3. Qualifications of Staff

- a. Work-Experience activities will be jointly implemented by the California Department of Human Resources Development (HRD), the State Department of Social Welfare (SDSW), and the County Welfare Department (CWD). The qualifications required of the principal project personnel are those already possessed by employees of HRD, SDSW, or the CWD.
- b. All salaried work-experience activity personnel will be recruited through the California Civil Service, the County Civil Service, or the Merit System. Inasmuch as these positions are presently under a merit system, no new job descriptions or positions will be necessary.

4. Community and Other Agency Involvement

An agreement shall be entered into by the State Department of Social Welfare (SDSW), HRD, and the county in which the activity is administered. Under the agreement -

- a. HRD staff will be responsible for:
 - 1. Planning and implementing activities.
 - 2. Executing agreements between HRD and the sponsors.
 - 3. Conducting all follow-up activities for participants placed in a work-experience activity.
 - 4. Selecting and referring participants to work-experience sites.
 - 5. Continually screening participants against incoming HRD job orders and new ongoing manpower training programs.
 - 6. Determining whether or not a participant had good cause to refuse assignment to or to voluntarily leave a work-experience site, or was discharged for misconduct connected with the assignment.
 - 7. Notifying the CWD of those cases involving recipient compliance of work-experience requirements.
 - 8. Reviewing activity sites to ensure that they meet established goals and standards.
- b. County staff will be responsible for:
 - 1. Providing needed social services in any county in which the "separation of employables" program is not in effect.
 - 2. Paying appropriate grants.
 - 3. Applying appropriate sanctions.
- c. SDSW staff will be responsible for:
 - 1. Adoption of regulations relating to eligibility, employability, grant levels and sanctions.
 - 2. Enforcement of sanctions.
 - 3. Conducting fair hearings with respect to eligibility and grant determinations.

In addition to involvement by the County Welfare Department, the Department of Human Resources Development and the State Department of Social Welfare, a wide range of public agencies will be involved in providing work-experience activities and where possible permanent jobs. These will include federal and state agencies, county departments, cities, public housing authorities, public park districts, public

school districts, and nonprofit corporations organized for a public purpose. Organized labor will be called upon to assist in identifying appropriate work projects and in co-operating to ensure that the work-experience activity projects involve only otherwise unfilled genuine public needs, that the jobs already held by employees in the public and private sectors are not jeopardized, and that this work-experience activity does not interfere with existing patterns of employment.

5. Reasons for Requesting Approval Pursuant to Section 1115 of the Social Security Act

As discussed between state and HLW staff, California submits that the project does not violate Section 402 or 403 of the Social Security Act nor 45 C.F.R. 233.140. The regulation provides that "Federal financial participation will not be available in expenditures made for work performed after June 1968. . . ." The California project is not designed to pay AFDC grants on the basis of work performed. Nevertheless, 45 C.F.R. 233.140 has been interpreted by some as a broad prohibition of any federal reimbursement with regard to a work-experience project other than those administered under WIN or the Economic Opportunity Act. It is to avoid this overly broad interpretation of a regulation which was intended to recognize the inapplicability of Social Security Act, Section 409, set forth in Public Law 90-248 that this waiver has been requested.

California Welfare and Institutions Code Sections 11325-7 (effective October 1, 1971) provide a statutory basis upon which to test the community work-experience program.

6. Project Evaluation and Reporting

The period of time encompassed in the project request is three years. A first progress report (15 copies) will be submitted to the Department of Health, Education and Welfare nine months after the initiation of the project and semi-annually thereafter.

7. Evaluation

Proposition:

The Community Work-Experience Program Demonstration Project will significantly reduce the time that AFDC recipients are on welfare and will significantly increase the number of AFDC recipients who are permanently employed.

Evaluation Criteria:

Through work-experience, increased motivation to obtain self-support, seek work efforts, and reinforcement of the traditional work ethic, the project will result in the following:

- a. Decrease the average time on welfare.
- b. Reduce the average monthly grant.
- c. Reduce the number of new applicants.
- d. Reduce the number of recipients.

The effect of these criteria will represent more effective utilization of welfare resources.

Project Population:

The population to which the project evaluation will be directed includes all employable AFDC recipients in given counties during those periods when a Work-Experience Project is operational in the county.

Assumptions:

It is assumed that the implementation of the project will cause recipients to accelerate their departure from welfare by finding employment or other means of support because of being provided with work opportunities, motivation, or skills. For those recipients who obtain part-time or low-paying jobs, and who continue to remain eligible for a grant, it is assumed that the resultant increase in income will be reflected in a decrease in grant size.

It is further assumed that, because of the project potential new applicants will exhaust all other available alternatives before seeking welfare eligibility.

Experimental Design:

For each county, or cluster of counties, in which the demonstration project will be operating, two control counties, or clusters or portions of counties, as similar in characteristics as possible, will be selected as a basis for comparison. The rationale for the selection of the comparison group within the control counties will be based on the following assumptions.

- a. That the population of welfare recipients referred to HRD is not significantly different in each county because each county operates within the same regulatory constraints.
- b. That the HRD programs are not significantly different in each county except that the experimental county will have the Community Work-Experience Program Demonstration Project.
- c. The Community Work-Experience Program Demonstration Project specifies that the priority of services is job placement first, formal training programs second and then placement in work-experience activities.

Consequently, those recipients who are not placed on jobs or in formal training positions within 30 days of HRD intake in the control counties can be presumed to represent the same set of recipients who are available for Community Work-Experience Project assignment in the experimental county. This group of AFDC recipients will constitute the control group.

Criteria for selecting comparison counties will include the following:

- a. Size of county.
- b. Size of AFDC caseload.
- c. Economic characteristics of the county.

A hypothetical test of the evaluation criteria will be made on data derived from the experimental population and the control population.

It is expected that before the introduction of the project in the project county there will be no differences in the measurement of the evaluation criteria between each pair of counties. After the introduction of the project it is expected that the two control counties will maintain their relationship of no difference but that each of the control counties will then either show a relative increase or a relative decrease in the measured attributes depending on the evaluation criteria being measured. If the expectations hold true it can be assumed, statistically, that the introduction of the project was the causative agent in the change.

Operational definitions of the evaluation criteria will be based on the information currently available in the CWD, SDSW, and HRD data and information systems.

Analysis of Findings:

In addition to the statistical analysis, it is proposed to analyze the characteristics of the recipients, what happens to them, which activities are utilized, and why the recipient terminates or is terminated.

Four specific components of the project are described below:

a. Project Recipients' Characteristics

An analysis of the recipients referred to IIRD for services before and after implementation will be conducted to ascertain whether the characteristics of the recipients placed in work-experience activities are generally representative of the total population of AFDC recipients referred to IIRD or whether they represent some special subgroup of the total referred population.

A further comparison of characteristics will be made between groups of recipients referred to IIRD prior to the initiation of the project and after the project has been in operation. The groups will be drawn at six-month intervals.

b. A Population Accounting of all Referred Recipients

A population accounting procedure will identify the distribution of the recipients into the several manpower programs available, the sequential order in which the programs are utilized and the disposition of each case at the time of termination. This analysis provides an overview or a tracking system to show flow of the recipients through the project's components.

c. An Analysis of the Apparent Reasons for Success or Failure

Cases which represent project successes and failures will be drawn from the total project participants. They will be divided into three groups: (1) obvious successes, (2) obvious failures, (3) marginal successes/failures. A "success" will be defined as a recipient placed in full-time employment.

An analysis of case records and interviews of recipients and caseworkers will provide a data base from which to make a determination of apparent reasons for the success of some recipients and the failure of others.

d. An Analysis of Operational Processes and Procedures

In selected offices having a Work-Experience Demonstration Project Unit, an evaluation of the operational effectiveness will be performed. Skilled program performance reviewers will visit each office at six-month intervals to ascertain whether the unit:

1. Is responding to the needs of the recipient in such a manner as to maximize the chances for the recipient to be placed in a full-time job.
2. Is coordinating services to achieve maximum utilization of those services.



Governor Ronald Reagan announced today that in the face of skyrocketing increases in welfare caseloads across the country the number of Californians on welfare has now declined for the eighth straight month---at a savings to taxpayers across the state of \$100 million since last March.

He said figures provided to him by State Social Welfare Director Robert Carleson showed that during November, there were 14,000 fewer Californians on the welfare rolls than in October---the first November decrease in 15 years and the largest drop for the same month in the state's history. The cumulative drop in the number of recipients since March amounts to 151,000.

The governor lauded Carleson and his department "for pushing through the administrative reforms in welfare which have made this accomplishment possible, an achievement which no other state can match and one which a horde of zealous critics said could never be done."

The governor said the continuing caseload drop is especially significant in the light of the fact that until early this year the number of Californians on welfare was growing at the fantastic rate of 50,000 per month.

"Had we not put into effect the administrative reforms which made this possible, our projections show there would now be 390,000 more persons on welfare than there actually are. The burden this would have imposed on the people of California during these eight months would now total about \$100 million in additional federal, state and local costs," he said.

The decline to 2,117,080 Californians on welfare in November has enabled the state's total caseload to dip below that of November, 1970.

Governor Reagan said "the thrust of the administration's welfare reform program has been to better assist the truly needy on welfare---those who need the help most---while, at the same time, easing the staggering cost burden on the hard-working men and women who make the benefits of welfare possible in the first place."

He added that "even if the declining trend we have established begins to level out in the future, the fact that we have been able to bring welfare back under control in California in such a dramatic way shows that our approach to reform is sound, that it really works, and that the states are able to do the job.

"Handing the welfare problem over to the federal government is not the answer. To do so would result in an ever more massive and costly program. I am more convinced than ever that the states can and must do the job. We know it can be done. We've been proving it now for months."

Carleson noted that "our steady caseload decline has taken place despite a myriad of confusing and often conflicting court orders, without which we could have achieved even more."

#

EJG

December 30, 1971

FOR IMMEDIATE RELEASE

SACRAMENTO - Inauguration of a computerized system for checking the earnings reported by California's welfare recipients was announced today by State Social Welfare Director Robert B. Carleson.

Called the Earnings Clearance System, the program has as its prime objective the validation of earnings reported by recipients of Aid to Families with Dependent Children (AFDC). The amount of a recipient's income not only affects eligibility, but also the amount of the welfare payment. The system, operating in cooperation with the Department of Human Resources Development, identifies the wages paid by employers to welfare recipients. This information is then made available to county welfare departments for checking against income reports filed by the recipients.

Carleson, noting that sample information indicated a high percentage of unreported earnings by AFDC recipients, said, "A study of fraud in the AFDC program published in 1970 revealed an incidence of unreported income of 8.74 percent with a projected annual loss of \$27,958,909. The Earnings Clearance System is designed to curtail this kind of fraudulent act with resulting savings in state and county funds."

Reports will be forwarded to county welfare departments quarterly and will identify earnings of recipients 16 years of age or older who were eligible for AFDC during any month of the quarter. The Director described the new management control as "an important part of our efforts to control abuse at all levels, both in the interests of the majority of honest recipients, as well as the taxpaying public."

DEPARTMENT OF SOCIAL WELFARE

744 P STREET
SACRAMENTO 95814



February 8, 1972

SPECIAL DELIVERY

TO ALL COUNTY WELFARE DIRECTORS

On February 1, 1972, Judge William M. Gallagher of the Sacramento County Superior Court issued a temporary restraining order in the case of Golden Gate Welfare Rights Organization, Inc. v. Robert B. Carleson, the effect of which is to restrain the Department of Social Welfare and county welfare directors from initiating, or continuing the implementation and use, of the Earnings Clearance System. A copy of the Temporary Restraining Order and Order to Show Cause is attached.

You are directed to comply with the Temporary Restraining Order pending further advice from me.

I believe that the temporary restraining order was improvidently issued, and it is my hope and expectation that the issuance of a preliminary injunction will be denied.

I will keep you posted on further developments in the case.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Robert B. Carleson', written over a horizontal line.

ROBERT B. CARLESON
Director of Social Welfare

Attachment

1 JAY-ALLEN EISEN
2 RALPH SANTIAGO ABASCAL
3 San Francisco Neighborhood Legal
4 Assistance Foundation
5 1095 Market Street
6 San Francisco, California 94103
7 Telephone: (415) 626-3811

8 Attorneys for Plaintiff

9 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 IN AND FOR THE COUNTY OF SACRAMENTO

11 GOLDEN GATE WELFARE RIGHTS)
12 ORGANIZATION, INC., a California)
13 non-profit corporation,)

14 Plaintiff,)

15 vs.)

16 ROBERT B. CARLESON, as Director)
17 of the State Department of)
18 Social Welfare,)

19 Defendant.)

219492

NO.

TEMPORARY RESTRAINING
ORDER AND ORDER TO SHOW
CAUSE

20 On reading the verified complaint on file in this action
21 and the supporting memorandum of points and authorities it appears
22 to the satisfaction of this Court that this is a proper case for
23 granting an order to show cause and temporary restraining order,
24 and that unless a temporary restraining order is granted as prayed
25 by petitioner, plaintiff will suffer irreparable injury before
26 the matter can be heard on notice. Good cause appearing,

IT IS ORDERED THAT:

1. Defendant shall appear before this Court in Department

1 9, on February 16, 1972, at the hour of 9:00 A.M., then and there
2 to show cause, if any he has, why he, his successors in office,
3 officers, agents, servants, employees, representatives and all
4 persons acting by, through or under him, or subject to his super-
5 vision or control, should not be prohibited during the pendency
6 of this action from engaging in, committing, or performing directly
7 or indirectly each and every of the following acts:

8 (a) Obtaining information from the Department of Human
9 Resources Development regarding the earnings of recipients
10 of public social services is sufficient to make a
11 determination of eligibility;

12 (b) Making direct contact with, or obtaining information
13 from the Department of Human Resources Development regard-
14 ing earnings of any recipient of public social services
15 without the recipient's prior, fully informed, specific
16 consent thereto, except in unusual circumstances;

17 (c) Obtaining, distributing, consulting, or otherwise
18 making use of evidence of the earnings of any recipient of
19 public social services which evidence has been obtained
20 through use of the Earnings Clearance System, except in
21 those cases where recipients have given specific, fully
22 informed consent to defendant's obtaining evidence of the
23 recipient's earnings from the Department of Human Resources
24 Development.

25 2. Pending the hearing of this order to show cause,
26 defendant, his successors in office, officers, agents, servants,

1 employees, representatives and all persons acting by, through,
2 or under him or subject to his supervision or control, are
3 enjoined from engaging in or performing, directly or indirectly,
4 and and all of the following acts:

5 (a) Obtaining information from the Department of
6 Human Resources Development regarding the earnings of
7 recipients of public social services when evidence of
8 earnings supplied respondent or his agents by recipients of
9 public social services is sufficient to make a determina-
10 tion of eligibility;

11 (b) Making direct contact with, or obtaining informa-
12 tion from the Department of Human Resources Development
13 regarding earnings of any recipient of public social
14 services without the recipient's prior, fully informed,
15 specific consent thereto, except in unusual circumstances.

16 (c) Obtaining, distributing, consulting, or otherwise
17 making use of evidence of the earnings of any recipient
18 of public social services which evidence has been obtained
19 through use of the Earnings Clearance System, except in
20 those cases where recipients have given specific, fully
21 informed consent to defendant's obtaining evidence of
22 recipient's earnings from the Department of Human Resources
23 Development.

24 3. It is ordered that a copy of the petition and supporting
25 points and authorities, together with a copy of this order to show
26 cause and temporary restraining order be served on the defendants

1 not later than February 5, 1972.

2 Dated: FEB 1 - 1972

3
4 WILSON M. GALLAGHER

5 JUDGE OF THE SUPERIOR COURT
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

ORIGINAL

IN THE
Court of Appeal of the State of California
IN AND FOR THE
THIRD APPELLATE DISTRICT

ROBERT B. CARLESON, as Director of the
Department of Social Welfare, State of
California,

Petitioner,

vs.

3 Civil 13504

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SACRAMENTO,

Respondent,

GOLDEN GATE WELFARE RIGHTS ORGANIZATION,
INC., a California non-profit corporation,
Real Party in Interest.

ORDER TO SHOW CAUSE

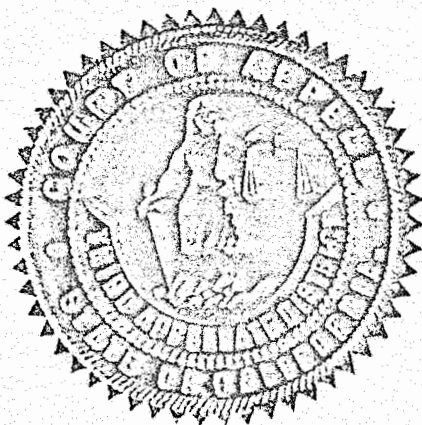
TO THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY
OF SACRAMENTO and GOLDEN GATE WELFARE RIGHTS ORGANIZATION, INC.:

You are hereby ordered to show cause before this court
at its courtroom in the City of Sacramento on Wednesday, July
19, 1972, at 9:30 A. M., why the relief prayed for in this
proceeding should not be granted. The written return to this
order is to be served and filed on or before June 23, 1972.

Enforcement of the preliminary injunction issued in the
case of Golden Gate Welfare Rights Organization v. Carleson,
Sacramento County No. 219492, is hereby stayed, pending further
order of the court.

WITNESS THE HONORABLE FRANK K. RICHARDSON, Presiding
Justice of the Court of Appeal of the State of California, in
and for the Third Appellate District.

ATTEST my hand and the seal of the court this 25th Day
of May, 1972.



Wilfried J. Kramer
WILFRIED J. KRAMER, Clerk

April 4, 1972

FOR IMMEDIATE RELEASE

SACRAMENTO - The Department of Social Welfare's earnings clearance system was declared "consistent with federal law and policy" in a brief filed in Superior Court here last night on behalf of the Department of Health, Education, and Welfare.

"This action by HEW and the U. S. Attorney vindicates our belief that California's system of checking on the outside income of welfare recipients conforms to federal law," State Welfare Director Robert B. Carleson commented.

The system, a key provision of the Welfare Reform Act of 1971, is designed to find out how many people on welfare may have earned outside income that was not counted in determining their eligibility.

An early check showed unreported income that would have affected eligibility or amount of grant in 48 percent of cases referred to the counties, but the state was temporarily stopped from using the system by a restraining order issued by Judge William Gallagher in Superior Court February 1.

The restraining order was issued in response to a class action suit filed by the Golden Gate Welfare Rights Organization, Inc., against Carleson and the Department.

The Welfare Rights Organization contended that the income clearance section of the new state law violated federal regulations. The HEW brief filed by the U. S. Attorney last night says that it does not.

The brief was HEW's reply to a memorandum of Judge B. Abbott Goldberg's asking for clarification of a February 24 telegram from Secretary Elliott Richardson to Carleson in which the HEW boss sought to inform the court that the California system was legal.

The system involves matching the State Welfare Department's master list of recipients against the Department of Human Resources Development's record of earnings submitted by employers for unemployment insurance purposes.

The Welfare Rights Organization complained that this would violate federal regulations on confidentiality of welfare information. It cited HEW regulations making the recipient the primary source of information in determining initial and continuing eligibility and requiring his consent to verify it through "outside contacts."

MORE

The HEW memorandum said that the regulation on outside contacts was not meant to include records regularly kept by a public agency whether they are open to inspection by the public or not.

"The 'collateral consent rule' is intended to prevent state welfare agencies from making extra-governmental inquiries into the activities of public assistance applicants and recipients without their consent unless exceptional circumstances warrant such a course of action," HEW said.

"Unrestricted, such investigations contain an unacceptable potential for invasion of privacy through contacts with employers friends, neighbors, etc. The same risk does not inhere in exchange of information between the welfare agency and other government units.

"The welfare agency is unlikely to disrupt the private affairs of a needy person or prejudice his relationship with others by obtaining from other public agencies data routinely acquired by them for other purposes.

"Moreover, the revelation of the individual's personal affairs by the other agency to the welfare agency represents no greater incursion into the individual's private life than did the original inquiry through which the government first acquired the information in question.

"For these reasons, HEW does not regard the term 'outside contact' as comprehending solicitation of information by a state welfare agency from another unit of government."

Goldberg had also asked whether HEW's position on California's investigation of unreported income of welfare recipients was inconsistent with the agency's overruling of Nevada in a somewhat similar situation because prior authorization to contact "collateral sources of information" was not secured "in accordance with federal policies."

"The quoted language," HEW replied, "does not indicate the nature of the collateral sources which Nevada, contrary to federal regulations, was using without the prior consent of recipients.

"Had the state welfare agency confined its inquiries to the earnings records of the state employment service, there would have been no basis for criticizing its actions."

MORE

Under the California system, HRD and SDSW computer tapes are matched quarterly and a Social Security account number crosscheck produces the names of all welfare recipients over 16 who show earnings on the records of HRD during the quarter.

The names of all those on the list are sent back to their county welfare departments for investigation.

The counties may and often do investigate all the cases on the list, but they are required by the state to investigate the cases of those whose outside earnings place them in the top ten percent in their county.

For this purpose the computer selects those showing earnings in the upper ten percent, who have earned a minimum of \$610 in the quarter in question and who have been on welfare for all three months of the quarter.

A computer run made last November before the restraining order went into effect showed that 48 percent of those on this selected list had unreported income that would have reduced their grants or cut them off the welfare rolls had it been reported.

This computer check showed that 115,534 welfare recipients earned \$73,524,490 in the April-June quarter.

Those in the upper ten percent bracket numbered 7,934 and they earned a total of \$15,834,596 in the quarter -- an average of \$1,996. The others, 107,600 of them, earned \$57,689,894, for an average during the quarter of \$536.

#

Governor Ronald Reagan today lauded as "a major victory for the taxpayers and the truly needy on welfare" a unanimous State District Court of Appeal decision enabling the state to resume checking on the outside incomes of welfare recipients--to protect the taxpayers' money against fraud and assure that only those truly eligible for welfare actually receive it.

"This is great news, a major victory for the taxpayers and the truly needy on welfare," the governor said.

"The ability to verify the outside incomes of those receiving money provided by the taxpayers was at the very heart of our welfare reform program. Without this ability--to make sure that only those truly eligible for welfare actually receive it--the job of screening out fraud and tracking down welfare cheaters would be infinitely more difficult.

"Tragically for the taxpayers and honest recipients alike, the four-month shutdown of our earnings check system by a lower court has resulted in the loss of untold millions of dollars---taxpayers' dollars--which can never be recovered.

"Fortunately, yesterday's appellate court ruling has made it possible for us to end this immensely costly delay, and Social Welfare Director Robert Carleson informs me we are gearing up immediately to resume making our outside income checks," the governor said.

The extraordinary legal action by the three-judge Third District Court of Appeal panel yesterday overrules orders issued by Sacramento Superior Court Judges William Gallagher and Abbott Goldberg which have blocked any checking on the unreported outside incomes of welfare recipients since February 1. On that date, Judge Gallagher signed a temporary restraining order, brought by the Golden Gate Welfare Rights Organization, without informing the state--either before or after he took the action. As a result of the unusual procedure followed by the judge, the State Attorney General's Office learned of the decision three days later.

Gallagher assigned the case to Goldberg when the Attorney General formally challenged Gallagher's ability to hear the case impartially, on the grounds he was "prejudiced" against the state's interests. Goldberg subsequently refused to lift the restraining order.

The appellate court's ruling stays all action by the Sacramento Superior Court in the case, and orders Judge Goldberg to show cause in the Third District Court's own courtroom July 19, 1972, why the relief the state is seeking should not be permanent. In a lengthy brief filed on behalf of the U. S. Department of Health, Education and Welfare, the U. S. Attorney defended the state's earnings check system as "consistent with federal law and policy."

Judge Gallagher's February 1 decision forced the state's earnings check system (ECS) computers to grind to a sudden halt--but only after discovering that 48.7 percent of all the welfare recipients checked up to that time had outside income which had not been reported.

In half of these cases, the unreported income would have reduced grants to recipients. It would have made the other 50 percent altogether ineligible for welfare.

The earnings check system, a major element in Governor Reagan's welfare reform program, was a key provision in the Welfare Reform Act of 1971. ECS computers had been in operation only a month when Judge Gallagher's order was issued. The system crosschecks the Department of Social Welfare's master list of aid recipients against the Department of Human Resources Development's record of earnings reported by employers for unemployment insurance purposes.

Third District Court of Appeal Presiding Justice Frank K. Richardson issued yesterday's order on behalf of the court.

#