

Office of the Governor

NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Jayne O'Connor
609-777-2600
Laurie Facciarossa @ DHS
(609) 292-3703

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Governor Whitman to Use State Funds to Offset Federal Cuts to Food Stamp Administration

Governor Christie Whitman announced today the state will offset federal cuts to the administration of the food stamp program and thereby avert impending layoffs and service reductions at county welfare agencies.

The Governor said the state will propose a transfer of \$6.5 million in funds to the 21 county welfare agencies which administer the food stamp and welfare programs. The transfer must be approved by the legislature's Joint Budget Oversight Committee.

"The county welfare agencies are on the front line of the social services system and our welfare reform efforts," Gov. Whitman said. "It is vital that we avoid any cuts in this area. I am hopeful that our actions will enable counties to avoid raising property taxes or cutting staff.

"The federal cuts to the system were ill advised and I believe if we had not made up the money our ability to implement welfare reform would have been hampered."

The federal cuts came about because of changes in the national welfare regulations. Before those changes, administrative costs for individuals eligible for the food stamp program, Aid to Families with Dependent Children (AFDC), and Medicaid were all charged to the welfare program.

Federal welfare reform changed AFDC to a block grant program. The 1998 law dictated that administrative costs be assessed to the individual programs.

As a result, the federal government reduced federal reimbursement for county administrative costs for the food stamp program by approximately \$8.7 million annually for state fiscal years 1999 through 2002.

The source of state funds to restore money to the counties will come from the Work First New Jersey budget. These funds are available because of the flexibility allowed the federal block grant.

"We could not allow those federal cuts to the food stamp program to stand," said Michele K. Guhl, the Commissioner of the Department of Human Services. "Our welfare reform efforts are getting into high gear and it was irresponsible of Washington to make those cuts at this time."