

DEPARTMENT OF SOCIAL WELFARE

REVIEW OF OLD AGE SECURITY
RESPONSIBLE RELATIVES' CONTRIBUTIONS
COLLECTED

FEBRUARY - DECEMBER 1972

Joint Legislative Audit Committee

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California Legislature

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February 16, 1973

Honorable Anthony C. Beilenson, Chairman
Senate Health and Welfare Committee
Room 4040, State Capitol
Sacramento, California 95814

Dear Tony:

In your January 19, 1973 letter, you asked that the Auditor General obtain information relating to:

The direct "savings" realized under the Responsible Relatives Law,
and

The direct and indirect administrative costs associated with
enforcement of the law.

You asked that this information be provided by February 16, 1973.

The attached report by the Auditor General indicates that at the current rate of collections, between \$5.1 to \$7.7 million will be collected during the 1972-73 fiscal year from adult children of OAS recipients. Half of this amount will go to the federal government and half will remain with the state. The projected state share from these collections will be between \$2.5 and \$3.85 million for the fiscal year 1972-73 which contrasts sharply with the estimate of \$10 million made by the State Department of Social Welfare.

Sincerely,



VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

OLD AGE SECURITY
RESPONSIBLE RELATIVES' CONTRIBUTIONS

In accordance with the request of January 19, 1973 from the Senate Committee on Health and Welfare relative to:

- (1) the direct savings that have been realized under the responsible relatives' law, and
- (2) the direct and indirect administrative costs associated with the enforcement of the law,

we obtained, from the monthly Summary Reports of Assistance Expenditures for the Old Age Security Program, the amount of the responsible relative contributions collected by the counties for the February - December 1972 period. The monthly summary report is a claim filed by a county summarizing the aid payments to Old Age Security recipients and reimbursements collected from their adult children.

We were unable to answer the second part of the request as the county administrative expenditure report does not segregate the administrative costs of enforcing the responsible relatives' law from other county welfare administrative costs and the deadline of this request did not permit sufficient time to obtain the information independently from the counties.

RESPONSIBLE RELATIVES' CONTRIBUTIONS COLLECTED

As of February 1972, the State Department of Social Welfare (SDSW) required the counties to report the O.A.S. responsible relatives' contributions collected as a separate item on the O.A.S. Summary Report of Assistance Expenditures. From February through December 1972, the counties have reported total responsible relatives' contribution collections of \$3,862,437. This amount does not include collections from Inyo, Mono, Plumas and Santa Barbara for December 1972 as these counties had not filed their December O.A.S. Summary Report of Assistance Expenditures in time to be included.

Table 1 shows the contributions collected by months for the February through December 1972 period.

Table 1

State Department of Social Welfare
O.A.S. Responsible Relatives' Contributions
Collected February Through December 1972

<u>Month</u>	<u>Total Responsible Relatives' Contributions Collected</u>	<u>L.A. County Responsible Relatives' Contributions Collected</u>
February	\$ 70,624	
March	90,678	
April	107,523	
May	206,902	
June	814,722	
July	253,068	
August	403,869	\$ 94,935
September	421,835	62,469
October	320,836	
November	626,068	247,863
December	<u>546,312</u>	<u>140,283</u>
Totals	<u>\$3,862,437</u>	<u>\$545,550</u>

Los Angeles County is shown separately because of its sporadic reporting and the magnitude of the collections.

Table 2 shows the O.A.S. caseload for October 1972 and the contributions collected by county for the February 1972 through December 1972 period.

Table 2

	O.A.S. Caseload October 1972	Amount Collected February to December 1972
Alameda	13,201	172,676
Alpine	6	0
Amador	198	5,818
Butte	2,957	44,460
Calaveras	292	7,598
Colusa	230	3,705
Contra Costa	5,601	26,720
Del Norte	258	4,020
El Dorado	777	20,548
Fresno	9,844	236,718
Glenn	357	20,162
Humboldt	1,554	19,219
Imperial	2,097	275
Inyo	337	6,780
Kern	6,401	216,934
Kings	1,451	28,113
Lake	898	1,044
Lassen	233	14,347
Los Angeles	112,631	545,550
Madera	1,588	39,862
Marin	1,153	5
Mariposa	151	6,167
Mendocino	1,174	14,007
Merced	2,279	57,031
Modoc	178	565
Mono	35	0
Monterey	2,547	71,164
Napa	1,185	25,407
Nevada	664	29,879
Orange	9,439	193,143
Placer	1,149	52,536
Plumas	272	6,157
Riverside	9,530	180,660
Sacramento	9,680	233,244
San Benito	364	0
San Bernardino	11,704	219,953
San Diego	14,740	333,254
San Francisco	15,134	4,329
San Joaquin	6,930	166,195
San Luis Obispo	2,161	25,116
San Mateo	4,074	118,572
Santa Barbara	2,980	97,049
Santa Clara	10,431	34,827
Santa Cruz	2,867	29,283
Shasta	1,858	40,293
Sierra	37	1,105
Siskiyou	672	6,060
Solano	1,432	39,802
Sonoma	3,560	31,460
Stanislaus	5,458	134,987
Sutter	757	31,417
Tehama	692	22,016
Trinity	139	680
Tulare	6,242	113,105
Tuolumne	477	11,548
Ventura	4,105	93,642
Yolo	1,455	9,245
Yuba	940	13,985
TOTALS	<u>299,556</u>	<u>3,862,437</u>

Amount Realized by the State

The collections from responsible relatives' contributions of \$3,862,437 with some minor exceptions are shared 50/50 by the federal government and the state. This has resulted in the state receiving approximately \$1.9 million for the 11 months ended December 31, 1972.

The administrative costs of collecting these contributions are shared by the federal, state and county governments in the following ratio:

Federal	50%
State	25%
County	25%

Saving Estimated by SDSW

In the Governor's proposal entitled, Meeting the Challenge: A Responsible Program for Welfare and Medi-Cal Reform, dated March 3, 1971, SDSW estimated that implementation of a higher O.A.S. Responsible Relatives' Contribution Scale would result in an annual saving of \$41,000,000 from collections from adult children of parents who are O.A.S. recipients. The 50/50 sharing ratio would result in \$20.5 million being collected for both the federal government and the state.

SB 796 of 1971 amended section 12101 of the Welfare and Institutions Code establishing a substantially higher maximum contribution scale in place of the contribution scale that existed prior to this time. Section

12101 states that the Director of SDSW may adopt a contribution scale not in excess of the amount specified in the statutes:

"The director may establish a relatives' contribution scale setting forth the amount an adult child shall be required to contribute toward the support of a parent in receipt of aid under this chapter provided that the schedule established shall not exceed the amounts in the schedule specified in this section."

On October 1, 1971, SDSW adopted the maximum contribution scale provided by law as the amount adult children of O.A.S. recipients should be required to pay.

On July 1, 1972, SDSW lowered the contribution scale for adult children payments to approximately half of the maximum permitted by law. The new scale according to SDSW would result in an estimated annual collection from responsible relatives' of approximately \$20 million. Because of the 50/50 sharing ratio, the federal government and state would receive \$10 million each.

Table 3 shows the collections obtained by the counties after the lower contribution scale went into effect.

Table 3

<u>Month</u>	Total Responsible Relatives' Contributions <u>Collected</u>
July, 1972	\$ 253,068
August	403,869
September	421,835
October	320,836
November	626,068
December	<u>546,312</u>
Total	<u>\$2,571,988</u>

Based on the collections made by the counties for the first six months of 1972-73 of \$2,571,988, as shown in Table 3 and on the following two assumptions, the total collections for 1972-73 may be between \$5.1 and \$7.7 million.

ASSUMPTION (1)

Collections in the January to June 1973 portion of fiscal year 1972-73 will be the same as in the July to December 1972 period. This will result in total collections of \$5.1 million for the year.

ASSUMPTION (2)

Collections in the January to June 1973 portion of fiscal year 1972-73 will increase by 116%, the monthly rate of growth that occurred from July to December 1972. This will result in total collections of \$7.7 million for the year.

Because of the 50/50 sharing ratio, this will result in the state collecting approximately \$2.5 to \$3.85 million for fiscal year 1972-73 rather than the \$10 million which was estimated by SDSW.



WALTER J. QUINN
Acting Deputy Auditor General

February 14, 1973

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