

REPORT OF INVESTIGATION OF RELIEF AD-
MINISTRATION IN NEW JERSEY

N.J. Joint legislative emergency relief
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Report of
Investigation of Relief Administration
in New Jersey

Conducted Under Direction of
Joint Legislative Emergency Relief Committee

TO THE LEGISLATURE

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February, 1940

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Letter of Transmittal

To the Senate and General Assembly of the State of New Jersey:

Pursuant to the provisions of Senate Joint Resolution No. 12, Chapter J. R. 3, Laws of 1939, the Joint Emergency Relief Committee herewith submits findings and recommendations of G. Barrett Glover, who was duly selected by the Committee to examine the administration of the State Financial Assistance Commission and other State Agencies with respect to the administration of relief as well as the manner and methods of relief administration and distribution in any of the Counties and Municipalities of the State of New Jersey.

Legislative bills will be prepared and introduced with all convenient speed, embracing such of the recommendations contained in the report as may be deemed necessary and appropriate for accomplishing a more efficient, economical, proper and adequate administration of Public Assistance in New Jersey.

Respectfully submitted,

JOINT LEGISLATIVE EMERGENCY RELIEF COMMITTEE,

HOMER C. ZINK, *Chairman.*

Joint Legislative Emergency Relief Committee

SENATOR HOMER C. ZINK, Essex County, *Chairman.*

ASSEMBLYMAN HARRY J. DONAHUE, Passaic County,
Secretary.

SENATOR ALFRED E. DRISCOLL, Camden County.

SENATOR CRAWFORD JAMIESON, Mercer County.

SENATOR THOMAS D. TAGGART, JR., Atlantic County.

ASSEMBLYMAN PETER P. ARTASERSE, Hudson County.

ASSEMBLYMAN DOMINIC A. CAVICCHIA, Essex County.

ASSEMBLYMAN VINCENT S. HANEMAN, Atlantic County.

ASSEMBLYMAN FRED E. SHEPARD, Union County.

REPORT

Complying with instructions from the Joint Legislative Emergency Relief Committee, an investigation has been made of the administration and distribution of relief in this State. The following report thereof is respectfully submitted to the Committee:

Purpose

The purpose of this investigation was to determine whether or not the administration and distribution of relief in the State of New Jersey is being conducted with proper efficiency and economy; if it were found not to be so conducted, then to determine what circumstances or practices exist which cause excessive relief expenditures, and what measures can be taken to secure more efficient and economical handling of relief.

Scope

The investigation covered:

1. Investigation of the State Financial Assistance Commission, its functions, departments, personnel, etc.
2. Examination of twenty-four municipalities, comprising seventy-one per cent (71%) of the relief load of the State.
3. Study of thirty-two (32) reports of investigations by the Field Staff of additional communities, covering about twenty per cent (20%) of the relief load.
4. Study of relief legislation of New Jersey.
5. Study of relief legislation of other States. (Request was made of each other State in the Union for a copy of its welfare laws.)
6. Conferences with other relief agencies of the State.
7. Study of reports of the Unemployment Relief Commission.

8. Committee hearings were held in connection with the Camden investigation, the Newark investigation, and the Financial Assistance Commission.

Procedure of Municipal Investigation

Nineteen investigators were employed by the Committee. The services of six investigators of the Field Staff of the FAC were requisitioned. Services of two members of the State Auditor's Staff were also requisitioned for about ten days for special work. All these operated under a director chosen by the Committee.

On July 1st, the Field Staff members were called for, and the investigations upon which they were then engaged were taken over by the Committee. These included Atlantic City, Bayonne, Camden, North Arlington, Hamilton Township and Woodbridge Township.

On August 22nd, the nineteen investigators were called into service. Each of them had had experience in relief administration. They were assembled at Trenton for a five days' course of training to bring them up to date on laws, regulations and procedures.

Upon completion of this period of training, the investigators were divided into crews and assigned to investigate the administration of relief in various municipalities.

The six members of the FAC Field Staff functioned as supervisors of these crews.

Phases other than the municipal investigations were covered by members of the Committee and by the Director.

In accordance with the expressed desire of the Committee, every effort was made to accomplish the mission of the investigation with expedition and economy. To this end, spectacular performance was avoided and efforts concentrated upon the work of gathering the necessary information.

Relief Organization in New Jersey

Relief is commonly referred to as "Categorical Relief" and "General Relief."

By the first is meant relief in certain rather well-defined cases, such as Old Age Assistance, Aid to Dependent Children, Mothers' Aid, Aid to Blind, Insane, Tubercular, etc.

These forms of relief, so far as the State participates in them, are administered by the Department of Institutions and Agencies, assisted financially in some cases by Federal Grants in Aid, under the Social Security Act.

The form of relief which has chiefly concerned this Committee, is that spoken of as General Relief, and may be most simply defined as including relief of all needs not met by any special agency. It is referred to in the New Jersey statutes as "Public Assistance."

Public Assistance in New Jersey is administered by a succession of offices.

At the top of this ladder is the Financial Assistance Commission, composed of five officers of the State Government, headed by the Governor. This Commission is by statute charged with the administration and distribution of Public Assistance.

Functioning next to the Commission is the Director, who acts as Secretary of the Commission and as its executive director.

Functioning immediately under the Director are the various departments of the FAC hereinafter listed. So far as concerns the local administration of relief, the only one of these departments to be considered here is the Division of Standards, which comprises the Field Staff of twenty-six investigators.

This department prescribes standards of relief, develops procedures, conducts investigations of municipal administration and of individual cases, gives to municipalities and to individuals guidance in the solution of relief problems when it is called upon, and is the channel for interstate relief transactions involving questions of legal settlement.

In the municipalities, relief, under our statutes, is administered by a Local Assistance Board. This Board is appointed by the local governing body and is designed to relieve that body of the details of local relief administration. The Local Assistance Board appoints the Welfare Director in its municipality. This Director acts as an executive under the control of the Local Assistance Board. Other employees of the local welfare department are appointed by the governing body in the same manner as are employees of other departments of that municipality. Ordinarily, this means that one member of the governing body is charged with the general supervision of welfare and upon him lies the responsibility for selection of personnel. No personnel standards are at present set for relief employees or even for welfare directors.

Operating under the Welfare Director are the local investigators, who deal directly with relief applicants; various supervisors, bookkeepers, etc., as the size of the local relief load may require.

The Legislative investigation included a survey of this entire chain.

Investigation of Financial Assistance Commission

Investigation of the Financial Assistance Commission consisted of a study of the minutes of the Commission's proceedings, interviews with the Director of the Commission, and with his department heads and their various staffs, study of the published reports of the various departments, observation of their activities and examination of payrolls and costs. Also, the Director and Heads of Departments and various Field Representatives of the FAC testified at Committee Hearings.

Considering first the State Financial Assistance Commission itself, it is by statute composed of the Governor, the State Treasurer, the State Comptroller, the chairmen of the Appropriation Committees of the Senate and of the Assembly. Each of these members has numerous important

duties which need his full attention. If any one of these members gave to the subject of relief the time needed for it, he must seriously neglect the duties of his own office.

The result is that the existing Commission has not been in close touch with the relief situation and has not made itself felt upon that situation. The statutes give to the FAC certain powers. Some of these have not been used at all, although their use could improve relief administration. Most of its powers have been delegated to the Director. Its action has been practically limited to giving approval to acts of the Director or to his recommendations. Very little of policy or program has been initiated by the Commission itself. No study is made by the members of the numerous reports of investigations and the accompanying recommendations made by the Field Staff. (These reports constitute the only Statewide picture available of the actual current condition of relief. This Field Staff is the only branch of the FAC which is in close and continuous touch with the municipalities and their problems and operations. Their reports frequently set forth conditions and situations which deserve the close attention of a policy-forming group at the head of relief administration.)

The Authority heading State Relief Administration should meet regularly and frequently; should be intimately acquainted with relief conditions; should determine policies within the latitude allowed by statute; should occasionally go into the field to get first-hand knowledge of important phases.

Its personnel should be carefully chosen on the basis of training and experience in relief administration, of real qualification for the handling of relief matters, and the formulation of relief policies. It should, from time to time, prepare and recommend legislation within its field of activity.

The State is financially interested in the cost of Public Assistance to the extent of reimbursing about seventy-five per cent (75%) of its aggregate cost over the State. An important duty of the Commission has been to apportion

all funds made available by the State for such reimbursement. It has done this in the past by means of a complicated formula.

A study of the application of the formula in 1938 brings out the fact that of 567 municipalities in the State, 271 received no reimbursement whatever from the State funds for their relief costs. Twenty-nine municipalities received less than 50% of their relief costs, 60 communities were reimbursed between 70% and 80% and 24 were reimbursed from 90% to 96% leaving them from 4% to 10% for their own relief burden. If a maximum of 75% for any municipality had been set, the State's share during 1938 would have been reduced by \$1,070,186. In some instances it would seem that the better off a municipality is financially, the more heavily it is taxed for relief through the reduced reimbursement made by the State.

The use of the existing formula results in laying a heavier burden upon the communities that are financially well-managed than it does upon those that have been either less fortunate or less careful. Each municipality that carries its whole relief load, does so at the sacrifice of something else it could beneficially get or do. The same thing is to a lesser extent true of those who are reimbursed only a small percentage of their relief costs.

It is believed that by some similar sacrifice, the municipalities now being reimbursed by the State could carry a greater share of the relief load than they do. For those who demonstrably could not, an Equalization Fund should be appropriated as has long been contemplated by our Statutes.

For 1939, the Commission has decided to reimburse municipalities all relief expenditures over 12½% on the tax rate. This will leave 319 municipalities receiving no aid from the State.

Each of these formulae obligates the State to pay to a municipality all costs above a certain amount. This gives the municipality no incentive to economize; on the contrary, it invites extravagance.

Such a system is neither equitable nor economical. A modification of the method of reimbursement is hereinafter recommended.

It is recommended that the SFAC be abolished, and that the State control of relief be placed as described in the legislation hereinafter suggested.

Director

At present the State Financial Assistance Commission employs a Director, selected by itself; has recently added one Assistant Director, selecting for this office the former Office Manager.

The following facts developed in hearings by the Committee:

At the time of his appointment, the present Director's only contact with relief had been the handling of accounts in an office. In actual relief administration he had had no experience. In the position of Director he has had only indirect contact with actual relief situations since his appointment.

On various occasions he seems to have authorized departures from published regulations and to have given to a municipality personal interpretations of such regulations at variance with those he had given to the Field Staff, causing a conflict of ideas resulting in awkward and unnecessary discrepancies in operation. This seems to indicate a lack of the administrative ability which is needed in that office.

Existing statutes empower the SFAC to withhold reimbursement from a municipality which does not comply with laws governing relief and the regulations published by the SFAC. This power has been delegated by SFAC to its Director. It is felt that the Director has failed to use this power to the best advantage of the State and of the needy.

Similarly, he is empowered to prescribe the number of employees in local relief offices. This has not been done, although insufficiency of local investigators is recognized as one of the most serious causes of excessive relief expenditure.

There has long been a need for uniform standards of allowances.

On January 15, 1937, SFAC directed that relief standards be published. These were prepared by the Division of Relief Standards; some were sent to the print shop by June 1937, delayed in printing until January 1938, when they were presented to the Director. They were not published until August 1939—two-and-a-half years after the order. In this case, the Commission did not properly follow up its orders; proper executive work was not done by the Director.

The Director feels that the pay of his staff should be adjusted; feels the department should be placed under Civil Service. He has, however, not made official recommendation or taken positive steps to accomplish this.

He has at times failed to carry out recommendations made by his Field Staff, although they would have saved the State money.

These things indicate a lack on the part of the present Director, of the executive firmness essential to one in his present office.

His experience as an accountant and financial auditor should be valuable to the State in some other capacity. His removal from executive or administrative position in connection with Public Assistance is recommended as being in the interest of efficiency and economy.

The recently-appointed Assistant Director was a very satisfactory office manager. His experience does not seem to qualify him for the duties of an Assistant Director as laid down in the statutes, nor are such duties required of him. This appointment seems out of accord with the organization contemplated by existing law.

Departments

The most important department of the FAC, so far as concerns administration and distribution of relief, is the Division of Standards. This division functions excellently; has the confidence of the municipal welfare offices through-

out the State, and has contributed greatly to the whole relief operation. It has definitely prevented overexpenditures of hundreds of thousands of dollars of public money. It has also pointed the way to additional curtailments which could have been accomplished if its recommendations had been properly carried out. Its potentialities have been reduced by failures of the Director to enforce its recommendations. Its morale is good, and its work is faithfully carried out.

As its name indicates, another function of this Division is the preparation of relief standards. This too, it has done well. For some reason, no standards except those for foods had been published by the FAC until August 1939, although the others had been ready for publication ever since January 1, 1938.

In addition to the Division of Standards, the FAC uses the following departments:

1. "Administrative Assistant."
2. Office Manager.
3. Statistical Division.
4. Unemployment Benefit Information Service.
5. Print Shop.
6. Bookkeeping Department.
7. Surplus Commodities Division.

Considered categorically—

1. The so-called "Administrative Assistant" has apparently no duties except those connected with the administration of the Distribution Formula. He devises and interprets the formula, calculates payments to be made to municipalities, handles the numerous complaints from municipalities regarding reimbursement, and answers requests for information regarding the formula.

The new formula does not require so much of "interpretation." The remainder of the work of the "Administrative Assistant" could well be handled by the Bookkeeping Department. This office should be abolished.

2. OFFICE MANAGER. This office has been well-handled. Excellent discipline has been observed in the offices. The personnel all are constantly busy. This position is believed to be a necessary one.

3. STATISTICAL DIVISION compiles statistics called for by the Director for the use of the other Divisions, of other branches of the State Government, and of the Federal Government. It materially assists the Field Staff by referring to them any data in reports from municipalities that seem out of line, and has thus accomplished from time to time a prevention of excess expenditures.

Its payroll amounts to \$19,840.00. It is believed to be worth its cost.

4. UNEMPLOYMENT BENEFIT INFORMATION SERVICE. The function of this department is to notify municipal relief offices of U.C.C. payments made to residents of the respective municipalities. It receives daily from U.C.C. stubs of payment checks sent out by U.C.C. It sorts these by municipalities, abstracts the amounts, etc., and forwards the information to the various relief offices. In addition to this, it does a great amount of statistical work for the U.C.C. This additional work is of no value to relief administration. The reason for doing it is explained by the Director of FAC as follows: "Federal regulations forbid U.C.C. to give payment information to municipalities. Such information may be given to State agencies, but only under certain conditions. In this case, the condition is either the payment of \$8,000.00 (the estimated cost of compiling this in the U.C.C. office) by the State to the U.C.C., or the compiling and reporting of such data as the U.C.C. desires. The latter, being regarded as the less expensive, is being done."

The payroll of this section has recently been reduced from \$3,520 per month to \$2,120 per month. Its supplies and postage amount to \$2,100 per year. The Monthly Statistical Bulletin reports that since this section was begun in February 1939, 5,234 cases have gone off relief because

of U.C.C. payments. As the average number of payments is 10 and the average payment about \$10, this means a half million dollars reduction of relief costs. Some of these cases would have voluntarily gone off relief but local relief officials are generally of the opinion that a big majority of them might have concealed this asset and stayed on relief or come on if this information had not been on hand. It seems reasonable to conclude that this section pays for itself.

Responses from all municipalities investigated indicate that this Division saves the State far more than it costs.

5. PRINT SHOP. Its annual payroll is \$2,880. Its annual cost for supplies and maintenance is about \$3,000.

Its equipment was taken over from the E.R.A. supplies, so that installation cost nothing. It is more economical than having the work done outside. Its output is more promptly available than it could be if sent to another State agency. Its retention is recommended.

6. BOOKKEEPING DEPARTMENT. Performs normal bookkeeping functions. Not overmanned. Seems to do its work well.

7. SURPLUS COMMODITY DIVISION is operated as a W.P.A. project. Time did not permit its investigation. It is recommended that it be thoroughly investigated at a later date. Its cost to the State since its beginning has been \$417,000. It has brought to the State about seven millions of dollars worth of surplus commodities.

These are distributed to relief families, W.P.A. workers, Old Age Assistance recipients and some others. The commodities *augment* relief but do not replace it or reduce its cost. To a certain extent, it operates to make the status of relief recipient more attractive.

The entire cost of FAC from its beginning to December 31, 1939, has been \$1,357,581.00. It has in this period distributed 49 millions of relief funds.

Every department of the SFAC has given willing and helpful co-operation throughout the Committee's investigation.

Municipal Investigation

The investigation of municipalities included interviews with clients, with Welfare Directors and employees, with Local Assistant Boards and other Municipal officials; examination of the procedure, records and personnel; also of vendors and of methods of accounting.

In all, the following municipalities were covered by this investigation:

| | | |
|---------------------|--------------|---------------|
| Hamilton Twp. | Hackensack | Raritan |
| Camden | Fort Lee | Bayonne |
| Woodbridge | Phillipsburg | Belleville |
| Asbury Park | Plainfield | Jersey City |
| Raritan-Bridgewater | Elizabeth | Union City |
| Gloucester | Rahway | Newark |
| Gloucester Twp. | Passaic | Atlantic City |
| Ewing Twp. | Paterson | Trenton |

A copy of the report of each of these investigations has been furnished each member of the Committee, except in the case of Newark.

The investigation of municipalities was closed December 31, 1939. All personnel was discharged on that date except the Secretary and Stenographer, whose services were retained to January 31st.

It was believed that the investigation had developed all the important causes of undue relief expenditure, and that continuing it would do little more than pile up further evidence of practices already sufficiently developed.

Costs of the investigation are shown below:

| | <i>Requisitioned</i> | <i>Transferred</i> | <i>Used</i> | <i>Balance</i> |
|-----------------------|----------------------|--------------------|-------------|----------------|
| Salaries | \$18,468.75 | +\$277.00 | \$18,745.75 | |
| Travel | 5,150.00 | -277.00 | 4,450.64 | \$422.36 |
| Office Supplies | 440.22 | | 176.82 | 263.40 |
| General Expense | 300.00 | | 88.77 | 211.23 |
| Postage | 425.00 | | 250.00 | 175.00 |
| Telegraph | 60.00 | | 13.59 | 46.41 |
| Totals | \$24,843.97 | | \$23,725.57 | \$1,118.40 |

The Field Staff of the FAC co-operated by conducting examinations of municipalities with loads of under 200 while the Committee confined its attention to those with loads of over 200.

In the smaller towns, little of financial significance was found. Naturally, the most important places in this respect are the larger cities. The faults observed there comprise practically all that are found in smaller places and others that seem to occur only in denser centers of population.

The most serious conditions observed were found in Camden, Bayonne, Union City, Newark and Jersey City.

As set forth in the separate reports, the investigation shows that proper administration of relief would save annually in the following municipalities approximately:

| | |
|---|-------------|
| Atlantic City | \$65,000 |
| Camden | 300,000 |
| Bayonne | 266,000 |
| Union City | 149,000 |
| Woodbridge | 22,000 |
| Jersey City (estimated) | 175,000 |
| Smaller communities (FAC investigation) | 75,000 |
| Total | \$1,057,000 |

The investigation of Newark had not progressed far enough to justify a complete report at the time operations were discontinued.

It is, therefore, not possible to state at this time how much reduction could be made in Newark's relief cost. Its own estimate for 1940 is \$1,200,000 less than its 1939 cost.

The Welfare Department in Newark is well organized and should be able to do excellent work in the administration of relief.

It may be that this Department has been at a disadvantage because of a high turnover in its personnel. Whatever the reason, this investigation, limited though it was, has disclosed various practices which do cause excessive relief expenditures. The extent of these irregularities has not been learned, but they are sufficiently widespread

to justify a complete investigation of Newark's relief to determine their effect on the cost of relief.

*The examination of Jersey City was likewise incomplete. To determine definitely the reduction there possible a complete investigation should be made.

Faults Found

A number of practices by relief offices were found to cause unnecessary expenditures. These are:

- Incomplete investigation at intake.
- Lack of subsequent investigation.
- Reports of subsequent investigation filed but not acted on.
- Income not investigated.
- Income not checked.
- Income not applied.
- Seasonal income not sufficiently considered.
- Neglect of budget.
- Welfare Director lent relief money on notes (found in Camden only).
- Neglect of legally responsible relatives.
- Neglect of legal settlement.
- Lack of proper records and control.
- Excess milk allowed.
- Special diets continued indefinitely—often beyond need.
- Excess gas and electricity allowed.
- Careless check of vendors.
- Traffic in relief orders among vendors.
- Food orders cashed by vendors at a discount.
- Food orders filled with liquor instead of food.
- Milk orders exchanged for cash.
- Failure to refer cases to Old Age Assistance and State Board of Children's Guardians.
- Relief given to ineligible under political pressure, or as a political favor.
- Personnel inadequate.
- Personnel incompetent.
- Personnel untrained.
- Supervision within Welfare Department either inadequate or inactive.
- A few instances of deliberate criminality.

Remedy

Practically all of these faults would disappear under conditions of:

- Personnel sufficient in number.
- Personnel properly selected.
- Personnel properly trained.

- Local supervision adequate and active.
- Constant and competent State supervision of municipal operation.
- More detailed legislation on various matters.
- Proper enforcement of laws.

Clients

Various practices by clients tend to increase costs. These would be discovered by properly functioning municipal offices:

- Fraud in concealing income and assets.
- Misrepresentation in size of family.
- Misrepresentation of settlement.
- Misrepresentation as to relatives.

Other Conditions

Various conditions, aside from Welfare administration, are found to exist, which tend to add to the relief burden.

Some towns and counties which formerly included in their budgets appropriations for poor farms, almshouses, and hospital endowments, have discontinued such appropriations, leaving this burden to be borne by relief funds.

W.P.A. wages have been lowered—although living costs have not. This will make supplementation necessary.

The Sewing Room Project (WPA) sponsored by the State has failed to produce the supply of clothing expected of it. There is a shortage of clothing over the State. This will add to the relief costs.

Result of Investigation

Approximately one million of potential savings have been pointed out above. Without doubt the imminence of the investigation caused in many places a more careful examination into relief eligibility and a material reduction of the case load. There is no way to measure this reduction.

It is noticeable that from early in 1939 when the Legislature began discussing the high cost of relief and the advisability of a legislative investigation, relief costs began dropping.

Beginning with March, usually the highest month, in spite of a WPA layoff of 3,700 cases the monthly cost has been about \$300,000 less than corresponding months of the preceding year. For the year 1939 this drop has exceeded three and a half millions.

Frequently, the explanation given for dropping cases was that clients had secured private employment. In many of these cases, the employment had long been held and relief was nevertheless being given. Prospect of investigation caused them to be dropped from relief or to go off voluntarily.

No economic conditions are known to have existed in March 1939 which could account for the reduction. It persisted in spite of WPA layoffs which were not fully replaced. No doubt from September through December, improved business conditions augmented the decrease. But it is believed conservative to estimate that at least 2/3 of the decrease (or over two millions of dollars) has resulted from the mere prospect of the Legislative investigation and from its progress.

It is believed that the investigation has shown the possibility of saving between three and four millions of dollars annually.

If these gains are to be secured, prompt provision must be made for *continuous* investigation and close supervision of municipal administration.

If employment continues to improve as it did in the Fall, some continued reduction in relief costs should be expected. Even though employment stands still or falls off, it should still be possible to keep costs down by close supervision to eliminate frauds and extravagance.

Other State Agencies

The Department of Institutions and Agencies administers various forms of relief, among them Old Age Assistance, Aid to Dependent Children, Aid to Blind, the Federal Government, under the Social Security Act, carries half the costs of these relief grants.

It is an economy for State and Municipality to see that all relief clients who are eligible for such grants apply for them.

No investigation has been made of DIA. It appears that the co-operation of that Department with local Welfare Offices is uniformly good. There is, however, often a delay between application and grant, in Old Age Assistance cases apparently due to difficulty in establishing the age of the client. During this period of delay, the client remains a relief cost. It is believed that such grants when finally allowed should be made effective as of date of application.

It is also believed that requirements for proof of age could be somewhat relaxed.

The Federal laws admit of Old Age Assistance to aliens. State laws do not. Consequently relief funds have the entire burden of aliens 65 years old. This law might be advantageously modified.

Courts and Juries

It frequently happens that the head of a family on relief deserts it. He finds work. Wife brings action for non-support. Court orders so small a payment that the family remains on relief. In such a case, two different living standards are used: one by the Court as regards the man; another by the Welfare Department as regards the family.

Or again, the man deserts and does not find work. He then becomes a single case on relief and the family becomes a group on relief. The net cost is thus higher than if all were in one group.

Similarly a son, a legally responsible relative, leaves home, gets work at, perhaps \$15 per week. Court orders him to pay \$2 or \$3 toward parents support, leaving family on relief.

It is believed that when a family is being maintained at the taxpayers' expense, the law could justly impose more restraint than in the ordinary case.

It has frequently occurred that when cases of fraud by relief recipients are presented to Grand Juries, if client has made restitution, the jury has refused to indict. Thus, the client has merely had a loan without interest and is encouraged to try it again.

Federal Agencies

Various Federal agencies have carried much of New Jersey's relief burden—the WPA, NYA and CCC.

The CCC has been helpful without qualification.

The WPA, established in 1935, has been of considerable assistance in lessening the relief load. It should have been of much greater assistance. It has not, to the extent that it might have, taken its workers from relief rolls, as tables following clearly show.

It began operation in September 1935. That month it employed 8,000; the relief load was lowered by 2,500.

By the end of 1935 it had gotten well into operation. In that month its rolls reached 91,000 and the relief load had been lowered by 31,000 from its August size.

| | <i>WPA Employed</i> | <i>Relief Load Dropped</i> |
|----------------------|---------------------|----------------------------|
| September 1935 | 8,000 | 2,500 |
| October | 15,000 | 7,800 |
| November | 52,000 | 14,000 |
| December | 91,000 | 31,000 |

Fluctuations in WPA employment are rarely reflected at all proportionately in the relief load.

The Monthly Statistical Bulletin of Financial Assistance Commission for June 1939 remarks "Reductions made by WPA in prior months did not affect relief rolls as much as expected" which means, of course, that many of those on the WPA rolls were not eligible for relief. This has been true ever since WPA began.

In January 1939 WPA added 5,000; relief rolls added 5,600. In February WPA dropped 3,100; relief rolls increased 1,900.

| | <i>WPA Change</i> | <i>Relief Load Change</i> |
|-------|-------------------|---------------------------|
| Jan. | + 5,000 | + 5,600 |
| Feb. | - 3,100 | + 1,900 |
| Mar. | - 3,700 | - 4,900 |
| Apr. | - 8,000 | - 6,400 |
| May | - 2,500 | - 4,500 |
| June | + 450 | - 4,700 |
| July | - 5,000 | - 2,000 |
| Aug. | -15,000 | - 900 |
| Sept. | + 3,400 | + 4,100 |
| Oct. | + 1,800 | - 3,500 |
| Nov. | + 3,200 | - 4,400 |
| Dec. | + 7,000 | - 400 |

WPA payrolls are kept secret: it is impossible to determine how many of their employees have come from relief rolls, or would have had to go on relief if not employed by WPA. They do send notice of assignment, but so tardily that information is never current. They are generally reported as reaching the Welfare Offices from two to six weeks late. Delays of as much as six months have been reported. At present, the State is sponsoring a Sewing Room Project, but WPA refuses its payrolls even to the Financial Assistance Commission, which is the sponsor's agent.

Cases are reported of relief clients refusing private employment, saying they were waiting for a WPA Project to begin.

The present arrangement of WPA is not the most helpful. As noted in the report of the Unemployment Relief Commission "Our State governments and legislatures are by-passed for direct Federal-municipal negotiations and partnerships in a program for which the State is expected to stand by to pay all deficits" (Page 32, Report No. 1).

It is believed that far greater assistance would be given to the relief problem if the work program were administered entirely by the State and financed—as are other forms of Federal assistance—by a Federal grant in aid to the State.

Used under State control for the purposes for which it was designed, there is little doubt that far greater help to the State's relief problem would result.

National Youth Administration

The National Youth Administration serves about 20,000 in this State. This has, of course, been helpful.

It has always been the policy of the FAC to consider as family income two-thirds of the earnings of any member of the family other than its head, when calculating the family's budget.

In its letter No. Y-119, dated November 22, 1939, and signed by Aubrey Williams, as Administrator, the NYA threatened to withhold assistance in all cases in which more than one-quarter of the youth's income from NYA was so considered.

This effort to exercise Federal control over the internal policies of the State appears an unwarranted invasion.

It is interesting to note that in some cases, at least, this letter was sent to the family on relief—it was not sent to the FAC. Such procedure invites a question as to its motive.

It is generally accepted that relief in all its forms can best be administered locally, although it cannot be locally financed.

In the case of NYA and WPA, if Federal funds are available, they should be given to the State as Grants in Aid, and used as the State finds it wise to use them.

General Comment

There have always been the needy for whom government has had to care. But what we know as our "Relief Problem" began with the widespread loss of employment late in 1929.

It was then spoken of as "Unemployment Relief," and was regarded, not as the age-old problem of caring for the indigent, but as a new and temporary problem of tiding over men who had always been self-supporting and who

would soon recover their economic self-sufficiency. Private agencies in the past were powerful factors in the relief of the poor. Their endowments have steadily decreased to a point where they are now unable to contribute materially.

The unemployment has continued for ten years and no end of it is in sight.

During this period, at least three groups have been added to the unemployed group that first concerned us. First, is a group that never had steady employment; some of them, at least, never wanted it. A few days' work would bring them money enough to subsist—at a level of their own choosing—for a few weeks. Then a few more days of work and a period of idleness. For the most part, these people did not seek public aid. Some of them begged, but even so, they supported themselves by their own efforts: the burden of their subsistence was not borne by the taxpayers.

It is probably true that opportunity has diminished for even the amount of work they normally did.

At all events they are now on relief.

Second, various groups of workers whose employment was always seasonal, but who managed to support themselves throughout the year upon the returns from their season of work.

Many of these today come on relief as soon as their normal work season ends.

It was not originally intended to support these two groups on public funds. Nevertheless, they are on.

Work programs have been operated in some communities. These are helpful in the case of unskilled and semi-skilled men. Such programs, incidentally, prevent persons privately employed from fraudulently remaining on relief rolls.

A third group is the youngsters who have grown up on relief, know no other means of subsisting and are not trained in any vocation. If not trained, they are likely to continue to weigh down the relief load, as well as to become a social problem.

These three groups have added unforeseen and substantial burdens to the original load of temporarily unemployed.

During these past ten years many skilled and semi-skilled laborers have grown old and have lost their dexterity. Both age and loss of skill decrease their chance of employment.

The relief loads today appear to be largely composed of unskilled labor for which there is little demand.

Industry can probably not absorb more than 10 or 12% of today's unemployed. The production index is now reported as 120; in 1929, it was 126. So it is now close to the peak.

Every indication points to a permanently heavy relief load, always fluctuating, but probably never dropping back to its pre-depression size or composition.

In short, our relief problem is not an emergency problem and is not merely a problem of relieving temporary unemployment. It is a permanent problem of administering general relief. It should be so recognized; and the agencies set up to administer general relief should be given a permanent status. Measures for its financing should also be based on the realization that it is a continuing problem and not one that will pass in a year or two.

The problem of "Public Assistance" is one of the first magnitude. It includes not only a great volume of cases, but an endless variety of situations, some simple and some complex; problems whose solution requires thorough understanding of the laws and regulations governing relief; others requiring also tact and experience and a sympathetic understanding of family and personal situations; with always the basic requirements of balance and common sense. It is too complex to be a secondary or subsidiary branch.

Its size, the diversity of its problems and its specialized requirements qualify it as a distinct branch of State Government.

The administration of Public Assistance is today an important function. Its improper administration can do harm

both economically and socially to State and to municipalities. The freehanded giving of relief without proper examination into need not only wastes money, but destroys morale and character by encouraging the recipient to rest in the arms of government and to give up trying to meet his own needs. On the contrary, the giving of inadequate relief to the needy may develop a health problem and certainly is inhumane and revolting to the public mind.

The distribution of relief as a political favor—in addition to wasting money—is unfair, is dishonest and encourages dishonesty. Also it puts government in the position of subsidizing a political party or an individual's campaign with the public treasury. This too, however much precedent there may be for it, is abhorrent to thoughtful men.

The giving of public assistance is, in fact, an expression of the composite charitableness of the populace, its desire to prevent suffering. Likewise, the placing of safeguards against extravagance and exploitation is an expression of its composite good sense.

Radical organizations and various groups of impractical persons constantly exert pressure for increased relief allowances. There is, of course, poverty and destitution but among relief clients no suffering has been found where prescribed allowances are given.

The statutes governing relief have been modified from time to time to fit changing conditions. Wisely, in the past few years, the Legislature has written into the statutes more and more detail only as the situation became more and more clear.

It is believed that the situation has now developed sufficiently to warrant some further detail in statutes to accomplish the ends which the Legislature has obviously had constantly in mind: (1) Adequate relief to the really needy; (2) Elimination of unnecessary expenditures through extravagance, malpractice or neglect.

The administration of Public Assistance is a highly specialized activity, requiring for its performance personnel

with a certain native aptitude, a considerable amount of training and a great deal of experience.

The selection of personnel to administer relief is too important to be left to haphazard methods or to political favoritism. If relief is to be handled economically and wisely there must be a careful selection of personnel according to prescribed standards, provision for training them and provision for constant trained supervision.

There is available in this State one group, the present Field Staff of the Financial Assistance Commission, pre-eminently qualified to prepare personnel standards and to conduct training of personnel in a manner which could contribute substantially to the efficiency and economy of the administration of Public Assistance.

Based upon the conditions found to exist, as set forth above, for the purposes of establishing more firmly those conditions that contribute to good administration and of eliminating those that do not, the following modifications of the statutes are recommended:

Recommendations

That all laws governing the administration and distribution of relief be collected in one pamphlet for distribution to all relief offices.

That the State Financial Assistance Commission be abolished.

That there be created a department of the State Government to be known as the Department of Public Assistance, the chief executive officer thereof, who shall be designated the Commissioner of Public Assistance, shall be appointed by the Governor, with the consent of the Senate, and shall hold office for five years.

That said Commissioner be selected upon the basis of character, training, experience and general fitness for the duties of the office and without regard for political affiliation.

That a minimum of two years' experience in relief administration be a prerequisite to appointment as Commissioner.

That the Commissioner shall have the duties and powers now vested in the FAC (excepting that laid down in R. S. 44:8-5 (e); and in addition, such duties and powers as may hereafter be prescribed by acts of the Legislature.

That the Commissioner shall appoint three Deputy Commissioners who shall constitute the Public Assistance Advisory Board, and seven Assistant Deputies, whom he shall assign to the duties now laid down in R. S. 44:8-4, for "Assistant Directors," and to such territories as he may see fit. The term of office of Deputy and Assistant Deputies to be five years.

That it be the duty of the Advisory Board to supervise the activities of the Assistant Deputies, in such manner as the Commissioner may direct; to prepare personnel standards and training courses for various officers in both State and Municipal administration of Public Assistance; and to advise and assist the Commissioner in such other ways as he may direct.

That the Commissioner be required to prescribe personnel standards for all employees in the Department of Public Assistance, and to make all appointments in accordance with them.

To prescribe standards for municipal Welfare Directors, and for such municipal Welfare employees as are charged with determination of relief grants, the giving of relief orders, or the conduct of family service, or the supervision of any of these.

That he be empowered to approve or disapprove on the basis of such standards, all appointments to the offices described in preceding paragraph.

To prescribe the minimum number of employees to be appointed to such offices. To keep all Welfare Offices informed of all pertinent laws.

That he shall prescribe the records to be kept by Municipal Welfare Offices and shall prescribe the forms on which they shall be kept.

That, except the offices of Director, Assistant Director, and that now referred to as "Administrative Assistant,"

all departments and their personnel now operating under the FAC be incorporated in the Department of Public Assistance.

That the Commissioner, any Deputy Commissioner or Assistant Deputy, may issue a subpoena to witnesses to appear and be examined in any matter under the jurisdiction of the Department of Public Assistance, and to bring papers, records, etc. In cases of disobedience, he may call upon the appropriate Court for process to compel attendance.

That in order to qualify for reimbursement by the State, each municipality must present satisfactory evidence that its relief administration conforms with the laws and with the regulations issued thereunder.

Upon receipt of such evidence, and of proper evidence of relief payments made by the municipality, the State should reimburse each municipality fifty per cent (50%) of its relief expenditures, including such administrative costs as may be specified by the Commissioner of Public Assistance as the minimum needed for proper administration. Such reimbursement should be made monthly.

That there should be appropriated each year an Equalization Fund in such amount as the Commissioner of Local Government shall certify to be needed, for the purpose of meeting the cost of Public Assistance in any municipality which shall present to the Commissioner of Local Government evidence satisfactory to him that the municipal share of that cost cannot be met by taxes levied and collected in that municipality. Disbursement should be made from this Equalization Fund only on certification by the Commissioner of Local Government that it is proper under this law.

That if any municipality has since May 14, 1936, ceased to make appropriations which it had made in each of the five preceding years, for poor farms, almshouses, lodging houses, hospitals, or endowments to hospitals, reimbursement shall not be made to that municipality for expenses which would formerly have been covered by such discontinued appropriations.

That when any adult, able-bodied male of sound mind has been continuously a recipient of municipal relief for three years, his name shall be published and he shall be declared a pauper.

That no employee of the Department of Public Assistance or of any municipal Welfare Department shall hold any office in any political party or any political club, and no such employee shall make to any recipient of relief any request or suggestion as to the vote or other political action of such relief recipient.

Relief not to be continuous:

That within sixty days after the date of approval of this act, every person now on relief shall, if needy, reapply for relief on an application form prescribed by the Commissioner of Public Assistance, and shall be required to establish his eligibility therefor.

To anyone who has failed thus to prove his eligibility, relief shall on that date be denied.

Thereafter, at the time and place designated by the Municipal Welfare Director, each family head shall report and shall again establish his eligibility by presenting on form prescribed by the Commissioner of Public Assistance a complete and correct statement by each employable member of his household of that member's income during the preceding relief period.

Relief orders shall be dispensed semi-monthly at such place and date as the Welfare Director may direct.

Relief will not be given in the form of cash.

Relief recipient may be required to work for relief grants.

That each municipality shall keep such records and keep them on such forms as the Commissioner may direct. (These forms will be furnished in the necessary minimum quantity by the Department of Public Assistance, without cost to the municipality.)

That each application for relief shall set forth such information as the CPA may direct. The applicant shall make affidavit to the correctness of his statements. Each appli-

cation shall bear an endorsement by two legal residents of the municipality where application is made, which endorsement shall state "applicant is known to me; has actually resided in this municipality for one year; his statements are true to the best of my knowledge and belief."

Every duly appointed employee of a Welfare Office is empowered to administer the oath in such cases.

The Local Assistance Board shall appoint the Welfare Director and all other employees of the municipal Welfare Department, subject only to approval of the CPA.

Vendors

That no person, firm or corporation shall be permitted to accept relief orders until its place of business has been inspected by the Municipal Welfare Office and found to conform with following requirements, and until a license has been issued by the Municipal Welfare Department to such person, firm or corporation permitting this accepting of relief orders, which license shall be conspicuously displayed in such place of business.

Any vendor whose place of business is adequately stocked with merchandise of good quality; with the price of each commodity prominently displayed to the view of the purchaser; whose establishment is kept clean and in good sanitary condition, and who is willing to enter into agreement with the municipal Director of Welfare or Overseer of the Poor to furnish relief recipients articles essential to the maintenance of health for the amounts indicated upon written orders issued by such authority and not to supply thereon cigars, cigarettes, tobacco, soft drinks, alcoholic beverages, candy, food for pets or livestock, motor fuel or motor oil nor to honor them either in whole or part for cash, shall be "approved" or "authorized" to accept and fill such orders.

No license to fill relief orders shall be issued to any store in which alcoholic beverages are sold or dispensed.

No relief order shall be exchanged for alcoholic beverages, or for cash.

No relief order shall be presented for payment by anyone other than the person, firm or corporation that actually filled such order, and no person, firm or corporation shall buy or discount such order, give money or other consideration in exchange for such order; provided, however, that such orders may be assigned to any regularly chartered bank or trust company; provided further that such orders may be assigned to any bona-fide wholesale merchant who has furnished goods or credit to the licensed vendor making such assignment.

Any one violating, guilty of misdemeanor.

Settlement

Title 44, Section 8-7, should be repealed.

That when Old Age Grant is approved, the grant shall become effective as of date of application.

R. S. 44:8-12 is amended by inserting in line seven and in line twelve after the words "State Agency" the words "and excluding periods of time during which such person is employed on WPA or on any Federal or State Work Program."

That every employee hereafter appointed in any municipal welfare department to the position of Welfare Director or to any position in which he is charged with the determination of relief grants, the giving of relief orders or the conduct of family service or the supervision of any of these, shall hold such office on probation until he shall have completed three weeks of training as prescribed by the CPA and shall have been approved by the CPA as qualified under the standards established for this particular office.

That the office of Overseer of the Poor is hereby abolished. A Director of Welfare shall be appointed in every municipality for the same term of office as now prescribed for the O.P. The duties of both offices shall be performed by the Welfare Director.

That for relief purposes only, brothers and sisters be declared legally responsible relatives.

(a) That every bank, trust company, bank and trust company, private banker and building and loan association shall, when requested in writing so to do by the Department of Public Assistance or any Local Board of Assistance, or by any official legislative investigating committee, or by any authorized agent thereof, disclose to such department, board, committee or authorized agent whether or not any person applying for or receiving public assistance or any legally responsible relative of such applicant or recipient has had or has any money on deposit with, or invested in, such banking institution or building and loan association within one year prior to their application for assistance or at any time thereafter, the amount and date of such deposit or investment and the amounts and dates of withdrawals therefrom.

(b) That every employer shall, when requested in writing so to do by the Department of Public Assistance or any Local Board of Assistance, or by any official legislative investigating committee, or by any authorized agent thereof, disclose to such department, board, committee, or authorized agent, within thirty (30) days, whether or not any person applying for or receiving public assistance or any legally responsible relative of such applicant or recipient has or had received or will receive any money in salary, wages, commission or other compensation from such employer, and if so, the amount and date of such salary, wages, commission or other compensation.

That there be appointed a Special Assistant to the Attorney-General whose duty it shall be to prosecute all cases of fraud arising in connection with relief administration.

That before any relief grant be made, there be an agreement by the applicant to reimburse the municipality from property then or later owned by him.

It is recognized that the problem of relief has many complex phases—both social and economic. Adequate relief must at all times be provided. It must be provided with the minimum of waste and extravagance. This calls for

the complete elimination of politics from every phase of relief administration, the maximum simplification of system, the careful selection and equally careful training of personnel, adequate and continuous supervision of all relief operations, close co-operation among the various State, County and Municipal departments which handle various forms of relief.

Following is a brief summary of the Legislative recommendations made above:

1. Elimination of present State Financial Assistance Commission and substitution therefor of a Commissioner of Public Assistance.

2. Revision of reimbursement system to the end that all municipalities share on a 50% basis, reimbursement to include minimum administrative expense.

3. Establishment of an Equalization Fund subject to supervision by the Department of Local Government, for allocation to financially subnormal municipalities.

4. Abolition of Overseer of the Poor and merger of duties with those of Welfare Director.

5. Immediate institution of non-recurrent relief.

6. Uniform records and reports.

7. All employees of municipal relief offices to be appointed by Local Assistance Boards.

8. More careful regulation of vendors, including prohibition of relief order license to vendors dealing in alcoholic beverages.

9. Establishment of personnel standards for all welfare employees.

Attention is again invited to the pronounced decrease in relief costs over the State of New Jersey, brought about by the mere existence of the Legislative investigation. This leads to the conclusion that there is no substitute for a complete, continuous policing of the entire relief system in the State, and this is recommended as the most important single consideration in the administration of relief.

G. BARRETT GLOVER,
Director of Investigation.

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