

great extent relieve the same kind of pressure that surely must be felt here by assuming the responsibility for welfare under a program of fair, uniform, and lawful Federal administration.

From my own involvement in welfare legislation, I have come to the conclusion that the most useful efforts to improve the overall welfare situation are focused in three areas—job training and career development, easily available voluntary family planning services, and widespread and effective child care facilities. These three factors, I submit, offer the best hope for enabling people to become self sufficient and to end their welfare dependency.

A number of attachments are included for the purpose of providing the factual basis for the statements I have made in the foregoing.

Your inclusion of this statement in your Committee's hearing record with respect to HR 1 would be genuinely appreciated.

Sincerely,

ANTHONY C. BEILENSON.

Attachments.

SUMMARY OF SB 796 (BEILENSON)
THE WELFARE REFORM ACT OF 1971

I. GRANT PAYMENTS AND TREATMENT OF INCOME

a. Section 17.5.—Amount of aid

Existing law directs those administering aid to secure the "maximum amount of aid" for the recipient. This amendment deletes "maximum" so that the direction would be to secure the amount of aid to which the recipient is entitled.

b. Section 20.5.—Earned income exemptions

Modifies the requirement that a recipient's earned income shall be disregarded to the maximum extent permitted by Federal law, and instead provides that earned income shall be disregarded to the extent required by Federal law, provided that any exemption permitted by Federal law on August 1, 1971 and applied in California shall continue until Federal law is changed ("grandfather" clause for existing exemptions).

c. Section 21.—Scholarship exemption

Provides that certain loans or grants to undergraduates from the State Scholarship and Loan Commission or accredited colleges shall no longer be considered in determining eligibility or the amount of the grant.

d. Section 21.5.—Interest on savings accounts

Repeals the provision excluding interest on savings accounts from income in determining eligibility.

e. Section 22.—Treatment of casual income

Provides that casual income to the extent of \$60 per quarter shall be excluded in determining aid.

f. Sections 24.3, 24.4, 24.14, 32.9, 34.2.—Treatment of lump sum income.

Provides that all non-recurring lump sum income received by applicants and recipients shall be regarded as income in the month received except for certain social insurance such as social security income and workmen's compensation benefits.

g. Section 25.1.—Immediate need

Requires the counties to pay an applicant up to \$100 for immediate assistance, and requires that verification of the applicant's eligibility within five days must be made, or the county bears the cost of such payment.

h. Sections 28, 28.5, 29, 29.1.—Revised AFDC grant system—flat grants, cost-of-living adjustment, increased aid to truly needy

A standard AFDC payment level is provided which will allow maximum administrative efficiency. All recipients with no other income (50% of cases) will receive increases ranging from 8% to 20%. About 1 out of 5 cases, those with highest outside income and highest aggregate needs, will receive great decreases.

AFDC recipients will receive an automatic annual cost-of-living increase in grants, based on federal indices, beginning in July 1973.

In addition to the basic grant, all recipients will be entitled to a special needs allowance when genuine need exists.

Section 28.1.—Work-related expenses

Restricts work-related expenses to \$50 per month, plus reasonable and necessary costs of child care. Currently state law places no dollar limitation on work-related expenses.

Section 28, 29.2.—Food stamp cash-out

Anticipates federal welfare reform proposals by converting food stamp bonuses to cash benefits for AFDC recipients. This will protect recipient food purchasing power at no additional cost to state.

Section 29.5.—AFDC grant mismanagement

Requires, rather than permits, counties to pay aid in the form of goods or services (in kind) to recipients where there is mismanagement of aid payments by recipients themselves.

II. ELIGIBILITY CONTROL

a. Sections 115, 12, 13, 14 and 19.—Confidentiality

Permits inspection of state income tax records, unemployment insurance records and county records by the SDSW for purposes directly related to the administration of welfare.

b. Section 23.2.—Verification of eligibility

Provides that eligibility must be verified by the County Welfare Department before an applicant receives assistance. Currently, aid is granted on the basis of an applicant's simple declaration or affirmation of need. (See section 23.1, Immediate Need, for exception)

c. Sections 24.1, 24.2, 24.12, 24.13.—Exempt personal property

Permits an applicant or recipient to retain items of nonliquid personal property to a market value of \$1,000 plus the entire value of wedding and engagement rings, heirlooms, and clothing, the reasonable value of household furnishings, other household equipment up to a market value of \$300 for each item, reasonable value of equipment and material needed for employment, and certain other property rights. Liquid asset exemptions remain.

d. Section 24.5.—Annual income averaging

Provides that the income of any person who has a contract of employment on an annual basis, but who works and receives income in fewer than 12 but more than 8 months shall be averaged over a 12-month basis for the purpose of determining eligibility.

e. Section 24.7.—Eligibility of college students

Limits AFDC eligibility of college students up to age 21 to those achieving passing grades.

f. Section 25.—Redetermination of eligibility to be under penalty of perjury

Requires that the certificate of eligibility in connection with an annual redetermination of eligibility shall contain a written declaration by the recipient that this executed under penalty of perjury.

g. Section 25.2.—156% of need limit

To extent permitted by federal law, limits AFDC eligibility to families with gross incomes of or less than 150% of the applicable standard of need.

III. EMPLOYMENT AND TRAINING

a. Section 15.—Job development program

Provides that the State Personnel Board shall develop jobs leading to permanent employment for welfare recipients, to be contracted for by the State Department of Human Resources Development under WIN (Work Incentive Program). All jobs developed shall pay the prevailing wage.

b. Section 15.1.—Career opportunities development program

Provides that State Personnel Board shall carry a career opportunities development program in state employment and provide technical assistance and direct

grants to cities and counties and other units of state and local government.
Appropriation: \$5 million

c. Section 25.3.—Public assistance work force

Establishes demonstration program, when federal law permits, to develop and implement a plan for community work experience programs so that welfare applicants and recipients may receive work experience that will assist them to move into regular employment. If the adult recipient refuses to accept work training or participate in a public assistance work force, his portion of the family's welfare grant will be terminated. Administered by HRD.

IV. ABSENT FATHERS

a. Section 3.3.—Award of attorney fees to county

Provides that attorney fees may be awarded by the court to a county in actions to enforce a support obligation.

b. Sections 8.8 and 31.5.—Attachment of earnings

Provides for the enforcement of the support obligation of the absent parent of an AFDC child by attachment of earnings after judgment.

Allows attachment of absent parent earnings in court actions to enforce support obligations to children receiving welfare aid.

c. Sections 10, 25, and 27.—Social security numbers

Requires the social security numbers of the parents on birth certificates, on the redetermination of eligibility and absent parent statements, as well as certain other information—all designed to assist in locating absent parents.

d. Section 18.—Grand jury review of support activities

Revises the provision requiring review of county child support activities and would require annual review by an auditor appointed by the county grand jury. A report would be made to the County Board of Supervisors and to the State Department of Social Welfare annually.

e. Sections 25.4 and 25.5.—Absent parent obligation

A parent whose absence from the family results in the family's eligibility for aid shall be obligated to repay the amount of aid so paid. The District Attorney of the county administering such aid is required to enforce this obligation.

f. Section 30.—Enforcement of support

Shortens the time for referral to the District Attorney of absent parent cases, provides for use of liens where appropriate, and would give the District Attorney the authority to request immediate referral to his office of any absent parent case for prosecution.

g. Section 31.—Support recoveries

Provides counties with a greater share of repaid or recovered monies as an inducement for county recovery efforts in the area of parental support liability.

h. Section 3302.—Support enforcement incentive fund

Appropriates state funds to the counties to offset county welfare costs to the extent of 75 percent of the amounts received or collected from absent parents. This is an incentive to the counties to retrieve absent parent payments. (The 75 percent applies to non-federal share).

i. Sections 8.6 and 26.1.—Support by remarried mothers

Provides that the wife's interest in the community property, including earnings of her husband, is liable for support of her children with certain deductions. This would allow a remarried woman to use her community property interest in her husband's earnings, as well as her own, to support her children to the extent the natural father was not meeting his support obligation. However, all direct obligations of stepfathers are eliminated.

V. OAS RELATIVE'S RESPONSIBILITY

a. Section 3.—Duty to support aged parents

Requires the children of a person receiving aid to the aged (OAS) to support such person to the extent of their ability.

b. Section 33.—OAS relatives' responsibility

Permits SDSW Director to increase the amount of support an adult child must contribute toward the support of a parent receiving OAS, depending on the adult child's ability to pay.

c. Section 34.—Contributions paid to county

Requires adult children's contribution toward the support of parents receiving OAS to be paid directly to the county.

d. Section 34.1.—Discretion of SDSW director

States that OAS Relatives' Responsibility Program is operative at discretion of Director of State Department of Social Welfare.

VI. RESIDENCE

a. Section 23.5.—Out-of-state recipients

Provides that the continued absence from the state of a recipient of public assistance will constitute prima facie evidence of his intent to establish residence elsewhere after a period of 60 days as opposed to the present period of one year. Requires the counties to make the necessary inquiries of such recipients.

b. Section 24.65.—Emergency residence requirement

Establishes a one-year residence requirement for needy relatives under the AFDC program when the unemployment rate in the county of residence exceeds 6 percent.

c. Sections 23.6, 24.01, 24.6, 32.5, 38 and 39.5.—Durational residence requirements

Eliminates all existing (durational) residence requirements, but makes clear that aid may be granted only to state residents.

d. Section 24.—Illegal aliens

Permits an alien to receive welfare if he certifies under penalty of perjury that he is in the country legally and entitled to remain indefinitely, or that he is not under order for deportation, or that his spouse is not under order for deportation. Upon such certification aid shall be paid pending verification by the U.S. Immigration Service.

If alien can prove he has been in U.S. continuously for past 5 years, further verification of legal residence is not mandatory on county.

VII. OVERPAYMENTS

a. Section 9.5.—Duplicate warrant

Provides that where a welfare check is lost or destroyed, and only a portion of the original amount is still due, the county auditor shall, upon the filing of an affidavit, issue and deliver to the legal owner or custodian a duplicate welfare check for the amount still due.

b. Section 20.3.—Restitution for underpayments, overpayments, fraud

This amendment would reduce the period for a recipient to claim underpayment from 4 years to one year; would extend from two to six months the period of time a county has to seek an adjustment for an overpayment; and would allow a county one year following discovery of fraud to adjust grants, instead of the present two months.

c. Section 22.5.—Repayment of aid by ineligible recipient

Requires the repayment of aid received by a recipient in good faith but when he was in fact ineligible because he owned excess property.

VIII. SOCIAL SERVICES

a. Sections 61 and 17.—Family planning

Requires counties to contract with the State Department of Public Health to provide family planning services for recipients of childbearing age desiring such services.

Appropriation: \$1 million

d. Sections 18.3 and 18.4.—Child care

Requires counties to provide child care services for former, current, and potential recipients of public assistants who certify that they would otherwise be unable to accept or maintain employment or training and that they would, therefore, remain eligible for aid. The counties would be authorized to charge a fee for these services based on the ability of a person to pay.

A child care training program would be initiated giving priority to the training and employment of public assistance recipients.

Appropriation: \$2 million.

c. Section 18.5.—Social services

Enables counties, if they wish, to provide any public social services permitted by federal law and for which federal participation is available.

d. Section 39.01.—Health care for minors

Parents of emancipated minors cannot be held financially responsible for health care services.

IX. STATE/COUNTY RESPONSIBILITIES

a. Sections 18.1, 18.2 and 23.—Simplified administration

Provides for contracts between the State Department of Social Welfare and the counties to enable the Department to simplify and tighten eligibility and grant determinations.

Also authorizes SDSW to enter into agreements with the federal government for purposes of meeting possible requirements of federal welfare reform, with view to saving state and county funds.

b. Sections 42.5 and 43.—State share in administrative costs

The state will assume 50 percent of the non-federal share of county administrative costs, beginning in 1972, in eligibility and grant determination, unless federal government assumes administrative costs (see c. below).

c. Sections 39.1, 39.2, 39.3, 39.4 and 43.—State funding of the aged, blind and disabled programs

Provides for the state to pay 100 percent of non-federal grant payments in the aged and blind programs and 50 percent in the disabled program, beginning in 1972, unless the federal government assumes administrative costs (see b. above).

X. APPROPRIATIONS—SECTION 39.7

a. Family planning (see social services)-----	\$1,000,000
b. Child care (see social services)-----	2,000,000
c. Job development (see employment and training)-----	5,000,000
d. Career opportunities development (see employment and training)-----	5,000,000
e. Hearing officers—Office of Administrative Procedure (to cancel welfare fair hearing backlog)-----	600,000
Total-----	13,000,000

f. Open-end appropriation—Restores county property taxpayer protection language vetoed out of budget.

XI. EFFECTIVE DATE.—URGENCY

October 1, 1971 or sooner at discretion of SDSW, except state/county sharing shifts begin June 1, 1972.

COPY OF THE REPORT OF THE LEGISLATIVE ANALYST, THE CALIFORNIA LEGISLATURE'S NON-PARTISAN ECONOMIC AND FISCAL EXPERT, WHOSE OFFICE STUDIED WELFARE REFORM IMPLEMENTATION IN NOVEMBER, 1971

MAJOR LEGISLATION

Major legislation affecting the administration of welfare in California was enacted during the 1971-72 fiscal year. Chapter 578, Statutes of 1971 (Senate Bill 796), requires the implementation of very significant program modifications relating to eligibility and grant determinations, the administrative and funding relationship between the counties and the state, OAS responsible relative liability,

confidentiality, family planning services, day care services, and employability programs. Among the more significant changes required to be effected by the statute are the following:

(1) 150 percent of gross income limitation—Section 25.2 of the chaptered bill renders ineligible for aid, to the extent permitted by federal law, and AFDC recipient whose total gross income, exclusive of grant payment and prior to any deductions, exceeds 150 percent of the need standards for such recipient. (Section 11267 of the Welfare and Institutions [W. and I.] Code.)

(2) Work Related Expenses—Section 28.1 provides that exemptions related to expenses incurred by employed AFDC recipients shall be limited to \$50 plus reasonable and necessary costs associated with child care. (Section 11451.6 of the W. and I. Code.)

(3) AFDC Flat Grant Schedule—Sections 28, 28.5, and 29.1 (a) eliminate the maximum participating base (MPB) and (b) provide for the establishment of a flat grant schedule adjusted to reflect only the differing dollar requirements related to various family sizes. Grants paid to AFDC recipients are required to equal the amount specified by the schedule when added to all other income available to the family after deduction from the gross income of the family of the exemptions required by federal and state law. The schedule is required to be adjusted annually, commencing during the 1973-74 fiscal year, to reflect changes in the cost of living. (Sections 11450, 11452, and 11453 of the W. and I. Code.)

(4) Special Needs—Section 28 eliminates state participation in the funding of allowances in the AFDC program for special needs which are not common to the majority of needy persons. Recurring special needs not common to the majority of needy persons and nonrecurring special needs caused by sudden and unusual circumstances beyond the control of the needy family are to be funded by the counties. The state continues to participate in the funding of recurring special needs which are common to the majority of recipients. (Section 11450 of the W. and I. Code.)

(5) Verification of Eligibility—Sections 23.2 and 25.1 provide that verification of applications of recipients requiring immediate assistance must occur within five working days. If eligibility is not verified within five working days, the county must bear the entire cost of the cash payment made to the applicant. (Sections 11056 and 11266 of the W. and I. Code.)

(6) Exempt Property—Sections 24.1, 24.2, 24.12 and 24.13 repeal those sections of the Welfare and Institutions Code which provide for the exemption of certain personal property in determining eligibility for assistance under the provisions of the various aid programs. These sections establish maximum value limits relating to such personal property. (Sections 11155, 11258, and 11261 of the W. and I. Code.)

(7) Changed Sharing Ratios: Administrative Costs—Section 23 requires that the State Department of Social Welfare, rather than the counties, assume all responsibility relating to the control of the eligibility and grant level determinations which underlie the various aid programs. It further requires that the state fund 50 percent of the administrative costs related thereto. The State Department of Social Welfare is permitted, however, to contract with the counties for the discharge of its responsibilities relating to the determination of eligibility and grant amounts. This section of the chaptered bill is not to be implemented until July 1, 1972. (Section 11050 of the W. and I. Code.)

(8) Changed Sharing Ratios: Grant Costs—Sections 39.1 through 39.4 provide (a) that the state and the counties shall share equally the nonfederal costs for support of ATD cash grant payments and (b) that the state shall assume the full funding of the nonfederal costs for support of cash grant payments made to recipients of the three other adult aid programs, AB, APSB and OAS. This section of the chaptered bill is not to be implemented until July 1, 1972. (Sections 11201, 11202, 11203, and 11204 of the W. and I. Code.)

(9) Lump Sum Income and Casual and Inconsequential Income—Sections 22, 24.3, 24.4, 24.14 and 32.9 of the bill very significantly reduce the exemptions which can be claimed on the basis of the lump-sum income and casual and inconsequential income provisions of the Welfare and Institutions Code. (Sections 11018, 11157, 11262, and 12052 of the W. and I. Code.)

(10) Absent Parents and Stepfather Restrictions—Various sections provide for the implementation of administrative machinery needed to facilitate the collection of absent parent payments. In addition, Section 8.6 requires that a wife's community property interest in a stepfather's income be used for support of her child.