

187.1

REPORT ON
COSTS AND COLLECTIONS UNDER
CALIFORNIA'S RESPONSIBLE RELATIVES LAW

AUGUST 1973

Joint Legislative Audit Committee

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August 16, 1973

The Honorable President of the Senate
The Honorable Speaker of the Assembly
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members:

Transmitted herewith is a preliminary report on the state's program of assessing adult children of Old Age Security (OAS) recipients ("responsible relatives").

Although the State Department of Social Welfare (SDSW) has provided for separate accounting and reporting of the revenues collected, it has not required such separate accounting and reporting of the costs of this assessment program.

Collections reported for the 12-month period July 1972 through June 1973 were \$7.2 million, including \$6 million appearing on SDSW reports and net adjustments of \$1.2 million.

Costs for this 12-month period are estimated at \$3.6 million or more, and are based on data from 12 counties which together account for 72 percent of the OAS caseload and 71 percent of the total amount collected from responsible relatives.

Half of the \$3.6 million difference between collections and costs is returned to the federal government leaving \$1.8 million in California. Since counties pay 25 percent of the administrative cost but share none of the revenue, this \$1.8 million is actually made up of a \$2.5 million reduction in state outlays and a \$752,000 increase in non-reimbursed county outlays.

Honorable Members of the
Legislature of California
August 16, 1973
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Assuming the state chooses federal administration under HR 1, which given the incentives it most likely will, costs of collecting from responsible relatives can be expected to significantly increase since the state will no longer be in a position to obtain the names and addresses of OAS recipients' adult children as a condition of accepting the recipients' applications for aid.

During 1972-73, it cost \$1 to collect \$1.99. New regulations adopted by SDSW on July 12, 1973, and the effect of HR 1 will increase the costs of collecting this discriminatory tax and produce less revenues. In the future, the cost of collecting these revenues is expected to exceed the amounts received. Other state revenue programs which are more socially acceptable produce as much as \$326 per dollar of collection costs.

By contributing approximately the amount it spent on the OAS program in 1972, the state may supplement the basic federal grant to approximately \$217 for a single person. Depending on federal regulations which have not yet been adopted, the state may not be able to reduce this 1972 base year amount through assessments of responsible relatives. If not, the liability of an OAS recipient's family could be limited to the amount of any additional supplement above the \$217 level.

Respectfully submitted,



VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

SUMMARY

This preliminary report is prepared in response to a legislative request for information concerning costs and collections attributable to the state's program of assessing responsible relatives (adult children) of recipients of Old Age Security (OAS).

Since February 1972 the State Department of Social Welfare (SDSW) has required that collections from responsible relatives be reported separately, but it has not provided for separate accounting or reporting of the costs involved in collecting this revenue.

Projecting from data we collected during fieldwork in 12 counties which together account for 71 percent of reported responsible-relative revenue, we estimate state-wide administrative costs for the 12 month period July 1972 to June 1973 to be \$3.6 million or more. Collections from responsible relatives as reported by SDSW for this same period were \$6.0 million. Adjustments increased this amount to \$7.2 million. (1)

Half of the \$3.6 million difference between collections of \$7.2 million and costs of \$3.6 million is returned to the federal government as its share, leaving \$1.8 million remaining in California. Because counties share in 25 percent of the cost and none of the revenue, this

(1) The total revenue reported by SDSW for fiscal year 1972-73 was \$5,981,200. This amount did not include June revenue for Los Angeles and San Francisco of \$163,500, \$1,067,000 from Los Angeles that had been collected during the fiscal year but not processed, nor a \$53,000 reduction to Los Angeles County's November 1972 claim. ($\$5,981,200 + \$163,500 + \$1,067,000 - \$53,000 = \$7,158,700$; round to \$7.2 million)

\$1.8 million actually represents a \$2.5 million reduction in state outlays offset by a \$752,000 increase in non-reimbursed outlays by the counties.

The cost data we collected during this review indicates that the program currently has a ratio of cost to collections of \$1.00 to \$1.99. (Appendix A on page 18 compares this cost to collection ratio with seven other state revenue collection programs.)

New regulations adopted by SDSW on July 12, 1973, (see Appendix B) will reduce revenue by adding five new categories of expenses that a responsible relative may claim to reduce his liability. These regulations can also be expected to cause either a temporary increase in administrative cost or a temporary slowing in the processing of new cases as a result of the need to canvass all persons who currently have an assessed liability to see if the new regulations apply.

We have not, in the time available, been able to obtain sufficient data to make a reasonably accurate estimate of the size of the reduction in revenue which could be expected as a result of these revised regulations.

The cost of collecting from responsible relatives after the January 1, 1974 effective date of Public Law 92-603, (also known as the Federal Welfare Reform Act of 1972 and hereafter referred to as "HR1") can be expected to increase by an undetermined, but potentially large amount.

Because of the financial incentives in HRI the state will most likely choose to have the federal government administer the state program. With federal administration the state will no longer be in a position to obtain names and addresses of adult children as a condition of processing an application for aid. This could sharply increase the cost of identifying and locating persons with potential liability as a responsible relative.

HRI contains a provision for joint state-federal financing of an increment of aid above the basic federal grant. The state pays a flat amount calculated from 1972 as a base year and the federal government picks up increases in cost. Depending upon what federal regulations are adopted, the state may or may not be able to assess responsible relatives for the state share of these commingled state and federal funds.

HRI increases the "pass-on" provision which excludes an amount of monthly non-welfare income for OAS grant determining calculations from the \$7.50 under current law, to \$20.00. This will reduce the potential revenue from responsible relatives with respect to those recipients who have outside income of less than \$20.00 per month.

SCOPE

Our review of administrative expenditures associated with the collection of contributions from responsible relatives included 17 man-days of work in the field collecting administrative cost data from 12 counties whose combined OAS caseload constitutes 72 percent of the total caseload statewide. Through June 1973 these counties collected 71 percent of the revenue generated by the 1971 changes. Fieldwork for the most part was concentrated in the administrative offices of county welfare departments; however, when conditions warranted, site visits were also made to county counsel offices and field offices of the welfare department.

Our primary source of revenue data was the monthly summary prepared by SDSW of County Summary Reports of Assistance Expenditures - Old Age Security (form AG 800). Besides the adjustments to the data which increased revenue from \$6.0 million to \$7.2 million discussed in the footnote on page 1, actual monthly revenue as reported by Alameda and San Francisco Counties for the months of March through June 1973 was substituted in the calculation of the administrative cost ratio for the SDSW summary data which included revenue from months prior to March 1973.

In preparing the estimates contained in this report we have used data as reported by SDSW and the counties without audit verification on our part.

The staff received excellent cooperation from the State Department of Social Welfare and four man-days were spent collecting data from that agency. In addition, a telephone poll of 36 counties was made to supplement data collected in the field.

INTRODUCTION

California law permits assessments against the earnings of an adult child of an OAS recipient.

The amount to be assessed is set forth in regulations adopted by SDSW and increases with the child's earnings. The maximum assessment schedule which SDSW may adopt is set forth in Welfare and Institutions Code (hereafter "W&I Code") Section 12101.

Currently, the counties handle most of the administration of the assessment program in connection with their administration of welfare programs generally. Costs incurred by counties in administering the assessment program are shared by the federal, state and county governments and are in the same ratio as the cost of administering the OAS program generally. These cost sharing ratios are as follows:

Federal	50%
State	25%
County	<u>25%</u>
	<u>100%</u>

Collections under the assessment program are shared by the federal government and the state in the same ratio as the cost of grants under the OAS program which is as follows:

Federal	50%
State	<u>50%</u>
	<u>100%</u>

HRI will go into effect January 1, 1974 and will make major changes in categorical aid programs including OAS.

Under HRI, the federal department of Health, Education and Welfare (HEW) will no longer participate in the cost of state categorical aid programs such as OAS, but instead will make direct payments called Supplemental Security Income payments (referred to as SSI payments) directly to OAS and other categorical aid recipients.

HRI also contains incentives for the states to:

- Fund supplemental payments to OAS and other categorical aid recipients at a level at least equal to what they are currently spending, and to
- Have the federal government administer these supplemental payments in conjunction with the federal SSI payments.

There is no provision in HRI for assessments against responsible relatives. Federal regulations proposed for adoption pursuant to HRI specifically state that the federal government will not administer responsible relatives laws.

COSTS AND COLLECTIONS
PRIOR TO JULY 1, 1973

OF THE \$7.2 MILLION IN REVENUE COLLECTED FROM RESPONSIBLE RELATIVES DURING 1972-73, AN ESTIMATED \$3.6 MILLION WAS OFFSET BY ADMINISTRATIVE COSTS AND \$1.8 MILLION WAS RETURNED TO THE FEDERAL GOVERNMENT LEAVING A NET OF \$1.8 MILLION IN THE STATE

Responsible relative collections as reported by the counties for the 17-month period from February 1972 through June 1973 were \$9,101,346. February 1972 was the first month for which SDSW had counties report collections from responsible relatives separately. June 1973 is the latest date for which SDSW had compiled state-wide collection data.

Collections reported by the counties for the 12-month period from July 1972 through June 1973 were \$7,158,784. (This contrasts sharply with the \$20 million 1972-73 estimate made by SDSW in July 1972. SDSW had originally estimated \$41 million in March 1971, then revised this downward to \$20 million in July 1972 after adopting a new lower contribution scale.)

Our estimate of the administrative costs involved in generating this \$7,159,000 in revenue is \$3,600,000.

We estimate, therefore, that the net revenue (total revenue less administrative cost) for this period was \$3,560,000.

Since 50 percent of this net revenue must be returned to the federal government, the net amount remaining in California for this 12-month period is \$1,780,000.

Because counties share in 25 percent of the administrative cost (exclusive of certain amounts spent directly by the state in connection with fair hearings - about \$590,000 in 1972-73) while only the state participates in the non-federal share of revenue, the \$1,780,000 net state and county savings is made up of a \$752,000 increase in non-reimbursed county outlays and a \$2,532,000 net decrease in state outlays.

County Administrative Costs

While SDSW has since February 1972 required the counties to report separately the collections under its responsible relatives program, it has not provided for a corresponding separate accounting for the costs of collecting the revenue.

We have estimated county administrative costs at \$3,010,000 plus \$590,000 state costs for the 12-month period ended June 30, 1973.

Our estimate of county administrative costs is based on fieldwork in 12 counties. In Los Angeles County we used the county's budgeted cost figure of \$1.197 million adding \$71,000 to cover the cost of minor support functions not covered in the county's basic budget amount. In the other 11 counties we used June 1973 cost data and average collections for the four months ending June 30, 1973 to calculate an overall cost to revenue ratio which was used to estimate an annual cost figure.

Average collections were used because collections fluctuate much more from month to month than costs (which consist primarily of salaries) would be expected to. In each county we visited, we were assured that June costs would be representative of costs during the preceeding three months.

Costs for counties not visited were projected using the 11 county ratio of costs to collections and annual collections as reported by SDSW for the counties not visited. (If we had used the cost to collection ratio calculated from all 12 counties including Los Angeles, our projected costs would have been slightly higher.) Los Angeles cost and collection data were then added to produce a state total. This method tended to ignore in all counties except Los Angeles the higher ratio of costs to collections that presumably existed during the early part of the program and so would be expected to produce a somewhat conservative (low) cost estimate.

County Incentive to Keep
Administrative Costs Low

As pointed out earlier, 25 percent of the cost of collecting revenue from responsible relatives, exclusive of the cost of conducting fair hearings, falls on the county government. For the 12 month period from July 1972 through June 1973 this was \$752,000. Since revenue is returned to the federal and state governments, this program in effect represents a shift in resources from the local to the state and federal levels.

This shifting of resources has been cited as the reason for actual collections falling so far short of the July 1972 SDSW estimate of \$20 million per year.

Because counties participate in costs but not in revenues, they have an incentive not to incur unusual expenses to collect from those relatives who require more stringent collection procedures. To the extent that counties have so far limited their collection efforts to the easier cases, the cost per dollar collected could be expected to increase if efforts are made to collect from a higher percentage of those billed.

Fair Hearing Cost

Included in the cost of the administration of this program is an estimated yearly expenditure of \$590,000 to conduct hearings on appeals from relatives who allege, for a variety of reasons, that they should not be held liable for all or part of their assigned liability. The results of these hearings in calendar year 1972 were that liability was reduced or eliminated in 40 percent of the 4,700 cases appealed.

The cost of fair hearings for the fiscal year 1972-73 was estimated from information obtained from the State Department of Social Welfare's (SDSW) Accounting Bureau, Fiscal Planning Bureau and Office of the Chief Referee.

The \$590,000 cost of fair hearings includes the following:

- Direct cost of salaries and wages for SDSW's Office of Administrative Proceedings and the Communication Unit.

- Contractual cost for services rendered by the Department of General Services Office of Administrative Hearings, Los Angeles County, and the University of the Pacific McGeorge School of Law.

- Indirect cost, which includes departmental operating expense and equipment cost and salaries of departmental supportive units, was allocated based on the direct cost of salaries and wages using SDSW's indirect cost rates developed for the fiscal year 1972-73.

The number of fair hearing decisions rendered for fiscal year 1972-73 was obtained from statistics compiled by the Office of the Chief Referee. Approximately 6,000 decisions involved issues concerning recipients of Old Age Security. According to a study by McGeorge School of Law for the year 1972, 78 percent of the OAS fair hearing decisions rendered involved the Responsible Relatives Law. SDSW has estimated in earlier studies that the average cost of conducting a hearing has ranged from \$107 to \$135. Our study based on more recent cost data puts that figure at \$125.62.

Cost of Abandonment Proceedings

Not included in our estimates of the cost of this program is an undetermined but substantial "hidden cost" generated by abandonment proceedings initiated by children of OAS recipients in their efforts to be excused of liability.

Our telephone survey of 36 counties indicated that in the first six months of 1973, 722 petitions for abandonment have been filed that are directly attributable to attempts at enforcement of the Responsible Relatives Law. Of this number, 450 have been granted. The balance are either pending action or have been denied. We estimate on the basis of data from a limited number of counties that this is a constant rate and shows that the yearly total would therefore exceed 1,400.

Abandonment petitions are made to county boards of supervisors by children who allege they should be relieved of legal responsibility for their parents on the grounds that as children (18 years old or younger) they had been abandoned by their parents for two or more years.

Such petitions require the expenditure of manpower in both the office of county counsel and the board of supervisors. In addition, the law allows for an appeal to the superior courts of an adverse decision by the board of supervisors.

In addition to the administrative costs of the abandonment process, there is a social cost to consider which is the possible impact of formal and legal proceedings on reconciliation between the aged parents and their children in these 1,400 families.

EFFECT OF NEW REGULATIONS
ADOPTED BY SDSW ON JULY 12, 1973

On July 12, 1973, SDSW adopted new regulations affecting the administration of the Responsible Relatives Law. It should therefore be emphasized that the ratio of 1 to 1.99 reflects conditions prior to July 1, 1973. The logical result that may be assumed, however, is that the new regulations will:

1. Increase costs of administration temporarily
2. Decrease revenue on a continuing basis

Administrative costs can be expected to be higher over the next several months (or the processing of new cases slower) because a canvass of all persons who currently have an assessed liability must be made to determine if the impact of the new regulations will reduce that liability.

The new regulations add five new categories of unusual expenses that a responsible relative may claim to reduce his liability. There are no provisions in the new regulations that have the potential for increasing revenue. (See Appendix B on page 19)

The July 12, 1973 regulations had not been implemented for a sufficient length of time for us to make an assessment of the amount of their effect based on actual operating results. Neither have we in the time available been able to obtain or compile sufficient data on the make up of the responsible relative population to make a reasonably reliable estimate of their likely effect on revenue.

THE UNCERTAIN NATURE OF HRL

THE SIZE OF ASSESSMENTS MADE AFTER
JANUARY 1, 1974 WILL BE AFFECTED BY THE
BENEFIT LEVEL WHICH HAS NOT YET BEEN ES-
TABLISHED BY THE STATE LEGISLATURE AND REGU-
LATIONS WHICH HAVE NOT YET BEEN ADOPTED BY HEW

The Federal Welfare Reform Act, does not provide for relative responsibility. The intent of the act is to provide a Supplemental Security Income (SSI) which is unencumbered and not subject to liens. The amount of this SSI grant will be \$130 per month for a single person the first year, and \$195 per month for married couples the first year.

The state, by contributing approximately the amount it spent on the OAS program in 1972, may augment the basic federal grant to a higher level calculated by SDSW to be approximately \$217 for a single person. The federal government will pay for any amount the cost of this supplement increases beyond the amount calculated for the base year 1972.

Because of the commingling of federal and state funds in this increment, it is not clear if the state would be able to assess responsible relatives for its contribution to this increment. This point depends on HEW regulations which have not yet been issued.

The state may make an additional contribution to raise benefits above the \$217 level. Proposed legislation sets the benefit level at \$255. The \$38 between \$217 and \$255 would be entirely state money.

If we assume a payment level of \$255 per month, then the maximum liability attributable to an individual family would range from \$38 to \$125 depending on the wording of HEW regulations which have yet to be released.

The effect of a \$125 liability limit per family per month on revenues under the current program would not have had a substantial effect on revenues. However, the effect of a \$38 liability limit per family per month on current revenues would have cut revenues by approximately 34 percent.

EFFECT ON REVENUES OF INCREASING THE PASS-ON
FROM \$7.50 TO \$20 PER PERSON UNDER PROVISIONS OF HRI

Federal legislation currently requires that the first \$7.50 of any monthly non-welfare income that an applicant for OAS has be excluded from the calculations made to determine the amount of his grant. For example, if a recipient has income of \$100 per month, his grant is reduced by \$92.50 per month. The net effect of this is to provide those recipients with non-welfare income (earned or unearned) a total support level that is \$7.50 higher than for the recipient who has no means of support other than welfare. This practice is commonly called pass-on.

The effect of this provision is to reduce the amount of revenue available from the collections from responsible relatives. According to the SDSW September 1972 survey of OAS recipients, 18.3 percent of these recipients have no other income. When the county begins collecting from a relative of such a recipient, the recipient's grant must be increased by the \$7.50 collected from the relative. Counties have been instructed

to report as revenue the net collections after the \$7.50 has been passed on to the recipient. We did not find this to always be the case and some downward adjustments to revenue will undoubtedly have to be made to the figure of \$9,101,346 reported by SDSW as having been collected for the period February 1972 through June 1973. We would expect these adjustments to be relatively small. (Note, SDSW actually reported a lower figure which did not include certain adjustments as explained in the footnote on page one.)

After the effective date of HRI, the pass-on will be increased from \$7.50 per month to \$20 per month.

Making some assumptions, the effect of the enlarged pass on will reduce revenues by 6.0 percent. Stating it another way, had the enlarged pass-on been in effect during the past 17 months, revenues would have been reduced by \$546,608 while costs would have remained the same.

The assumptions on which this estimate is based are as follows:


- The average collection per case is \$38.38, as determined from our survey.
- Contributions from relatives whose parents have no income will occur in the same proportion as such cases exist in the general caseload therefore:
 1. Under the enlarged pass-on, the average net collection per case will be reduced by \$12.50 (the difference

between \$7.50 and \$20) to \$ 25.88 per case for
18.3 percent of the caseload.

2. This will produce a lower average collection overall of \$ 36.09 per case, which is 6.0 percent lower than the current figure.

THE COST OF IDENTIFYING AND LOCATING
RESPONSIBLE RELATIVES CAN BE EXPECTED
TO INCREASE AFTER THE EFFECTIVE DATE OF HRL

The state application for public assistance currently in use requires the applicant to provide the names and addresses of adult children. This information must be supplied before the application is considered. This inducement to cooperate in providing the names and addresses of adult children will be missing under a federally administered program and so it can be anticipated that in many cases the state will be required to take two court actions rather than one to collect. The first action to ascertain the child's existence and whereabouts from the recipient, and the second to enforce payment from the child.



Walter J. Quinn
Acting Deputy Auditor General

August 14, 1973

Staff: John McConnell
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Comparison of Administrative Cost
To Revenue for Selected California
Revenue Programs 1972-1973 Fiscal Year

	<u>Revenue Generated Per \$1.00 of Cost of Collection</u>
Alcoholic Beverage Tax Program	\$326.48
Cigarette Tax Program	272.31
Bank and Corporation Tax	110.54
Sales and Use Tax Program	73.28
Use Fuel Tax Program	38.11
Motor Vehicle Transportation License Tax	25.78
Health Financing Systems - Recovery Section (Medi-Cal Program)	5.68
Responsible Relative Program	1.99

Note: The source for the data used to develop the above ratios is the Governor's Budget for 1972-73 with the following exceptions: Data for the Health Financing System Recovery Section was supplied by the Department of Health. Data used to estimate the ratio of costs to revenue under the Responsible Relatives Program was collected by us from county and state records.

RESPONSIBLE RELATIVES
RESPONSIBLE RELATIVES 43-109 (Cont.)

43-109 **RESPONSIBILITY OF ADULT CHILD (Continued)** 43-109

.31 Relatives' Contribution Scale

Welfare and Institutions Code Section 12101 provides for contributions based on net income. Columns A and B are included for convenience in converting gross income to net income when the income of the adult child includes only his salary or wages. If the adult child's income includes income from property, self-employment, business, etc., his total net income must be determined under the appropriate provisions in Section 43-105.4. Net income so determined is then used, in Column C, in determining his maximum liability under Column D of the scale.

When the net monthly income of the adult child exceeds \$1,150, add \$5 to the appropriate subcolumn of Column D for each additional increment of \$25 in the adult child's net monthly income.

RELATIVES' CONTRIBUTION SCALE											
A		B		C		D					
If relative is 60 years old or older and gross monthly income is:		If relative is under 60 years old and monthly income is:		Then net monthly income is:		Maximum required monthly contribution if number of persons dependent upon income is:					
						1	2	3	4	5	6*
\$ 0. - 1,001.99	\$ 0. - 667.99	\$ 500 or under	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,002.00 - 1,051.99	668.00 - 701.33	501 - 525	20	10	0	0	0	0	0	0	0
1,052.00 - 1,101.99	701.34 - 734.66	526 - 550	25	15	0	0	0	0	0	0	0
1,102.00 - 1,151.99	734.67 - 767.99	551 - 575	30	20	0	0	0	0	0	0	0
1,152.00 - 1,201.99	768.00 - 801.33	576 - 600	35	25	5	0	0	0	0	0	0
1,202.00 - 1,251.99	801.34 - 834.66	601 - 625	40	30	10	0	0	0	0	0	0
1,252.00 - 1,301.99	834.67 - 867.99	626 - 650	45	35	15	0	0	0	0	0	0
1,302.00 - 1,351.99	868.00 - 901.33	651 - 675	50	40	20	5	0	0	0	0	0
1,352.00 - 1,401.99	901.34 - 934.66	676 - 700	55	45	25	10	0	0	0	0	0
1,402.00 - 1,451.99	934.67 - 967.99	701 - 725	60	50	30	15	5	0	0	0	0
1,452.00 - 1,501.99	968.00 - 1,001.33	726 - 750	65	55	35	20	10	5	0	0	5
1,502.00 - 1,551.99	1,001.34 - 1,034.66	751 - 775	70	60	40	25	15	10	5	0	10
1,552.00 - 1,601.99	1,034.67 - 1,067.99	776 - 800	75	65	45	30	20	15	10	5	15
1,602.00 - 1,651.99	1,068.00 - 1,101.33	801 - 825	80	70	50	35	25	20	15	10	20
1,652.00 - 1,701.99	1,101.34 - 1,134.66	826 - 850	85	75	55	40	30	25	20	15	25
1,702.00 - 1,751.99	1,134.67 - 1,167.99	851 - 875	90	80	60	45	35	30	25	20	30
1,752.00 - 1,801.99	1,168.00 - 1,201.33	876 - 900	95	85	65	50	40	35	30	25	35
1,802.00 - 1,851.99	1,201.34 - 1,234.66	901 - 925	100	90	70	55	45	40	35	30	40
1,852.00 - 1,901.99	1,234.67 - 1,267.99	926 - 950	105	95	75	60	50	45	40	35	45
1,902.00 - 1,951.99	1,268.00 - 1,301.33	951 - 975	110	100	80	65	55	50	45	40	50
1,952.00 - 2,001.99	1,301.34 - 1,334.66	976 - 1,000	115	105	85	70	60	55	50	45	55
2,002.00 - 2,051.99	1,334.67 - 1,367.99	1,001 - 1,025	120	110	90	75	65	60	55	50	60
2,052.00 - 2,101.99	1,368.00 - 1,401.33	1,026 - 1,050	125	115	95	80	70	65	60	55	65
2,102.00 - 2,151.99	1,401.34 - 1,434.66	1,051 - 1,075	130	120	100	85	75	70	65	60	70
2,152.00 - 2,201.99	1,434.67 - 1,467.99	1,076 - 1,100	135	125	105	80	80	75	70	65	75
2,202.00 - 2,251.99	1,468.00 - 1,501.33	1,101 - 1,125	140	130	110	85	85	80	75	70	80
2,252.00 - 2,301.99	1,501.34 - 1,534.66	1,126 - 1,150	145	135	115	90	85	80	75	70	85
			150	140	120	95	90	85	80	75	90
			155	145	125	100	95	90	85	80	95
			160	150	130	105	100	95	90	85	100
			165	155	135	110	105	100	95	90	105
			170	160	140	115	110	105	100	95	110
			175	165	145	120	115	110	105	100	115

*Reduce monthly contribution by \$5 for each additional person dependent on income.

Regulation RESPONSIBLE RELATIVES
 ----- RESPONSIBLE RELATIVES ----- **43-109 (Cont.)**

43-109 RESPONSIBILITY OF ADULT CHILD (Continued)

43-109

.31 Relatives' Contribution Scale

Welfare and Institutions Code Section 12101 provides for contributions based on net income. Columns A and B are included for convenience in converting gross income to net income when the income of the adult child includes only his salary or wages. If the adult child's income includes income from property, self-employment, business, etc., his total net income must be determined under the appropriate provisions in Section 43-105.4. Net income so determined is then used, in Column C, in determining his maximum liability under Column D of the scale.

When the net monthly income of the adult child exceeds \$1,150, add \$5 to the appropriate subcolumn of Column D for each additional increment of \$25 in the adult child's net monthly income.

RELATIVES' CONTRIBUTION SCALE								
A	B	C	D					
If relative is 60 years old or older and gross monthly income is:	If relative is under 60 years old and monthly income is:	Then net monthly income is:	Maximum required monthly contribution if number of persons dependent upon income is:					
			1	2	3	4	5	6*
\$ 0. - 1,001.99	\$ 0. - 667.99	\$ 500 or under	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,002.00 - 1,051.99	668.00 - 701.33	501 - 525	20	10	0	0	0	0
1,052.00 - 1,101.99	701.34 - 734.66	526 - 550	25	15	0	0	0	0
1,102.00 - 1,151.99	734.67 - 767.99	551 - 575	30	20	0	0	0	0
1,152.00 - 1,201.99	768.00 - 801.33	576 - 600	35	25	5	0	0	0
1,202.00 - 1,251.99	801.34 - 834.66	601 - 625	40	30	10	0	0	0
1,252.00 - 1,301.99	834.67 - 867.99	626 - 650	45	35	15	0	0	0
1,302.00 - 1,351.99	868.00 - 901.33	651 - 675	50	40	20	5	0	0
1,352.00 - 1,401.99	901.34 - 934.66	676 - 700	55	45	25	10	0	0
1,402.00 - 1,451.99	934.67 - 967.99	701 - 725	60	50	30	15	5	0
1,452.00 - 1,501.99	968.00 - 1,001.33	726 - 750	65	55	35	20	10	5
1,502.00 - 1,551.99	1,001.34 - 1,034.66	751 - 775	70	60	40	25	15	10
1,552.00 - 1,601.99	1,034.67 - 1,067.99	776 - 800	75	65	45	30	20	15
1,602.00 - 1,651.99	1,068.00 - 1,101.33	801 - 825	80	70	50	35	25	20
1,652.00 - 1,701.99	1,101.34 - 1,134.66	826 - 850	85	75	55	40	30	25
1,702.00 - 1,751.99	1,134.67 - 1,167.99	851 - 875	90	80	60	45	35	30
1,752.00 - 1,801.99	1,168.00 - 1,201.33	876 - 900	95	85	65	50	40	35
1,802.00 - 1,851.99	1,201.34 - 1,234.66	901 - 925	100	90	70	55	45	40
1,852.00 - 1,901.99	1,234.67 - 1,267.99	926 - 950	105	95	75	60	50	45
1,902.00 - 1,951.99	1,268.00 - 1,301.33	951 - 975	110	100	80	65	55	50
1,952.00 - 2,001.99	1,301.34 - 1,334.66	976 - 1,000	115	105	85	70	60	55
2,002.00 - 2,051.99	1,334.67 - 1,367.99	1,001 - 1,025	120	110	90	75	65	60
2,052.00 - 2,101.99	1,368.00 - 1,401.33	1,026 - 1,050	125	115	95	80	70	65
2,102.00 - 2,151.99	1,401.34 - 1,434.66	1,051 - 1,075	130	120	100	85	75	70
2,152.00 - 2,201.99	1,434.67 - 1,467.99	1,076 - 1,100	135	125	105	90	80	75
2,202.00 - 2,251.99	1,468.00 - 1,501.33	1,101 - 1,125	140	130	110	95	85	80
2,252.00 - 2,301.99	1,501.34 - 1,534.66	1,126 - 1,150	145	135	115	100	90	85
			150	140	120	110	100	95
			155	145	125	115	105	100
			160	150	130	120	110	105
			165	155	135	125	115	110
			170	160	140	130	120	115

*Reduce monthly contribution by \$5 for each additional person dependent on income.

43-109 RESPONSIBILITY OF ADULT CHILD (Continued) 43-109

.32 Modification or Elimination of Liability

.321 Major Unusual Expenses and Resulting Hardship

Liability may be fixed at less than the maximum if the relative: establishes by evidence that major unusual expenses limit his ability to contribute, and that undue hardship will result if the maximum liability is imposed. The county may, in cases where a determination is made that a finding of undue hardship is warranted, reduce the maximum liability and shall document the basis for such reduction in the case record. If undue hardship is established, the expenses which are allowed are deducted from the relative's net income and a modified liability determined by application of the Relatives' Contribution Scale.

Major unusual expenses which may be allowed in establishing a finding of undue hardship are:

- a. Monthly medical or dental expenses (not covered by insurance), including health insurance premiums, of the responsible relative and his dependents.
- b. Payments to meet court-ordered legal judgments, garnishments, child support or alimony, nonpayment of which would result in incarceration or job loss.
- c. Institutional care payments for a member of the immediate family (parent, spouse or child).
- d. Funeral expenses for members of the responsible relative's immediate family (parent, spouse or child).
- e. Educational expenses of the responsible relative and his dependents.
- f. Casualty losses (due to fire, earthquake, theft, etc.) to the extent such losses are not covered by insurance.
- g. Contributions for medical and household expenses made by a responsible relative to a parent not receiving public assistance.

In all cases where undue hardship is established and the relative's monthly liability is reduced, the county shall reexamine the case at intervals of no more than six months for the purpose of reevaluating all facts which are pertinent to a finding that the undue hardship reduction should continue.

.322 Child Freed of Responsibility for Support of Parent

An adult child who has been freed of responsibility for support of a parent under the provisions of Civil Code Sections 206.5 or 206.7 has no liability under the Relatives' Contribution Scale regardless of his income. He is also freed from any liability previously established but not yet paid at the time of the court order freeing him from responsibility.

.33 Special Factors Which Neither Increase Nor Decrease Liability of Adult Child

.331 Applicant or Recipient Receives Medical Care

Liability of an adult child shall not be increased as a result of medical care provided to his parent(s) under the Medi-Cal program.

.332 Adult Child Has Two Living Parents

Liability of an adult child for two living parents is the same as for one.

.333 Adult Child Living in Home of Parent

Liability of the adult child is not altered by his payment of room and board to a parent.

Joint Legislative Audit Committee

GOVERNMENT CODE: SECTIONS 10500-10504

California Legislature

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FORTY-FOURTH DISTRICT
RAY E. JOHNSON
FOURTH DISTRICT

September 7, 1973

Assemblyman John L. Burton
Chairman, Assembly Subcommittee
on Health and Welfare
Room 3173, State Capitol
Sacramento, California 95814

Dear John:

The following information is provided in response to your questions about the August 16, 1973 report released by the Joint Legislative Audit Committee on costs and collections under the California responsible relatives law.

The cost of administering the responsible relatives program in Los Angeles County during the 12 months ended June 30, 1973, was \$2.2 million. The revenue generated from this program in Los Angeles County during this same period was \$2.5 million. The ratio of costs to revenue in Los Angeles County for this 12 month period was 1 to 1.14; that is, it required an expenditure of \$1.00 to collect \$1.14 in revenue.

As can be seen from the attached table, net revenue in Los Angeles was about \$311,000 of which the federal share was about \$155,000. The state realized a net gain of about \$649,000. However, 76 percent of the state's gain was at the expense of the county government which had unreimbursed costs of \$493,000 but shared in none of the revenue.

With my warm best wishes,

Sincerely,

VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

COSTS AND COLLECTIONS UNDER
RESPONSIBLE RELATIVES LAW

LOS ANGELES COUNTY
1972-73 FISCAL YEAR

COST SUMMARY

<u>Participating Agency</u>	<u>Collection Cost Incurred by L.A.</u>	<u>Fair Hearing Cost Incurred by SDSW</u>	<u>Total Cost</u>	<u>Total Revenue</u>	<u>Net Revenue</u>
Federal Share	\$ 987,000	\$132,000	\$1,119,000	\$1,274,000	\$155,000
State Share	493,000	132,000	625,000	1,274,000	649,000
County Share	<u>493,000</u>	<u>---</u>	<u>493,000</u>	<u>---</u>	<u>(493,000)</u>
TOTAL	<u>\$1,973,000</u>	<u>\$264,000</u>	<u>\$2,237,000</u>	<u>\$2,548,000</u>	<u>\$311,000</u>