

JAN 19 1948

TO: Senator William H. Heen, Chairman,
Hold-Over Committee, 24th Legislature,
Territory of Hawaii,
Honolulu, Hawaii.

Hawaii (Ter.)

FROM: Department of Public Welfare.

SUBJECT: REPORT ON PUBLIC WELFARE PROGRAM.
(Standing Committee Report No. 426, Senate, 24th Legislature)

Senate Standing Committee Report No. 426, prepared in accordance with Senate Resolution No. 4 by the Committee on Public Health, makes among others the following recommendations:

"that the director work with whatever hold-over committee that may be created by this legislature on the problem of the care of aged persons;

"that the director be requested to make recommendations to the next legislature regarding any problems or plans which in his opinion are vital to the proper care of needy persons in the Territory."

This special report is designed to appraise you of developments and plans of this Department. Because of the complexity and ramifications of a public welfare program we are not attempting to make a comprehensive report and make this concise progress report with the expectation that you will request whatever additional information you consider pertinent.

Overshadowing all other developments since adjournment of the last Legislature is the financial problem resulting from increased case loads, higher cost per case, and the drain on welfare funds by Legislative mandates. This has affected all aspects of the program and has necessitated considerable study and analysis of all phases of operations.

Over the past many months we have investigated and re-evaluated our operations, and have taken the following steps:

1. With assistance of the Governor and Director of the Bureau of the Budget, we are augmenting income of the public welfare fund to the greatest extent possible under existing statutes, and have developed plans to request from the next Legislature appropriations to cover operating revenues for the last quarter of the biennium.

2. Re-evaluation of standards for granting financial assistance to individuals and families, eliminating some

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budgetary items for which allowances were previously made, and limiting assistance to the basic items of food, shelter, utilities, clothing, and household and personal essentials, with other allowances confined to individual situations of demonstrated special need.

3. Through administrative action, including a review of all cases active with the Department, assuring equitable treatment for all welfare clients and re-examining eligibility for assistance.

4. Transfer back to the County governments of certain portions of medical care costs, particularly those incurred by patients within county institutions, because of insufficient funds for this purpose.

5. Re-definition of standards for determining eligibility for public medical care, applying stricter requirements of eligibility for the so-called "medically indigent" group.

6. Review and re-evaluation of standards for staffing the Department on the basis of actual work load requirements.

7. Simplification and revision of operating procedures to increase staff efficiency and eliminate non-productive operations or decrease time factors insofar as possible.

8. Development of procedures to secure some Federal funds for hospitalization of aged persons in private institutions by including the cost of hospital care in assistance payments.

9. Review of agreements with and work performed for other government agencies to define basic responsibilities and discontinuing such activities for which other agencies are primarily responsible.

10. Concentration on development of resources for welfare clients, including emphasis on support from responsible relatives, in order to reduce their requirements from public funds.

11. Elimination of special work projects which were not self-supporting and not productive as work relief projects for welfare clients.

12. Establishment of small subsidized receiving homes for emergency care of children and discontinuance of the Department's own Receiving Home with resultant considerable financial savings and better care for children for whom such receiving homes exist.

13. Revision of accounting methods and controls to properly reflect cost distribution and to more accurately control expenditures and encumbrances.

14. Extensive administrative research, including studies of the application of policies in granting assistance and determination of eligibility for administrative and policy purposes.

15. Introduction of coordinated staff training and development to improve the effectiveness of the social work and clerical staffs, and to equip staff members for assumption of greater responsibilities and make more effective "promotion from within" policies established.

16. Extensive revision of procedures relating to hospitalization to secure better control of expenditures and limit hospitalization costs, and to simplify administration of the Medical Care Program.

Throughout this process, the Department has had the full assistance of the Public Welfare Advisory Board and of a special Medical Services Advisory Committee organized to assist in the administration of the Medical Care Program and to plan for a better system of public medical care in Hawaii. This Medical Services Advisory Committee, representative of many community and governmental agencies, is a technical advisory group through which we have achieved better understanding and cooperation in administering medical care.

Plans have been initiated for establishment of County Public Welfare Advisory Boards in order to provide in each County a local advisory group to assist our County Administrators and to make recommendations to the Public Welfare Advisory Board. Organization of Boards on Maui and in Hilo is completed. Boards will also be established on Kauai and in the Kona area on Hawaii.

We are also organizing a special community committee to assist in determining the basic standards of living that should be provided welfare clients. This committee will be concerned with determining the acceptable minimum content of living, including the monetary evaluation of resources available to clients and the basis for determining cost of food, shelter, utilities, clothing, household supplies, personal essentials, and other necessary items. Through this committee we hope to establish more definite standards of assistance "compatible with decency and health", and through such standards to insure equitable treatment for all welfare recipients throughout the Territory. Such standards will also be of special value in budget preparation and helpful for general administrative purposes.

A working committee on Standards for Child Caring Institutions is engaged in reviewing proposed standards developed by the Department for use in licensing child caring institutions. This is a community committee, including representation from the institutions themselves which is assisting us in establishing realistic and practical standards to safeguard the care of children.

RECENT TRENDS.

Although since August 1945 there has been a steady increase in the number of persons requiring assistance, the rate of increase has been greater during the past eight months. This increase is due to a number of factors, many of which were unpredictable at the beginning of the year, including the following:

1. Marked increase in living costs which has affected case loads through more rapid depletion of savings and termination of support by relatives or friends, resulting in a greater number of individuals having to apply for assistance. Many persons on fixed pensions have required supplementation of those incomes.

2. Relatively less favorable employment conditions have affected the so-called marginal worker, especially the aged. Many persons who could secure employment during recent years are unable now to obtain work or to hold their jobs in the more competitive labor market.

3. Population increases that have continued for many years affect total case load, resulting in more persons on the welfare rolls even if the relative rate of dependency remained the same.

4. Increased need for child welfare services, much of it resulting from war-time social and family dislocations and problems of post-war adjustment.

5. Modification of the perquisites system on the plantations which has resulted in many persons applying for welfare assistance due to discontinuance of free housing. This is especially true of aged persons.

Cost of providing assistance to the individual has increased because of inflationary factors in the economy, particularly the rapid rise in food costs. Our studies show that 70% of the assistance dollar is provided to meet food requirements. Thus the welfare client's budget is affected disproportionately to that of the normal self-supporting individual whose food requirements represent 50% of income or less. This rise in food and other costs has necessitated upward adjustment in assistance payments.

However, because of the increased number of persons requiring assistance, the Department has not been able to adjust its budgets to fully compensate for increased living costs. Indirectly this results in an actual lowering of the food standard.

The Budget prepared in August 1946 for the 24th Legislature was based on case loads for 1941, and average payments for the first portion of 1946. The Department did not expect to reach 1941 case load levels until the latter part of 1948. However, the more rapid rate of increase in case load beginning in the spring of 1947 caused case loads to exceed 1941 levels by December 1947.

The effect of elimination of OPA controls was not foreseen at the time the Budget was prepared, with resultant under-estimating of the average cost per case since higher food prices made it necessary to adjust the food budget which represents the greater portion of the welfare payment.

At the time of the last Legislature, the Department of Public Welfare recommended that no welfare funds be appropriated for activities not administered by the Department, and represented estimated income as being barely sufficient to meet needs assuming there would be no appreciable change in the general economic situation. The \$1,100,000 appropriated from the fund for the bonus to pensioners and the Bureau of Sight Conservation and Work with the Blind has further contributed to the financial problems facing the Department now.

CARE OF AGED PERSONS.

The proportion of aged (age 65 and over) in the population of the Territory is increasing and will continue to increase. Problems of care of the aged in the future will be greater than in the past. Contributing to these greater problems will be the transition from the perquisites system on the plantations, particularly the practices of made-work for marginally productive aged persons and permitting them to live rent free after retirement which have prevailed in the past. Gradual changes in cultural patterns, such as breakdown of the strong family relationships characteristic of Oriental groups in the community, similar to changes that have occurred on the Mainland in the past, would also affect this.

On the surface, there does not appear to be any great present problem of the care of the aged. Insofar as those aged persons known to the Public Welfare Department through its Old-Age Assistance program are concerned, there do not appear to be many problems of care. However, many aged are occupying accommodations intended for the acutely ill, and there are insufficient accommodations for convalescent and senile aged persons.

Basically, the aged individual unable to support himself should be assured of adequate assistance to meet living

requirements. This can be provided through the Old-Age Assistance program with adequate financing of that program. The aged persons should have free choice of living arrangements and should be permitted to live alone, in a family home, in a society house, or in an institution according to his needs and preference.

For those aged who are in reasonably good health, and who do not need special care, adequate assistance grants to enable a minimum content of living should be sufficient. For those who need some help, but who are not in need of specialized nursing or institutional care, the utilization of foster homes, or homes of friends, with board payments provided, will be adequate.

For those aged not physically or mentally able to care for themselves, special care facilities must be provided. At present there are not sufficient convalescent facilities available, and particularly not at lower cost rates. However, convalescent facilities should be considered in relation to the over-all need for all aged groups in the population.

This Department has made some exploratory studies of the characteristics and living arrangements of those aged persons receiving public assistance. (This does not include those living in government managed or financed institutions, such as County operated facilities since they cannot qualify for public assistance under our laws.) Of a group of 1,728 aged assistance recipients, only 8% were living in private institutions and another 8% in society houses. The great majority were living in rental units, their own homes, homes of relatives or friends, or in plantation houses rent free.

Studies relating to need for shelter facilities for aged persons must cover a broader group than known to this Department through its Old-Age Assistance program, and must be correlated with similar needs for all segments of the population, especially where convalescent care is indicated. Such studies will involve the Department of Health, Department of Institutions, and each of the County governments since each has a share in this problem.

We have outlined plans for a broad study of this problem and are consulting with the Legislative Reference Bureau pertaining to it. As our studies develop we will keep you informed.

In our approach to this problem, we are assuming that special institutional facilities should be administered by governmental agencies already engaged in the institutional field. We do not feel it advisable to expand our functions into the area of institutional management. However, some broad licensing power to insure adequacy of care and facilities in private institutions may have to be vested in this Department or some other appropriate agency.

We feel that the approach to this problem should be centered first on maintenance of the aged person in his own neighborhood where he can maintain his normal social contact with relatives and friends. For those requiring special facilities because of chronic illness or senility, either public or private institutions will have to be made available, preferably dispersed on a geographical basis throughout the Territory.

MEDICAL CARE.

We are especially concerned with the inadequacies and conflicts in the methods of providing medical care in the Territory. There is need for legal clarification of responsibilities between the Counties and the Territorial agencies with such responsibility definitely fixed. Likewise, there is need for adequately financing medical and hospital care.

Our Medical Services Advisory Committee and the staff of the Department are working on plans for recommending improvement in the legal and financial structure to enable development of a satisfactory Medical Care Program. Over-all Legislative planning is required.

We feel at this time that the whole area of medical and hospital care for needy individuals and for those of modest income who are unable to meet the costs of hospitalization and illness needs considerable study leading to a comprehensive program for meeting these problems.

The cost of attempting to meet needs under present arrangements are such that if full and adequate care were given the cost might be considered prohibitive. Strengthening of health services and provision against temporary disability should be considered in any over-all program.

Loss of income through illness or disability is the greatest single factor causing individuals to apply for assistance from this Department. A sizeable portion of persons receiving public assistance are recipients because of poor health or disability.

As one means of providing for the medical and hospital needs of welfare recipients, we have been studying methods of insuring welfare clients under a Medical and Hospital Insurance System. If such proves practicable, we expect that it will provide a better quality of care, as well as simplify considerably the administrative problems of the Department of Public Welfare.

The group of the so-called "medically indigent" or "medically needy" is provided assistance under our Medical Care Program, within the limits of our financial ability. It would seem that some system of over-all health insurance

would be a much sounder method of meeting the needs of these individuals, utilizing welfare assistance only for the residual cases that cannot be provided for through a comprehensive insurance program.

We expect to make recommendations to the next Legislature designed to improve the methods of providing medical care.

FINANCING.

A common problem to all Welfare Agencies is inability to accurately estimate requirements over a long period of time. The need for welfare services is tied up closely with economic and social change, and since it is not possible to predict accurately and in detail the economic and social changes that might occur, it is impossible to accurately estimate case loads or costs per case.

It is evident that the present method of financing public welfare in Hawaii through an offset from the Compensation and Dividends Tax is not adequate in periods of rising case loads and rising costs per case. This system would be particularly inadequate in periods of economic recession or depression since income would be reduced at a time when need would be greatly increased.

We are planning to recommend to the Legislature a system of financing from the General Fund. This will have a number of advantages, including a guarantee of funds to be available and from the point of view of the Legislature a careful review of requirements through the normal budgetary process would be provided.

Any system of financing must recognize the inability to accurately forecast needs and provide for flexibility in appropriations to meet unforeseen contingencies.

We will ask the next Legislature to discontinue financing functions outside the jurisdiction of the Department of Public Welfare from the welfare appropriations, such as the bonus to Territorial and County pensioners, the contingency appropriations for Juvenile Courts, and the Bureau of Sight Conservation and Work with the Blind.

GENERAL LEGISLATIVE PROBLEMS.

Recognizing that the Welfare Laws of Hawaii are among the best in the country, there are no major areas now considered for legislative action other than methods of financing and medical care. However, a number of recommendations will be made and a committee of the Department's staff is now working on legislative matters so that our recommendations may be developed sufficiently in advance of the next Legislature to enable careful consideration of them prior to the opening of the session. Among these will be recommendations

made at the last session but not reported out of Committee.

Should there be any major developments in National Social Security legislation, we, of course, will make recommendations to take advantage of any liberalization in the Federal program of grants-in-aid to States.

GENERAL ADMINISTRATION.

Most of the administrative problems that confronted the Department of Public Welfare at the time of the last legislative session have been resolved. We feel that we have achieved an extremely effective organization and have been fortunate in securing excellently qualified local people to staff the Department. Administratively, including the area of personnel management, the Department is in a strong position. Remaining for intensive development during the coming months is our Staff Development Program in which the Committee on Public Health expressed particular interest.

Continuous refinement of administrative organization and processes will be made and special attention is being given to procedural simplification in order to enable staff to concentrate time on the most productive work.

PUBLIC INFORMATION.

One of the most important aspects of public welfare administration is keeping the public informed of developments in the programs and of problems faced and of creating an intelligent and critical understanding of the public generally of public welfare activities. This we have attempted to do through the normal channels of the press and other publications.

We have made a special effort to keep members of the Legislature and other persons in the community informed of developments through our Public Welfare Bulletin and the Annual Report for the past fiscal year.

In this connection, we expect to secure considerable value from the County Public Welfare Advisory Boards being organized.

GENERAL OBSERVATIONS.

Although welfare case loads are rising, Hawaii in contrast to Mainland States has a relatively low welfare case load. Comparative figures of the number of welfare recipients to population show that Hawaii's welfare case load is

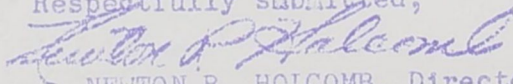
Based on trends over the past two years, it is inevitable that welfare costs in the future will be substantially greater than in the past, unless there is some correction of the basic causes of economic and social insecurity. Some factors that would serve to minimize the future financial burdens of public welfare would be:

1. Extension of preventive and curative health services, bringing them within the reach of all individuals;
2. Extension of coverage of the Unemployment Insurance Program as well as development of industrial plans for greater employment security;
3. Expansion, by the Federal government, of the Old-Age and Survivors Insurance program, both in relation to its coverage of the working population and in making its benefits more adequate;
4. Extension of preventive social services, such as those provided through the Child Welfare Program to reduce social breakdown and dependency;
5. Strengthening the educational system to secure better adjustment of children in their community and reduce problems of behavior and delinquency;
6. Development of more adequate low cost housing to reduce illness and social problems incident to over-crowded and inadequate housing.

While the meeting of financial need is an extremely important activity and objective of a Public Welfare Program, attention must be given to preventive social services to reduce dependency insofar as possible. However, the existence of the healthiest possible conditions in the economic and social life of the community is necessary to minimize dependence and resultant reliance upon public assistance.

The Department of Public Welfare will be glad to provide information on all phases of the Public Welfare Program that the Committee wishes. Since the Committee on Public Health expressed particular concern with the problems of the care of the aged, we would be glad to have any guidance you may wish to offer as to the scope of our studies in this particular area.

Respectfully submitted,



NEWTON R. HOLCOMB, Director.