

MAINE STATE LEGISLATURE

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N I N E T Y - T H I R D L E G I S L A T U R E

Legislative Document

No. 1405

S. P. 516

In Senate, April 15, 1947.

Reported by Senator Williams of Penobscot from Committee on Welfare and laid on the table pending printing and be assigned 4:00 o'clock April 15, 1947.

CHESTER T. WINSLOW, Secretary.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-SEVEN

To the Officers and Members of the 93rd Legislature

Pursuant with the joint Order of the legislature, S. P. 443, your Committee on Welfare submits the following report.

“Why is the Welfare Department costing so much money to operate in these times of full employment and a plentiful money supply?” was the remark of many legislators at the opening of this session of the legislature. Others asked, “Why, with all the money being spent for Welfare, do we have a waiting list of people desiring assistance, who are in actual need, at the same time many on Welfare appear to be enjoying the luxuries of life?” The question was, “Why doesn’t someone find out what the true conditions are?”

Your Committee on Welfare decided it was their responsibility to determine the answer to many of these questions regarding the Welfare Department. At first, two public hearings were held to try to find these answers. Legislators, Selectmen, Overseers of the Poor and interested citizens from all over the state began to contact your Committee, and to send in reports of cases of alleged misuse of public funds. Even some welfare workers, themselves, volunteered information regarding defects within the department.

The feeling of the legislature was so aroused regarding the Welfare De-

partment that it appeared, in fairness to the department, the taxpayers and recipients of assistance, that the only way a fair evaluation of the department could be brought about was to employ impartial Investigators to study the functions and practices of the department.

In pursuant of the Joint Order of the legislature, this Committee employed the firm of Ernst & Ernst which is a national firm of public accountants with offices located in 45 cities, one of them in Portland, Me. It has specialized for many years in furnishing specialized technical advice to corporate management in the reduction of administrative expenses, control of manufacturing costs, the application of modern office methods to clerical procedures, development of inventory and budgetary controls, etc.

It has been employed in these capacities by many of the largest manufacturing and merchandising concerns in the United States, and has also been engaged in special investigations in situations affecting public interest such as a study of the cost of operating the United States Post Office, the Street Railway of the city of Cleveland, the cost of delivering milk in the New York Metropolitan area, the division of express rates as between the railroads and airline companies, etc. Their practise has also included services rendered a number of states and many political subdivisions thereof.

They were instructed to make a study of the operating efficiency of the Department of Health and Welfare under the conditions as given on page 2 of their report which is presented for supporting data.

To study the actual cases of Old Age Assistance and Aid to Dependent Children and to report factual information regarding investigations in the field, and the activities of the field offices, your Committee employed Stanley L. Bird, a resident of Waterville, Maine, where he is a practicing attorney. He attended Bowdoin College and prepared for the Bar by reading law in the firm of Joly and Marden in Waterville. He is a member of the Maine State Bar Association and has been an attorney for six years.

He seems to have always had a flair for investigation. The first year that he was a practicing attorney, he was instrumental in solving a murder mystery which was then two years old. He was also instrumental in introducing evidence which broke up a gang of racketeers who were operating in Maine. The week following Pearl Harbor he became a special agent for the F. B. I. and served as such during the war. In this capacity he had the experience of investigating, and directing the investigation, of cases of national importance. Practically every sheriff and police chief in Maine knows him personally. He was recommended to this committee by leading attorneys of the state.

The scope of Mr. Bird's investigation, the personnel employed, the summary of the procedure and statistical analysis of the report are covered in the first seven pages of his report to the committee which we are submitting as supporting data of this report. We urge your study and evaluation.

A review of the reports resulting from the work done in the field, in the field offices and in the Augusta office of the Department indicates that a business-like administration of the Health and Welfare Department activities should save very substantial amounts of money each year.

In the opinion of the men who have prepared these first hand reports, the Grants in a large percentage of both ADC and OAA could be reduced, in many cases quite substantially and still meet the need. They are also convinced that a real vigorous follow-up of the fathers who desert their families in the ADC cases and responsible relatives who could and should but do not now furnish support in the OAA cases would considerably reduce the amount now being paid. The sum of these two would, in their opinion show a savings to the state of several hundred thousand dollars annually. We are sure that many of these men who have been out in the field these past few weeks interviewing the individual cases will feel that we are understating the possible savings. We have no intention of depreciating their work or belittling their opinions for we have the utmost respect for both, but we do not wish to create false hopes or wrong impressions, for if anything like the saving we have indicated can be accomplished, their time, our time and yours and the taxpayer's money will have been well spent. We prefer to report to you on the conservative side hoping you may be pleased with a result beyond your expectation rather than disappointed by a failure to accomplish what you had been led to expect.

If the recommendations which have been and will be presented to this legislature are made effective, and the necessary corrective Legislation passed, we all should be able to look back two years from now with a feeling that a real contribution was made to a more practical, more economical State Government.

In Mr. Bird's report he recounted a round table discussion one of his interviewers had with a district supervisor and four field workers.

For the sake of clarity we want to point out that actually Mr. Bird's investigators interviewed all of the supervisors and most of the field workers. Their conclusions, except for a very small minority, were so similar to the general conclusions of the supervisor and four field workers men-

tioned in his report that he included this round table discussion as indicative of the thinking of the field staff and supervisors.

In part the opinions of supervisors and field workers are as follows: Details may be found in the Bird report which is attached.

1. The case load per worker is entirely too heavy, that case load is unevenly distributed, and that there is a failure on the part of Headquarters to secure part-time services of experienced workers when available. Some workers have more than 200 cases.
2. Rules and regulations coupled with verbal admonitions from Augusta on correct social procedure in district meetings are becoming too complex to be understandable. Since decentralization of field system, workers have been harrassed by directives.
3. Restricted Payment theory takes all control or effective direction of funds out of field worker's hands.
4. Need for establishment and enforcing of State lien on all property of recipients both real and personal. Such enforcement would discourage "a lot of fraudulent applications," such as legal action against "death bed" transfers of property and "responsible relatives."
5. Applicant's financial status should be checked much closer, especially in cases where it is not a matter of personal knowledge to the field worker.
6. Need of more supervision of spending of ADC funds and additional education undertaken among ADC mothers to enable them to make the most of what they get. Workers say present ADC setup is undermining the integrity of the people receiving help.
7. New Old Age Assistance form needed. Should be modeled after old form previously used.
8. Delegation of authority to authorize physical examinations whenever collusion is suspected.
9. Child Welfare Department inoperative due to Front Office policy against committing children.
10. Disparity in salaries of field workers and administrative staff.
11. Field workers given too little discretion in the conduct of their cases on paper.
12. Field workers given too little opportunity to help formulate policy.

13. Department suffering from female psychology. Female workers outnumber males approximately 4 to 1.

14. Monthly district meetings waste of time and money.

15. Workers agreed that they would welcome more discretionary authority permitting them to use knowledge gleaned through years of experience and educational training.

Regarding the report of Ernst & Ernst, we wish to submit the recommendations as given to the committee in a summary of their Special Investigation. These recommendations are supported by their regular report and by their supplementary report, which is submitted as supporting data to this committee report. The committee has examined these recommendations and accompanying reports, but has not had the time for study sufficient to determine the desirability of all these recommendations and submit them for your consideration.

Consolidation of Offices:

- a. There is recommended a reduction of field offices to not more than eleven, in which should be centered all welfare activities, and wherever possible all health activities for the same territories.
 Estimated saving \$25,000.00
- b. Elimination of two business management field supervisors.
 Estimated saving \$7,632.00

Assistant Commissioner:

It is recommended that this position be abolished.
 Estimated saving \$5,488.00

Accounts and Audits Section:

- a. If the State absorbs all the costs of aid to dependent children, two clerks could be eliminated at a saving of \$4,200.00
- b. If the municipalities would agree to offset the above proration of costs of aid to dependent children by eliminating the charge for non-settled paupers, two additional clerks could be eliminated at a saving of \$4,200.00

Expenses of Controller's Department:

Expenses in connection with issuing checks to recipients of State aid, use of tabulating equipment, and

certain other administrative expenses of the Health & Welfare Department are at present absorbed by the Controller's office. Such expenses can properly be included in expenses chargeable to the extent of 50% to the United States Government.

Estimated \$6,000.00

Use of Dictating Machines:

- a. By the use of dictating machines in branch offices as between public assistance and child welfare, it is estimated that there will be a saving in salaries of stenographers in the amount of a minimum of \$20,000.00
- b. If the records so made are not required to be transcribed but the records themselves are filed with other supporting documents it is estimated there would be an additional saving of equal amount \$20,000.00

TOTAL \$92,520.00

If these savings in expenses can be realized the State of Maine would be obliged to share the saving with the United States Government to the extent they apply to old age benefits, aid to dependent children, and aid to the blind. The State certainly would benefit to the extent of more than 50% of any realized reduction in expenses.

Other Recommendations:

Certain other recommendations are made which cannot be measured in dollar savings but which should, if adopted, be reflected in reduced amounts of grants, elimination of unworthy cases, increased recoveries, improved service to applicants, and economical operations of the Department. Included are the following:

- 1. Enactment of a lien law to be applied before aid is granted.
- 2. More strict enforcement of laws with respect to contributions by those obligated to contribute to cost of maintenance of children and aged.
- 3. Better control of amounts approved by case workers for grants: Limit to be placed upon amounts which can be approved by social worker, with requirement that payments in excess of that maximum be approved by supervisor. Cases of amounts above this maximum to be approved at headquarters in Augusta.

4. Revision of forms to reduce time now spent in long prose reports, to furnish more information for legal purposes than is now available, and permit the case workers to spend a higher proportion of their time in field investigations and supervision of cases under their care.
5. Use of clerks in district offices to make routine inquiries re: vital statistics, property records, etc., to relieve social workers for field work.
6. Assignment of a social worker to each district office to act as an intake supervisor to interview applicants, which procedure should obviate the necessity of many field visits.
7. Giving district offices authority to make limited purchases of supplies, etc., and thus eliminate unnecessary red tape and expedite services.
8. Revision of field workers' procedure manual to facilitate understanding of the most current regulations.
9. Establish standard business practices for all offices through development of an up-to-date manual of procedures.
10. Revision of forms used in case work to simplify and expedite work of social workers.

Your committee is preparing recommendations for changes in law that have been recommended by Ernst & Ernst and Stanley Bird in their studies. These suggested recommendations will be considered at a public hearing to be conducted on Thursday of this week, on bills in New Draft now held by the committee.

A very interesting feature of these studies is due to the fact that although both studies were conducted independently and that they both attacked the problem from different angles, their conclusions, as to the underlying philosophy of the department, the confusion from overlapping authority, the failure to establish family responsibility and the utter waste of time by inefficient handling of records and reports, were practically identical.

The most disturbing feature that has come to the attention of the committee in this study of the department is the underlying philosophy which has sprung up in recent years that the world owes everyone a living. Inculcated, we believe, by such a philosophy, our Health and Welfare Department in its request for funds believes it has supreme authority as to

how much money is needed for their work. It is completely forgotten that the legislature, as the elected representatives of the people, has the final voice in this matter; and, that the policies of state government as interpreted by the legislature is the ruling factor over any department, and if any employee of that department does not wish to accept the dictates of the legislature, they should find a new job.

The idea of family responsibility and that of legal enforcement in the case of desertion and responsible relatives as defined in the law has been disregarded.

This investigation has shown that in the past year no case has been referred to the Attorney General's office for proceedings under this law. This, in spite of the fact that in over one-third of the cases investigated it was found that there were responsible relatives able to contribute. This is undoubtedly due to the attitude within the department as explained by the field supervisors. Their attitude is that it should be the responsibility of the Commissioner to refer such cases to the Attorney General's office. On the other hand, the attitude of the state office is that it is the responsibility of the field supervisor to refer such cases. The result is that none are referred.

The department's attitude toward legal action is reflected in the following excerpts from the manual (Section 202, 33): "It is the experience of the department, however, that if assistance from relatives is to be effective it should be based on ties of family affection and acceptance of family responsibility rather than on legal responsibility. It is the policy of the department, therefore, that the approach to the relative in each and every case should assume willingness on the part of the relative to contribute to the support of the applicant according to financial ability and that reference to the legal aspect should be avoided if possible." This excerpt plainly shows how far we have gone from Maine traditions.

Probably the suggestion that would save the most money over a period of years is the recommendation that an outline form be prepared for use by the workers, on which the workers could put their facts as they gathered them, so that by the time they had completed their field investigation, the report would be finished. Simplification of the budget form would likewise save the workers much time.

It would not be fair to conclude our report regarding activities of the Welfare Department without stating that we have all received a great deal of satisfaction from observing the benefit that a great many of our desirable citizens, who are in need, have received from this department.

We would also call attention to the vast numbers of employees who have worked continually for the improvement of the department, elevated by a large degree in their desire to be of service to mankind.

Your Committee wishes to thank all who by their interest and work have contributed to this study. We present it to the Legislature for your consideration in the same spirit of helpfulness to all and ill will toward none in which most of the information has been given. We ask you as legislators to evaluate it in the spirit of help to our unfortunate citizens and for the good of our State.

The situation which we have described above is not the result of something that has happened overnight. Rather it is the outgrowth of a system that has been developing for years. We cannot stress this too emphatically. This study is not a reflection of individuals, rather it is an indictment against a system.

This report is submitted as approved by the Committee on Welfare.

Signed:

R. Leon Williams, Chairman
Carroll L. McKusick
Jean Charles Boucher
Ross Elliott
Sherwood W. Prout
John C. Nichols
Edward E. Chase
Arnold A. Day
Harold C. Fuller
Henry A. Lessard