

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**THE DEPARTMENT OF SOCIAL SERVICES
COULD HAVE ASSISTED FLOOD VICTIMS
MORE QUICKLY**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL

P-661

THE DEPARTMENT OF SOCIAL SERVICES COULD HAVE
ASSISTED FLOOD VICTIMS MORE QUICKLY

APRIL 1987



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STATE OF CALIFORNIA
Office of the Auditor General

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Auditor General

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April 9, 1987

P-661

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the Department of Social Services' efforts to provide financial assistance to victims of the floods of 1986.

Respectfully submitted,

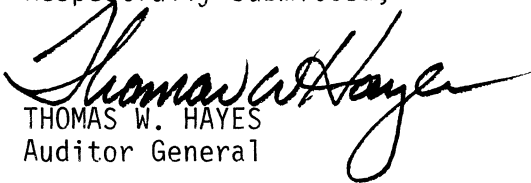

THOMAS W. HAYES
Auditor General

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SUMMARY

RESULTS IN BRIEF

The Department of Social Services (department) could have assisted victims of the floods of 1986 more quickly. The State was slow in securing the staff it needed to administer the Individual and Family Grant Program (grant program), thus causing a delay in the processing of applications for grants. In some instances, the department prematurely denied flood victims' applications for assistance, closing cases sooner than necessary. More than 400 (35 percent) of these closures involved flood victims who met the grant program's criteria for assistance and eventually received grants. Finally, the department did not ensure that all of the letters and forms it used to communicate with victims were understandable and accurate. As a result of these administrative problems, which the department has still not corrected, some flood victims who were eligible for grants had to wait several months longer than necessary to receive them.

BACKGROUND

The department provides cash grants to disaster victims through the grant program to help offset serious losses and necessary expenses. The grant program is jointly funded by the state and federal governments and is activated only when the president agrees to the governor's request to proclaim a region a disaster area. Disaster victims may apply to the department for grants only if other sources of assistance are either unavailable or inadequate to meet emergency needs. In response to the damages that resulted from the floods of 1986, the president declared 38 counties disaster areas, and the department awarded \$13.9 million in grants of up to \$5,000 each to more than 4,200 victims and their families. In addition, the department awarded more than \$4.2 million in state supplemental grants of up to \$5,000 each to more than 1,400 of these victims and their families.

PRINCIPAL FINDINGS

The Department Did Not Secure Staff for the Grant Program Promptly

Federal regulations require the department to make an early commitment of resources to process victims' applications for grants. During the floods of 1986, the department used regular state hiring procedures in coordination with the State Personnel Board and the Department of Personnel Administration to secure staff for administering the grant program. This process was too slow and took almost 15 weeks to complete. As a result of this delay, the department's ability to contact victims was diminished, and many eligible victims had to wait months for their grants.

The Department Denied Some Grant Applications Prematurely

Federal regulations allow the department 180 days to process disaster victims' applications for grants. After the floods of 1986, the department issued denials and closed some cases well before this deadline had expired. We found that the administrator of the grant program had established a goal of processing 95 percent of all grant applications by the 180-day deadline. The director of the department has testified that these actions were taken to prompt victims to respond to the department's requests for documentation. In response to public concern over the grant application process, the department reopened 1,197 cases, starting in late August 1986, and found that in 422 (35 percent) of these cases, victims were eligible for grants. In addition to reopening cases, the department reconsidered another 128 cases at the request of victims. We project that of the 2,195 denials the department issued, at least 215 (9.8 percent) were improper and were issued after no more than two weeks of processing.

The Department Did Not Communicate
Clearly With Flood Victims

Some flood victims had difficulty completing the application process because the department did not ensure that the forms and letters it used to communicate with victims were understandable and accurate. Specifically, the certification form the department used for supplemental grants contained technical legal terms, and a letter the department mailed to victims stated incorrectly the State's role in any lawsuits that victims might initiate. Consequently, some victims did not complete the application process while others experienced delays in the receipt of their grants.

RECOMMENDATIONS

To ensure that all disaster victims who qualify for Individual and Family Grant Program awards receive such assistance quickly, the Department of Social Services should take the following actions:

- Design an emergency response system to ensure that staff are available for processing applications as soon as they are received;
- Make all reasonable efforts to contact victims within the 180-day period federal regulations allow for the processing of grant applications; and
- Ensure that all letters and forms that are issued to victims are understandable and accurate.

AGENCY COMMENTS

The department agrees with our recommendations. However, the department disagrees with some of the wording that the report contains. In particular, the department states that the denials the report refers to as "improper" should be referred to as "premature." In addition, the department states that the

INTRODUCTION

In February 1986, an extraordinary series of storms caused severe flooding in northern California. As a direct result of these storms, 13 people lost their lives and 67 others were seriously injured. In addition, more than 50,000 people were forced to evacuate their homes and move to temporary shelters. On February 21, 1986, the president responded to a request from the governor and declared 9 counties disaster areas in northern California, making it possible for flood victims in those areas to qualify for several types of federal, state, and private assistance. By March 21, 1986, the president had declared 38 counties disaster areas.

Four primary sources of assistance were available for flood victims. First, the Temporary Housing Assistance program, administered by the Federal Emergency Management Agency (FEMA), provides rental assistance for up to one year for displaced families. Second, the American Red Cross provides victims with disbursing orders for food, rent, and personal property. Third, the United States Small Business Administration lends money to victims to repair or replace personal or real property. Finally, the Individual and Family Grant Program (grant program), which is administered by the Department of Social Services (department), assists those victims whose needs are not met by the first three sources.

The grant program provides funds to victims only for necessary expenses and serious needs directly attributable to a disaster. Given these limitations, grants can be used for real property, personal property, transportation, and medical, dental, or funeral expenses. However, victims are eligible for the grant program only if other sources of assistance are either unavailable or inadequate to meet emergency needs. The maximum award available from the grant program is \$5,000. In response to the floods of 1986, the Legislature enacted Chapter 16, Statutes of 1986, which created the State Additional Assistance Program to provide victims with as much as an additional \$5,000, thus making the largest possible award under the grant program \$10,000.

The grant program is jointly funded by both the state and federal governments and is activated only when the president agrees to the governor's request to proclaim a region a disaster area. To qualify for federal financial participation in this program, the department must submit a state plan to the FEMA for approval. For each grant that the department awards, the federal government pays for 75 percent and the State pays for 25 percent of the first \$5,000. The State pays 100 percent of any amount awarded in excess of \$5,000. In addition, the federal government reimburses the State for administrative costs at the rate of approximately 3 percent of the total federal contribution for disaster assistance grants.

Victims of the floods of 1986 applied for assistance at the 35 disaster application centers (centers) that were established jointly by FEMA and the Office of Emergency Services. Victims could apply for assistance at any center to meet all of their emergency and rehabilitation needs. The first centers opened in northern California on February 26, 1986, and the last one closed on March 20, 1986.

To be considered for a grant, victims must first apply to the United States Small Business Administration for disaster assistance. The only exception to this rule concerns disaster victims whose only claims are for medical, dental, or funeral expenses. At the centers, officials of the United States Small Business Administration interviewed flood victims to determine their eligibility for loans. If these officials decided that a victim was not eligible for a loan, the victim was issued a "summary denial" and received an application for the grant program. Alternatively, if it appeared that the victim might qualify for a loan, the victim was not given an application for the grant program. Nevertheless, even this last group of flood victims could eventually qualify for the grant program if they were later denied a loan by the United States Small Business Administration or if they received a loan that was insufficient for their emergency needs.

As of February 27, 1987, the department had received a total of 5,925 applications for grants from victims of the floods of 1986. The department approved 4,230 (71.4 percent) of these applications and awarded a total of \$18.1 million to these victims and their families.

These approvals included \$13.9 million in grants of up to \$5,000 each, as well as \$4.2 million in supplemental grants of up to \$5,000 each. In addition, the department denied 1,666 (28.1 percent) applications, 21 (.4 percent) victims withdrew their applications, and 8 (.1 percent) victims are still awaiting the outcome of the appeals process.

SCOPE AND METHODOLOGY

The purpose of our review was to evaluate the efforts of the department to assist victims of the floods of 1986 through the grant program. During this audit, we reviewed statutes and regulations governing the grant program as well as various records maintained by the department. We also examined the department's policies and procedures and interviewed staff members to determine the department's methods of implementing its administrative responsibilities.

To determine whether flood victims who received grants were entitled to such assistance, we selected a random sample of 30 case files and analyzed the documents they contained. We did not find any cases in which victims received grants that they were not entitled to during the review of this sample.

We examined a random sample of 120 of the 2,195 cases in which the department issued at least one denial to the victims involved. We collected data from these 120 case files to evaluate how long it took the department to process applications, whether the department acted

appropriately when issuing denials, and whether the department communicated with victims as clearly as possible. In addition, we contacted 15 of the victims in our sample to learn their opinions of the grant application process.

Finally, we interviewed officials of the FEMA and the United States Small Business Administration and representatives of religious organizations that interceded in the grant application process on behalf of flood victims. We also interviewed administrators of state disaster assistance programs in Illinois and Michigan to learn about their experiences with recent changes in federal regulations concerning the grant program.

AUDIT RESULTS

I

THE DEPARTMENT OF SOCIAL SERVICES DID NOT SECURE STAFF FOR THE GRANT PROGRAM PROMPTLY

The Department of Social Services (department) did not secure staff promptly for appraising flood victims' losses and processing their applications for grants. Although federal regulations require the department to make an early commitment of personnel to process all applications for grants, the department used regular state hiring procedures to secure staff for the Individual and Family Grant Program (grant program), a process that took almost 15 weeks to complete. By April 24, 1986, more than two months after the president's declaration of disaster, the department had processed only 95 out of the 4,691 applications it had received. Consequently, many eligible victims who had suffered significant losses were forced to wait months for their grants.

When the president issues a declaration of disaster, the Code of Federal Regulations, Title 44, Section 205.54, requires the State to make an early commitment of personnel and resources to process victims' applications for grants to meet necessary expenses and serious needs. The importance of this early commitment was underscored by the fact that there were over 900 cases available for the department to process only nine days after the president declared the floods of 1986 a disaster.

Recognizing the need to respond promptly to the disaster, the Federal Emergency Management Agency (FEMA) and the Office of Emergency Services jointly established the disaster application centers within days of the president's declaration of disaster. In addition, the department assembled a disaster response team consisting of volunteers from within the department and assigned team members to the various centers as they were opened. However, these volunteers only provided information to victims about the grant program and were not permitted by the FEMA to assist victims in completing applications for grants.

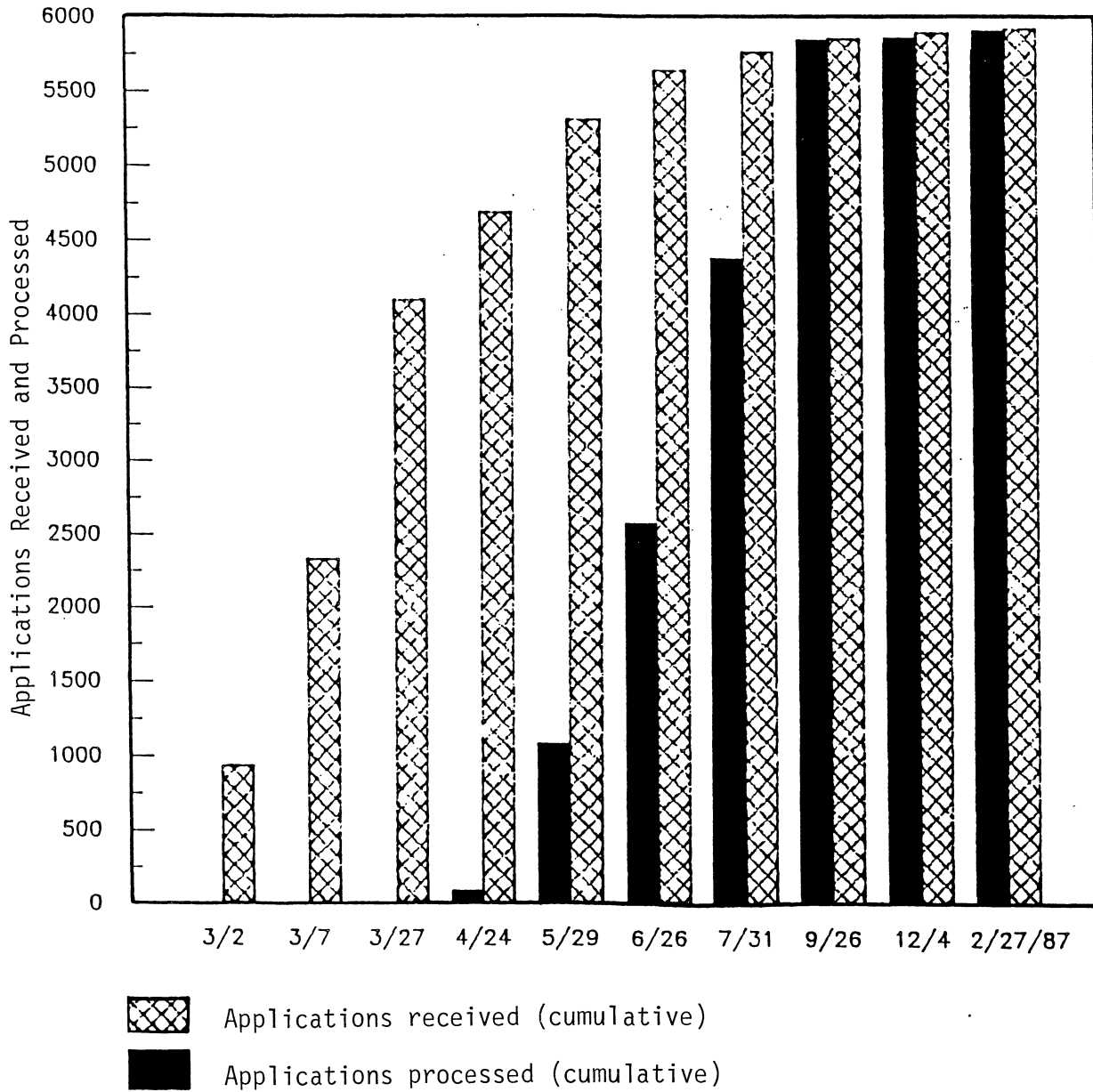
While the governor asked the president to declare a disaster on February 19, 1986, and the president issued the declaration on February 21, 1986, the department had hired only one person to appraise victims' losses by March 4, 1986. Additionally, while the department eventually hired 33 case processors, it had hired only 2 by March 23, 1986. The former manager of the grant program has stated that he initially delayed hiring case processors because his first priority was to place volunteer staff into the centers to assist victims and to determine the number of disaster victims who would be applying for grants.

Because the department did not start appraising most victims' losses until April 1986 and did not start processing most grant applications until May 1986, the department did not assist eligible victims as soon as possible. As Chart 1 shows on page 10, the department processed only 4 of the 4,102 grant applications it had

received by March 27, 1986, more than one month after the president's declaration of disaster was issued. Moreover, by April 24, 1986, two months after the president's declaration, the department had processed only 95 of the 4,691 applications it had received. During these months, many eligible victims who had suffered significant losses were forced to wait for grants to meet their necessary expenses and serious needs. In addition, the department had difficulty contacting other victims who had moved because of flood damage to their homes.

CHART 1

THE DEPARTMENT OF SOCIAL SERVICES
APPLICATIONS RECEIVED AND PROCESSED
AFTER THE FLOODS OF 1986
MARCH 2, 1986 THROUGH FEBRUARY 27, 1987



Currently, the department has only five permanent staff assigned to the grant program. When a disaster is declared, the department must secure additional staff to appraise victims' losses and process their applications for grants. When the department hired additional staff to assist flood victims, it used regular state hiring procedures that require the cooperation of the State Personnel Board and the Department of Personnel Administration. Under these procedures, the department either requests hiring lists from the State Personnel Board or obtains permission from the State Personnel Board to develop lists, contacts persons on the lists, and then allows these prospective employees five days to respond. Next, the department interviews those persons who indicate they are interested in employment and offers positions to acceptable candidates. Finally, the department must allow these new employees time to prepare for their new jobs.

The manager of the grant program has stated that this entire hiring process generally takes six to eight weeks to complete. However, because of the number of staff needed to process flood victims' applications for grants, this process took almost 15 weeks to complete during the 1986 disaster. Both the program manager from the State Personnel Board and the program manager from the Department of Personnel Administration, who are responsible for overseeing the department's hiring practices, have stated that they agree that there is a need to expedite this process during emergencies and that they are willing to work with the department to do so.

Federal regulations governing the grant program were revised during October 1986. Under these revised regulations, the FEMA takes applications for grants from victims, sends federally contracted appraisers out to verify victims' losses, and obtains necessary documents to substantiate victims' losses. We discussed the new FEMA procedures with officials of disaster assistance programs in the states of Illinois and Michigan, both of which experienced sizable disasters during the fall of 1986. These officials stated that under the new process, data for processing applications were available to both the Illinois and Michigan grant programs within days after the declaration of disaster. The possibility of receiving data this quickly for processing applications during California's next disaster highlights the need for the department to secure staff for the grant program as soon as the president issues a declaration of disaster. Delays in obtaining program staff will cause victims to wait unnecessarily to obtain assistance for necessary expenses and serious needs.

II

THE DEPARTMENT OF SOCIAL SERVICES DENIED SOME GRANT APPLICATIONS PREMATURELY

Once a presidential declaration of disaster is issued, federal regulations allow the State 180 days to process all applications for assistance that the grant program receives. After the floods of 1986 and well before the 180-day deadline, the department issued denials and closed some victims' cases after only two or three attempts to contact the victims. We found that the administrator of the grant program had established a goal of processing 95 percent of all applications for grants by the end of the 180-day period. The director of the department has testified that the department closed these cases to prompt victims to respond to the department's requests for documentation. Starting in the last week of August 1986, the department subsequently reopened 1,197 of these early denials and found that 422 (35 percent) victims were eligible for grants. In addition to reopening cases, we estimate that the department has also reconsidered 128 cases at the request of victims. We project that of the 2,195 denials the department issued, at least 215 (9.8 percent) were improper and were issued after no more than two weeks of processing.

The Code of Federal Regulations, Title 44, Section 205.54, requires that the State complete all grant award activities, including eligibility determinations, disbursements, and dispositions of appeals, within 180 days of a presidential declaration of disaster. Neither

federal regulations nor the state administrative plan require the department to close cases before the 180-day deadline. Federal regulations also provide for extensions of the initial 180-day processing period. The original 180-day period for processing flood victims' applications for grants expired on August 20, 1986. However, after this date, the Office of Emergency Services requested and received from FEMA two extensions for the department to complete its processing of grant applications.

Statements by four of the department's case processors and the results of our review of a sample of case files indicate that department staff prematurely, that is, before the 180-day deadline, denied applications and closed cases when staff could not contact victims or when victims failed to submit documents. Initially, department staff did attempt to contact all flood victims who applied for assistance at the disaster application centers (centers) to set up appointments for the department's appraisers to visit the victims' residences to verify damages. The senior damage appraiser for the grant program has stated that in some cases appraisers made additional attempts to contact flood victims even if the clerical workers' attempts were unsuccessful.

However, if staff were unable to contact flood victims after these attempts or if victims failed to submit documents, the department sent letters to the victims during May and June 1986 informing them that they did not qualify for grant assistance even though several

weeks remained before the federal 180-day deadline. The administrator of the grant program established a goal of processing 95 percent of all applications for grants by the end of the federally mandated 180-day period. The director of the department has testified that the process of closing those cases that lacked supporting documents before the 180-day deadline occurred was intended to elicit responses from victims and, thus, enable the department to obtain the information it needed to process victims' applications.

Starting in the last week of August 1986, the department reopened 1,197 cases that it had previously closed either because victims had not submitted documents supporting their losses or because department staff could not contact the victims. The director of the department has testified that these cases were reopened because of public concern about quick denials. In addition to reopening cases, we estimate that 128 additional applications that the department initially denied were reconsidered by the department at the victims' requests. This estimate is based on our review of a random sample of cases.

During the processing of the reopened cases, the department expanded its methods for contacting victims to include checking with employers, unions, neighbors, and welfare offices. Through these additional efforts, the department did contact 1,091 victims it had previously denied assistance to and awarded grants to 422 of these victims. For example, in one of the cases in our sample, the department denied a victim's application after only nine days of case

processing in June 1986. The department reopened the case in August 1986 and subsequently awarded the victim the full \$10,000 grant in December 1986, more than six months after the initial denial and more than nine months after the victim first applied for assistance. In another case, the department denied a victim's application after only six days of processing in May 1986. The department reopened the case in early September 1986 and subsequently awarded the victim a grant of \$3,414 in February 1987, more than eight months after the initial denial and almost eleven months after the victim first applied for assistance.

As a result of the department's premature denials and closures, many eligible victims did not receive their grants as soon as possible. We reviewed a sample of 120 of the 2,195 applications the department denied at least once. Based on the results of our sample, we project at a 95 percent level of confidence that at least 215 victims (9.8 percent) whose cases the department initially closed after no more than 14 days of processing and later either reopened or reconsidered eventually received grants. The department has awarded \$1.25 million in grants to 422 of the 1,197 victims whose applications the department originally denied and then reopened starting in late August 1986. All of the flood victims who received grants are people whose needs had not been fully met by other sources of aid and, therefore, could not afford to have the receipt of their grants significantly delayed.

III

THE DEPARTMENT OF SOCIAL SERVICES DID NOT COMMUNICATE CLEARLY WITH FLOOD VICTIMS

Disaster victims who were eligible for assistance had difficulty completing the grant application process because the department did not communicate with them as clearly as possible. Following the floods of 1986, the department did not ensure that the forms and letters it used to inform victims about their responsibilities were understandable and accurate. The department's actions confused flood victims, causing delays in some victims' receipt of their grants and causing others to decide not to complete the grant application process.

When administering the grant program, the department should communicate with disaster victims as clearly as possible. The department's training manual for members of the disaster response team states that during a disaster victims are under stress and can become disoriented and confused. The manual further states that victims may not completely recover from their physical and emotional losses for months after a disaster occurs. Because of these circumstances, confusing or inaccurate information can cause victims who are eligible for grants to have difficulty completing the application process.

Victims of the floods of 1986 were confused about the grant program's application process. One source of confusion was the

certification form that was used to ensure that the State did not provide assistance to victims when their losses were compensated by other sources. This form (see Appendix A) contained technical language that victims could not understand. For example, in one of the cases we randomly selected for our sample, the victim wrote a letter to the department indicating that he was confused about the "lien" statement on the certification form. This victim was not awarded a grant until more than nine months after he applied for assistance. This delay is partly attributable to the difficulty the victim had in trying to understand the wording of the certification form. In another example, we contacted a victim who indicated that the application process, including all of its forms and requirements, was too confusing. The victim stated that because of this confusion, she decided not to complete the application process despite the fact that she suffered significant losses. In addition, program staff have stated that many other victims, some of whom may have been eligible for grants, did not complete the grant application process because of similar confusion.

Some flood victims contacted religious organizations to intercede on their behalf because they were either frustrated and confused about the application process or did not understand the wording on the forms that the grant program required. An official with one of these organizations stated that many victims did not understand terms the department used on the certification form, such as "subrogation of rights" and "liens on their property." This official also stated that while she had eight years of legal training, she had difficulty understanding some of the language the department used.

The language in the certification form, which was originally drafted by staff in the Attorney General's Office, was included in the certification form at the suggestion of staff in the governor's office to protect the State's interests whenever victims were reimbursed for losses by sources other than the grant program. Nevertheless, although the department never did so, the department could have suggested to the Attorney General's Office modifications to the certification form to make it more understandable to victims.

Finally, the department issued an inaccurate letter concerning the State's role in any lawsuits involving the program to victims who were eligible for grants greater than \$5,000. The letter incorrectly stated that victims were required to allow the State to represent them if they decided to file a lawsuit against any government agency (see Appendix B). After it realized that this letter was inaccurate, the department issued a retraction in a follow-up letter (see Appendix C). However, before the first letter was mailed, the deputy director responsible for the grant program did not request that the department's Legal Affairs Division review the letter.

IV

CONCLUSION AND RECOMMENDATIONS

The Department of Social Services could have assisted victims of the floods of 1986 more quickly. The department was slow to secure the staff it needed to administer the grant program, thus causing a delay in the processing of applications for grants. In some instances, the department prematurely denied applications, closing cases sooner than necessary. Many of these closures involved flood victims who met the Individual and Family Grant Program's criteria for awards. Finally, the department did not ensure that all of the letters and forms it used to communicate with victims were understandable and accurate. As a result of these administrative problems, which the department has still not corrected, some victims, who were eligible for assistance and had serious needs and necessary expenses, had to wait several months for their grants.

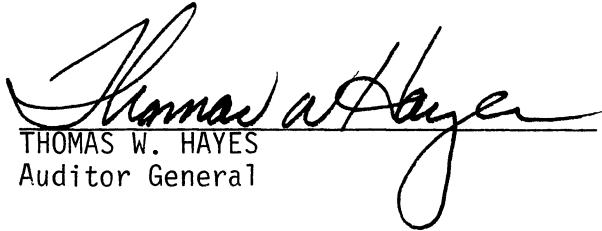
RECOMMENDATIONS

To ensure that all disaster victims who qualify for assistance from the Individual and Family Grant Program receive their grants promptly, the Department of Social Services should take the following actions:

- Design an emergency response system to ensure that applications for grants can be processed as soon as they are received. The department should also obtain prior approval for the design of the system. This system should include procedures for transferring regular department staff to the grant program as soon as the president issues a declaration of disaster. The system should also include formal agreements between the department, the State Personnel Board, and the Department of Personnel Administration for reducing the time involved in hiring personnel on a temporary basis for administering the grant program;
- For all victims who apply for disaster assistance, make all reasonable efforts to contact these victims during the 180-day period federal regulations allow for such work. These efforts should include, but not be limited to, attempts to call or write to victims, as well as inquiries to employers, unions, neighbors, and all levels of government; and
- Ensure that all letters and forms that are issued to victims are understandable and accurate. Furthermore, all correspondence related to the legal rights and responsibilities of victims should be reviewed by the department's Legal Affairs Division.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Date: April 6, 1987

Staff: Thomas A. Britting, Audit Manager
Peter Allyn Goldstein
John Paul Albers

THE DEPARTMENT OF SOCIAL SERVICES'
CERTIFICATION FORM

STATE OF CALIFORNIA - HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES

STATE SUPPLEMENTAL INDIVIDUAL AND
FAMILY GRANT PROGRAM

-
CERTIFICATION

With respect to disaster assistance grant solely funded by the State of California which I or my family may receive under the provisions of Chapter 16, Statutes of 1986, I understand and agree to the following conditions.

The State of California shall be subrogated to my rights to the extent of the cash payments I am granted. Such subrogation rights shall be against any person or public entity liable for the loss for which the cash payments were granted. The State of California may also require an assignment of my rights of recovery for cash payments granted. If an assignment is sought, I agree to sign and deliver all related papers and cooperate with the State of California in any reasonable manner.

The State of California shall also be entitled to a lien on any judgement or settlement made by me or on my behalf to the extent of the cash payments granted including any claim or lawsuit brought against the State of California. The State of California may intervene in an action brought by me or by others on my behalf or on the behalf of my family without being obligated to share in attorney's fees or court costs.

If I or a member of my family file a claim or bring an action against persons or public entities liable for the loss for which cash payments are granted, I or the attorney employed by me shall forthwith give the Office of the Attorney General, Post Office Box 944255, Sacramento, California 94244-2550 written notice of such claim or action, and of the name of the forum in which the claim or action is brought. I shall also be obligated to timely notify the Office of the Attorney General of any release or settlement subject to this Agreement.

Applicant (Please Print)

Applicant's Signature

Date

THE DEPARTMENT OF SOCIAL SERVICES'
 LETTER TO FLOOD VICTIMS ABOUT
 THE STATE'S ROLE IN LAWSUITS
INVOLVING THE GRANT PROGRAM

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
 44 P Street, Sacramento, CA 95814



Dear Applicant:

This is to inform you of a change in the Individual and Family Grant Program (IFGP). The new maximum grant is \$10,000.00. This new maximum grant is being made possible by Assembly Bill 2536, recently signed by the Governor. The bill provides additional money to victims who suffered medical, dental, funeral, real property or personal property damage as a result of "severe storms, mudslides, landslides and flooding".

You do not have to file any other application to be considered for the new maximum grant. The application you or a member of your family filed in the Disaster Application Center automatically makes you eligible for consideration of the new amount.

However, a requirement in the Assembly Bill states that if you receive more than \$5,000.00 you must sign a certification promising to allow the State of California to legally represent you in the event you should decide to file a lawsuit against any government agency. This means that if you believe a government agency is responsible for damage caused by the flood that you must allow the State of California to represent you in any court action you decide to take.

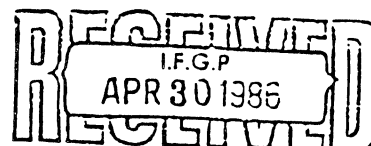
In addition, if you receive any recovery from a lawsuit against a public agency you will be required to notify the IFGP at the above address. Depending upon the amount of such settlement/recovery, as well as the purpose, you could be required to return all or part of any grant over \$5,000.00. Please read the certification on the reverse of this letter and sign it. If you do not sign the certification and return it within 10 days from the receipt of this letter, you will not be considered for the new maximum grant. You will still be eligible for consideration of up to \$5,000.00.

You should be advised that signing the certification does not make you automatically eligible for any sum of money nor grant.

Return the signed certification in the enclosed self-addressed envelope to:

State of California
 Individual and Family Grant Program
 744 P Street, MS 19-43
 Sacramento, CA 95814

PHILIP J. MANRIQUEZ
 Individual and Family Grant Program
 Administrator



THE DEPARTMENT OF SOCIAL SERVICES'
RETRACTION LETTER TO FLOOD VICTIMS

Dear Applicant:

Recently we sent you a letter informing you of the new maximum grant level in the Individual and Family Grant Program (IFGP). That letter contained some inaccuracies that need to be corrected.

Before you can receive more than \$5,000.00 in IFGP monies you must sign and return the "State Supplemental Individual and Family Grant Program - Certification" agreement form that was enclosed in our previous letter. This is necessary because Assembly Bill 2536 requires that the amount of financial assistance over \$5,000.00 shall constitute a lien in favor of the State, and that the State shall be subrogated to your rights. This means that if you recover any money from any other sources the State will be repaid for the amount of your grant over \$5,000.00. This is to prevent you from obtaining the same amount twice. Contrary to what was printed in our previous letter, it does not mean the State of California will represent you in any lawsuits.

If you have already signed and returned your certification but because of these corrections you now wish to withdraw your application for the new maximum grant you should do so by informing us within the next 10 days.

Sincerely,

PHILIP J. MANRIQUEZ
Individual and Family Grant Program
Administrator

Note: The Office of the Auditor General has retyped this letter with the permission of the Department of Social Services. The wording of the letter remains unchanged.

DEPARTMENT OF SOCIAL SERVICES
144 P Street, Sacramento, CA 95814



March 27, 1987

Mr. Thomas W. Hayes
Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

OFFICE OF THE AUDITOR GENERAL'S REPORT ENTITLED "THE DEPARTMENT OF SOCIAL SERVICES COULD HAVE ASSISTED FLOOD VICTIMS MORE QUICKLY" (AUDIT CONTROL NUMBER P-661)

Mr. Allenby has asked me to respond to the above referenced draft report.

Enclosed you will find the comments prepared by the State Department of Social Services in response to the recommendations made in the above report.

If you have any questions regarding our comments, please contact me at (916) 445-2077 or have your staff contact Mr. Walter Barnes, Chief, Office of Refugee Services, at (916) 324-1576.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda S. McMahon".

LINDA S. McMAHON
Director

Enclosure

STATE DEPARTMENT OF SOCIAL SERVICES' RESPONSE

The State Department of Social Services' (SDSS) comments concerning the draft of the Auditor General's Office (AGO) report concerning the Individual and Family Grant Program (IFGP) entitled "The State Department of Social Services Could Have Assisted Flood Victims More Quickly" (Audit Control Number P-661).

AGO Recommendation 1

(The SDSS should) "Design an emergency response system to ensure that applications for grants can be processed as soon as they are received. The department should also obtain prior approval for the design of the system. This system should include procedures for transferring regular department staff to the grant program as soon as the President issues a declaration of disaster. The system should also include formal agreements between the department, the State Personnel Board, and the Department of Personnel Administration for reducing the time involved in hiring personnel on a temporary basis for administering the grant program."

SDSS Response

The SDSS already has in place a system for immediately transferring regular department staff to the grant program. The system has proven adequate for all disasters prior to FEMA-758 (California Storms - February 1986). Because of the scale of FEMA-758, an unusually large number of temporary employees was needed to supplement the transferred permanent staff. The SDSS agrees that a special system for rapidly hiring temporary staff would have reduced the delays experienced in processing applications for this disaster (1)*

AGO Recommendation 2

"For all victims who apply for disaster assistance, make all reasonable efforts to contact these victims during the 180-day period federal regulations allow for such work. These efforts should include, but not be limited to, attempts to call or write to victims, as well as inquiries to employers, unions, neighbors, and all levels of government."

SDSS Response

The SDSS made all efforts required under the federally approved State Plan to contact applicants and to obtain from them the information needed to decide their applications. However, the SDSS' efforts in connection with the cases which were reopened has shown the value of additional efforts such as those you recommend. As a consequence, IFGP case processing procedures are currently being revised to incorporate the contact procedures used during the reopen process as part of the normal IFGP process. In addition, IFGP operational plans are being revised to include: 1) regular use of community organizations to assist in locating and assisting disaster victims; and, 2) locating IFGP case processing operations within communities with large concentrations of disaster victims.

*The Auditor General's comments on specific points contained in the Department of Social Services' response begin on page 37.

AGO Recommendation 3

(The SDSS should) "Ensure that all letters and forms that are issued to victims are understandable and accurate. Furthermore, all correspondence related to the legal rights and responsibilities of victims should be reviewed by the department's Legal Affairs Division."

SDSS Response

The SDSS agrees with this recommendation and has included the legal review of all printed forms, standard letters and informational matters in its work procedures.

SDSS Remarks on the AGO Report's Narrative:

Page S-1, paragraph 1 states:

"More than 400 (35 percent) of these closures involved flood victims who met the grant program's criteria for assistance and eventually received grants."

SDSS Remarks:

The wording of this statement implies that the 400 flood victims were eligible for assistance at the time their cases were initially denied. This is not the case. These victims did not become eligible for assistance until after additional information was received from them during the "reopen" process. A more accurate statement would be:

"More than 400 (35 percent) of these closures involved flood victims who subsequently met the grant program's criteria for assistance and eventually received grants." (2)

Page S-1, second paragraph states:

"Disaster victims may apply to the department for grants only if other sources of assistance are either unavailable or inadequate to meet emergency needs."

SDSS Remarks:

The statement is technically incorrect in that disaster victims may apply to the Federal Emergency Management Agency for assistance. Then, under prescribed circumstances, such applications may be referred to the grant program administered by the SDSS. The statement should read:

"Disaster victims that have applied for assistance to the Federal Emergency Management Agency, may have their applications referred to the department for grants only if other sources of assistance are either unavailable or inadequate to meet emergency needs." (3)

Page S-2, second paragraph states:

"We project that of the 2,195 denials the department issued, at least 215 (9.8 percent) were improper and were issued after no more than two weeks of processing."

SDSS Remarks:

The SDSS disputes the use of the word "improper" in the limited context framed by this statement. As described in other parts of the report, the subject denials were given to applicants who, over a period of 60-90 days, had been contacted two or three times and still failed to submit information needed to determine their eligibility. In denying these cases, the SDSS also informed the applicants that the decision could be appealed and how and where to submit such appeals. Also, as was pointed out in the report, the processing of cases included the option to reconsider decisions at the request of victims. Thus, the SDSS believes that other parts of the report more accurately characterize these denials as premature or too quick. It is suggested that the statement should read:

"We project that of the 2,195 denials the department issued, at least 215 (9.8 percent) were premature because they were issued after no more than two weeks of processing." (4)

Page 13, first paragraph states:

"Starting in the last week of August 1986, the department subsequently reopened 1,197 of these early denials and found that 422 (35 percent) victims were eligible for grants."

SDSS Remarks:

This statement portrays that the 422 victims were eligible for grants at the time the SDSS denied their applications. As was mentioned in other parts of this report, these cases were denied because they lacked information needed to determine their eligibility. The receipt of such information and determination of eligibility did not occur until after these cases had been reopened. The statement should be changed to read:

"Starting in the last week of August 1986, the department subsequently reopened 1,197 of these early denials and was able to obtain information resulting in 422 (35 percent) victims becoming eligible for grants."

Page 13, first paragraph states:

"We project that of the 2,195 denials the department issued, at least 215 (9.8 percent) were improper and were issued after no more than two weeks of processing."

SDSS Remarks:

A better description would be "premature" rather than "improper" (see remarks applicable to page S-2, second paragraph). (4)

Page 16, second paragraph states:

"All of the flood victims who applied for grants are people whose needs had not been fully met by other sources of aid and, therefore, could not afford to have the receipt of their grants significantly delayed."

SDSS Remarks:

There are cases referred to IFGP that subsequently are found ineligible because it is determined that their serious and essential needs have been met through other sources of aid. The statement should read:

"All of the flood victims who received grants are people whose needs had not been fully met by other sources of aid and therefore, could not afford to have the receipt of their grants significantly delayed." (5)

**AUDITOR GENERAL'S COMMENTS ON THE RESPONSE
OF THE DEPARTMENT OF SOCIAL SERVICES**

- ① The department is responsible for administering the grant program regardless of the magnitude of the disaster. The system the department refers to was inadequate during the floods of 1986 and contributed to the delay that some flood victims experienced in receiving their grants.
- ② The department is incorrect in its assertion that these flood victims "subsequently" met the grant program's criteria for assistance. Rather, these victims were eligible for grants as a result of their losses and, as we describe on pages 13 through 16 of the report, subsequently received grants after the department processed their applications. The department's failure to ensure that victims could understand the requirements of this process is described on pages 17 through 19 of the report.
- ③ The statement in the text is correct. On pages 3 and 8 of the report, we provide a detailed account of how flood victims applied for grants, including the role of the federal government.
- ④ Our projection refers only to victims who received grants; therefore, it is correct to state that the denials that the department issued to these victims were improper. Our report uses the word premature on pages 14 and 16 only to indicate that the department initially closed these victims' cases before the 180-day federal deadline.
- ⑤ We have changed the text to reflect the department's comments. The statement on page 16 refers to the 422 victims who eventually did receive grants.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps