

P U B L I C   H E A R I N G

before

SPECIAL LEGISLATIVE COMMISSION TO MAKE A  
SURVEY OF THE OPERATION OF WELFARE AND RELIEF  
LAWS IN VARIOUS COUNTIES AND MUNICIPALITIES  
[created pursuant to ACR 3 of 1968, and  
reconstituted under ACR 19 of 1969]

Held:  
April 9, 1969  
Assembly Chamber  
State House  
Trenton, New Jersey

Members of Commission present:

Senator Alexander J. Matturri [Chairman]

Senator Hugh A. Kelly

Assemblyman Richard A. Olsen [Vice Chairman]

Assemblyman Albert S. Smith

Polly Bush

Leonard A. Coyle

Gerald D. Hall

Assemblyman Frank J. Dodd

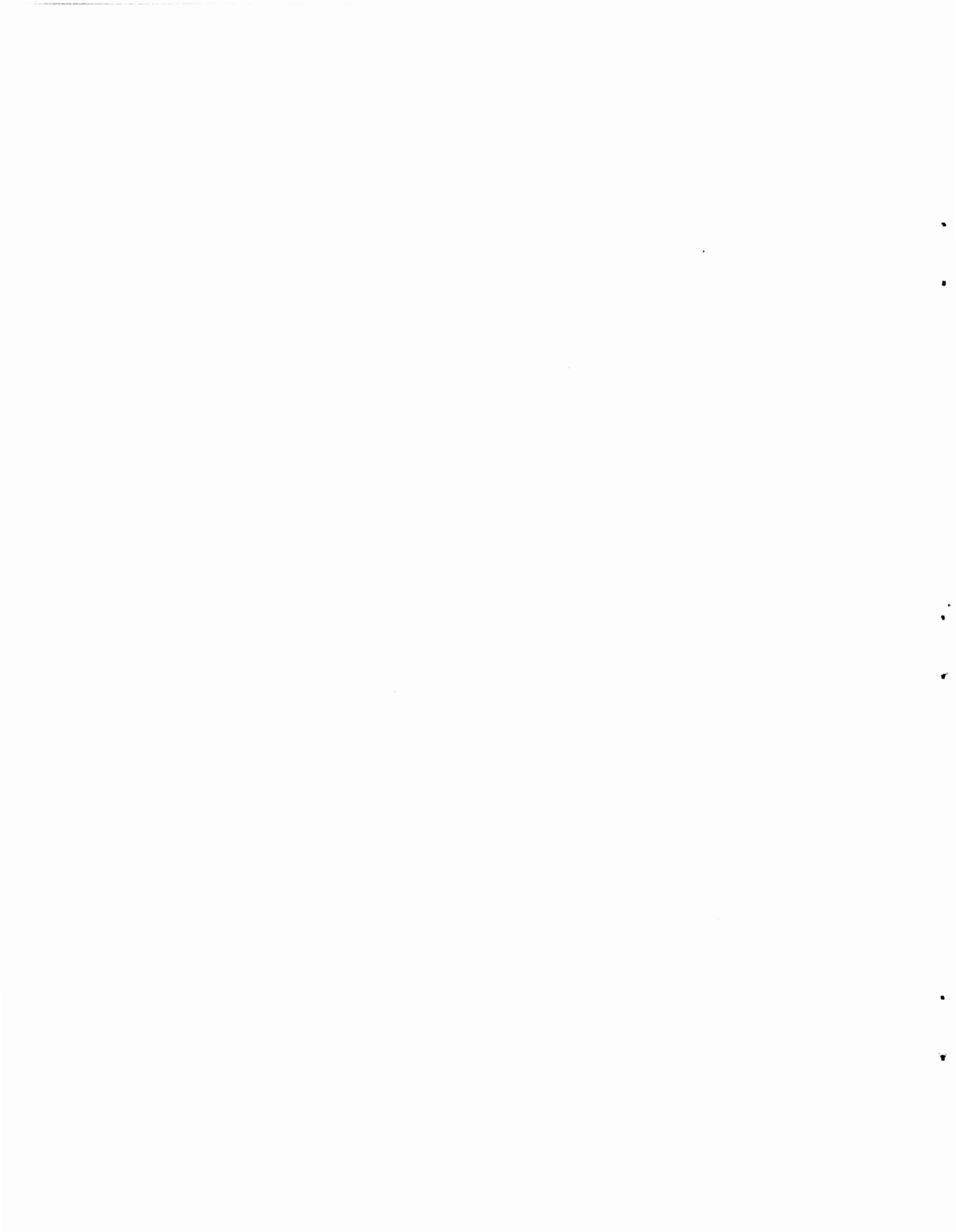
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SENATOR ALEXANDER J. MATTURRI[Chairman]: Good morning, ladies and gentlemen. This is a special legislative commission to make a survey of the operation of Welfare and Relief Laws in the various counties and municipalities here in the State of New Jersey.

This Commission is created as a result of an Assembly Concurrent Resolution, wherein a Commission of ten people were selected to study the various laws, and as we stated at our opening meeting, the purpose of this hearing - and this is the first of a series of hearings which we will have in various parts of the State - will be to give the various segments of the people an opportunity to be heard on this matter.

Our program today calls for the leaders on the State level to give us an opportunity to discuss the various laws that we have enacted. And in the afternoon we have invited four Directors of Camden County, Essex County, Monmouth County and Union County Welfare Boards to come here to present their problems. We contemplate also going on the municipal level just as soon as time will allow.

So that we understand each other, the scope of this Commission is merely to make inquiries as to the inequities or proposals of new law. It is not for investigating. I got calls from some people in my office wondering whether we were going to investigate welfare. We are not interested in welfare from that point of view. This is a legislative Commission and our only purpose is to have witnesses come before us and give us an opportunity of finding out from them if there are inequities and what proposals for legislation we can

recommend to our colleagues.

I would like to present the members of the Commission who are here for the record. I am Alexander J. Matturri, presiding here as Chairman. To my right is Senator Kelly from Camden County. We also have Assemblyman Richard Olsen and Assemblyman Albert Smith. In addition we have Leonard Coyle and Polly Bush.

Our first witness will be the Commissioner of the Department of Institutions and Agencies, Honorable Lloyd W. McCorkle.

C O M M ' R L L O Y D W. M c C O R K L E: Thank you, Mr. Chairman. We have made available to you my brief comments by way of introduction as well as the goals and objectives of the Division of Welfare of the Department and its most recent annual report.

Rather than reading the statement that I have in front of me, perhaps I can briefly summarize it.

The Department welcomes this opportunity to appear before this Commission and to provide it, during the course of its studies and deliberations, any and all factual information which is available to our Department or which we can feasibly prepare, relating to the operation of welfare and relief laws in New Jersey.

In the broadest sense, our entire Department and all of its divisions come within the concept of public welfare and are of extreme importance in promoting public welfare. However, it is evident from the text of Assembly Concurrent Resolution Number 3 of 1968, under which this Commission was

established, that the specific focus of your interest is more restricted and is concentrated on those particular activities which are under the immediate jurisdiction of the Division of Public Welfare within our Department.

Accordingly, the major responsibility for providing this Commission with whatever information it will wish to have, and for giving testimony about program operations, will be carried on by Mr. Engelman, who is to my right and who is Director of the Division of Public Welfare, and by such members of his staff as may be required.

However, by way of introduction, I wish to call the Commission's special attention to the following salient factors which are fundamental to a correct understanding of the nature of the so-called "welfare problem" in New Jersey. Unless these factors are kept clearly in mind, any effort to design changes that will really be constructive and really result in improved services or in improved cost-benefit ratios, may very well be an exercise in frustration.

First, in New Jersey the so-called "welfare and relief laws" do not comprise a single program, but a complicated assortment of different programs with special eligibility conditions that vary, sometimes inconsistently, from one program to another. The more these programs can be reduced in number, and unified and simplified in their standards and methods, the more efficient and understandable the operation of welfare in New Jersey will become.

Second, in New Jersey these programs are not operated by a single organizational and administrative structure, but by a

complicated assortment of different organizational and financing arrangements, involving State, district, county and municipal units in varying patterns and with varying degrees of managerial and supervisory accountability. The more this complicated organizational structure can be unified and simplified, the more possible it will be to bring about effective operational responses to identified goals.

Third, there needs to be a greater degree of clarity in our consensus of understanding and agreement as to what are the purposes and the goals of the public welfare programs. At the State level, the Division of Public Welfare, with the participation and final approval of the State Board of Public Welfare, a group of up to 15 private citizens who are appointed by the State Board of Control with the approval of the Governor; my office; and the State Board of Control, a group of 9 private citizens who are appointed by the Governor with the approval of the Senate - undertakes to identify in advance its conception of desirable goals and objectives, and we have supplied you with a copy of these. They are not kept secret, but are publicly distributed for all to see.

Finally, it is of over-riding importance to bear in mind that the phenomena of increasing case loads and increasing costs in New Jersey, about which this Commission is no doubt intensely concerned, are not peculiar to New Jersey, but are national phenomena. New Jersey can and should and, we believe, does succeed in coping with them somewhat more effectively and efficiently than many other states, but New Jersey cannot wish them away nor will there be any easy panacea or administrative

sléight-of-hand that will exclude their impact on our economy and on our social order.

Finally, I would like to repeat for you Governor Hughes' statement on this point in his introduction to the subject of welfare in his Special Message of April 25, 1968, on "A moral recommitment for New Jersey." He said, and I quote:

"At the very outset of our consideration of welfare, let me emphasize that the current problem is not of New Jersey's own making. Because of such factors as the mobility of our population and new technologies, the welfare burden is truly national in character and requires a federal response."

Thank you very much.

SENATOR MATTURRI: Mr. McCorkle, we appreciate very much your coming here and I think that we can't agree with you more as to the last statement, that the Federal government should respond to this problem. But until such time, I think it is incumbent on us as legislators of this State to try to work out some program which will be equitable and fair to all parties concerned. As you know, the Legislature has endeavored in the last session to bring this up to a State level. I am sure, speaking for myself, that the State level is not the proper place where it belongs, but anyway, it is one step in the right direction, I think, and I think we all agree.

COMM'R MC CORKLE: I think there would be general agreement in our Department with that, sir.

SENATOR MATTURRI: We hope in the near future - and again I speak for myself and not as a member of the Commission - we

hope that the State will take this matter over on a one hundred per cent basis where I think it rightfully belongs for uniformity and many reasons.

But until we reach that goal or those goals, I think it is necessary for us to look over some of the laws that have been passed and see what we can do. It interests me a great deal - in your first point, for example, you say that some of these laws should be changed and should be simplified.

COMM'R MC CORKLE: That's correct, sir.

SENATOR MATTURRI: And I think that is true because the welfare problem is becoming so complicated that you have to be an expert to understand it. I know every time I speak to one of the experts to understand this problem, it becomes more complicated. If it is complicated for me as a legislator, I am sure it is complicated for the average citizen and the average layman. What can your Department do to help this Commission to try to simplify this matter?

COMM'R MC CORKLE: Well, I will ask Mr. Engelman. We have made repeated proposals in this area and I think he could tick them off much more quickly and much more concisely and to the point than myself.

SENATOR MATTURRI: Very well. And that also applies to your second point involving the organizational structure?

COMM'R MC CORKLE: That is correct.

SENATOR MATTURRI: Senator Kelly has a question.

I will tell you what - I thought maybe if we could as a matter of procedure give the Commission an opportunity to finish with you and then we can start with Mr. Engelman.

COMM'R MC CORKLE: All right, sir. I think in certain areas it is better for me to defer the question to him.

SENATOR MATTURRI: Surely.

COMM'R MC CORKLE: Because he can answer it specifically and I am going to merely state that the Board of Public Welfare has made recommendations, the State Board of Control has approved them in certain areas, and you wouldn't get the kind of specific flavor you would get from Mr. Engelman.

SENATOR MATTURRI: Senator Kelly.

SENATOR KELLY: Commissioner, on page 2 of your statement, it says, "First, in New Jersey the so-called 'welfare and relief laws' do not comprise a single program, but a complicated assortment of different programs with special eligibility conditions that vary," and the point I am interested in, right after "conditions that vary," it says, "sometimes inconsistently."

COMM'R MC CORKLE: That is correct.

SENATOR KELLY: Can you clarify that?

COMM'R MC CORKLE: Well, there is administration at both the county and the municipal level. Some programs are administered at the State level. Within the categorical programs, there may be different requirements for eligibility, I think as regards to residency for one. It is this type of inconsistency that makes it on the one hand confusing to the average citizen and I am sure at both county and at the State and probably at the municipal level, a kind of administratively difficult thing to operate with the potential for people being passed back and forth between various bureaucracies.

SENATOR KELLY: In the third paragraph, page two, Commissioner, it says, "Second, in New Jersey these programs are not operated by a single organizational and administrative structure."

COMM'R MC CORKLE: That is correct, sir.

SENATOR KELLY: Do you have any suggestion of what agency should take this over, what single agency in the State?

COMM'R MC CORKLE: Let me summarize, if I can, Department thinking on this matter because there are differences and then I will share with you my own personal view, which would not be joined in by everybody in my Department and I do not know what the vote would be if this matter came to a vote before the Board of Public Welfare and the Board of Control. There is a considerable body of opinion in the Department that we should have a State-supervised and completely county-administered program, that the county should be the administrative unit with the State supervising. I think that probably most points of view in the Department would look forward to phasing out of both administrative and fiscal responsibility at the municipal level. There would be a body of opinion in the Department that would say, "With this type of structure, there should be increased State participation financially, but it should never reach 100 per cent, financial participation by the State," but that there should always be some, if small, and the figure that is used by some persons who have discussed this within the Department has been 10 per cent, so that there would be involvement at the local level and there would be genuine concern at the local level.

There would be another body of opinion in the Department that would take the position that the program should be totally financed and totally administered by the State and by the Division of Public Welfare.

My own personal view is consistent with the latter position.

SENATOR MATTURRI: That is that the State take complete control?

COMM'R MC CORKLE: Administrative and fiscal control. That is my own personal view. I repeat I am not speaking for either the Board of Public Welfare or the State Board of Control.

SENATOR KELLY: Thank you, Commissioner.

SENATOR MATTURRI: Are there any members of the Commission who wish to ask any questions? [No response.]

Fine. Well, thank you.

Then we will have Mr. Engelman testify - Irving Engelman, Director, Division of Public Welfare, Department of Institutions and Agencies.

I R V I N G        E N G E L M A N: Mr. Chairman, I have no opening statement.

For purposes of my opening, I subscribe to everything that the Commissioner has already said. In addition, I have provided you in the form of a written document with the last Annual Report of the Division of Public Welfare, which is just off the press. It contains a wealth of information. It will no doubt serve as a method for stimulating additional questions which members of the Commission may have. We will be prepared to

develop for you any additional information that you may wish. Some of it we already have, but it is detail which wasn't incorporated into this particular summary.

Other than that, I am available for your questions at this point.

SENATOR MATTURRI: Mr. Engelman, the Commissioner talked about three problems and I think each one of these problems is very important and I think would help us a great deal.

"First," what Senator Kelly brought out, "in New Jersey the so-called 'welfare and relief laws' do not comprise a single program. . ." Do you have that on page two? Without reading all that, can your Department recommend something wherein the scope or the idea of this objective as outlined by the Commissioner would be fulfilled?

MR. ENGELMAN: Well, again when we come into the area of recommendations, Senator, I think we have to understand, as the Commissioner so very carefully explained, that when I speak, I am speaking personal recommendations just as he did because recommendations for new legislation or new structures have not been formally formulated by the Department, except to the extent that they may be reflected in that statement of goals that you have. And, of course, some of those goals in part have already been achieved as a result of legislation that was enacted during the last year.

However, as a matter of personal recommendation, I believe that there ought to be a complete rewriting of what are called the Welfare Laws of the State of New Jersey. They could be codified into a single body of law to be known as a

Welfare Code, if you want to. Many other states have adopted a new code that they call a Welfare Code and such a code should clearly define what the scope, what the functions, what the objectives, what the purposes of the public welfare structure are and should establish a clear, single organizational mechanism, whether it be State administered or State supervised, and, if State supervised, through what kind of local units. This is a matter of debate. But in any event it ought to be a clear structure that would be responsible for performing all functions in the area of welfare, however we define welfare, and which should clearly define the financing responsibility for this structure and arrive at a public policy decision as to whether this scope of activity is going to be a shared function between the State and some one local unit of government or whether it is to be a function to be financed entirely by the State, subject, of course, to whatever Federal funding may be available with respect to various parts of the program or to the total program.

Now this is in essence a summary of what my position would be on this issue. It is really the first two issues to which the Commissioner referred. One, the simplification of program definition, and, secondly, the simplification of the organizational structure for carrying out that program.

Now one of the reasons why I emphasize a greater clarity in program definition is this: One of the things that has caused a great deal of concern and a great deal of misunderstanding, and in part it has contributed to the very creation of a commission like this, is the fact that in recent years what I

call the public welfare structure, the public welfare program, has become dominated by one part of it and that part is the part that we call Public Assistance. Public Assistance is that part of the total welfare program which focusses primarily on providing financial aid to needy individuals and needy families who by some definition that the State adopts are deemed to be poor and therefore eligible for this kind of financial aid.

In my concept the primary purpose of a public welfare program and a public welfare structure should not be providing financial aid. The primary purpose should be providing services to people in trouble and providing financial aid should be an incidental and a partial element of the total package of services that the public welfare structure is administering.

Now if there were other mechanisms, particularly at the Federal level, that would absorb a major share of the present problem of poverty, the present problem of lack of sufficient money in the hands of individuals and families, then the public welfare structure wouldn't have to devote so much of its time, so much of its energy, so much of its staff, and so much of its public abuse, if you please, to this function of distributing money and it could then concentrate on what I conceive to be its true role of providing services to people who in spite of having money have problems.

Now that may be an over-simplification. I could go on at great lengths about that, but this is my thesis.

As it is at the present time, most of the laws that we

have focus primarily on this business of giving money and they don't say very much, if anything, about services except in two areas, and that is with respect to children and with respect to blind people. Other than that our laws don't say very much about services in so far as they are welfare laws.

I think that if there were to be a new public Welfare Code, if I were writing it, I would start off by having words that would emphasize that the purpose of the public welfare program, and it would be a program, would be to provide service to people in trouble.

SENATOR MATTURRI: Well, Director, we thank you for your very clear and precise statement. I think that I must agree with you that something has to be done about the question of the laws and that is our purpose as legislators. That is why we are meeting today for that very purpose, to try to clarify the situation.

MR. ENGELMAN: I will make another personal suggestion - these are personal suggestions, of course - that ties in with the question of organizational structure. If there were a clear and single organizational structure - and again I repeat what the Commissioner said, there is a choice and there is divided opinion as to whether a desirable organizational structure is a State-administered structure with appropriate local offices for the State organization or whether the desirable structure is one of local administration of some kind, subject to State supervision. But putting that aside, if the organizational structure were clear and clearly defined, it would create the opportunity for what is so sorely needed in this

State, namely, the kind of local office where the person in need or the family in trouble knows that it can go to that office and find in that office all of the services that are available, whatever they are. Whether it is a lot of service or a little service, at least they are all in one place and there is no confusion as there is now --

SENATOR MATTURRI: As exists at the present time.

MR. ENGELMAN: That's correct - about not knowing where to go and about having to go here for one purpose and there for another purpose and the third place for a third purpose, and the creation of offices somehow that will be complete welfare offices where all welfare services will be represented and will be available and can be interpreted and where if you are eligible, you can apply for them without going some place else. To me, this is a very important thing that is needed in New Jersey.

SENATOR MATTURRI: Mr. Engleman, this idea of having single offices, this has been utilized in some of the states, hasn't it?

MR. ENGELMAN: Well, I would say that the movement in all other states is toward that.

SENATOR MATTURRI: Does the State of Massachusetts have a program of this nature?

MR. ENGELMAN: Well, Massachusetts recently went through a massive legislative and organizational change under which everything that was previously administered on the municipal level is now State administered.

SENATOR MATTURRI: On a state level.

MR. ENGELMAN: That is correct. It is now state

administered. Whether they have yet succeeded in integrating all the local offices so that all services are available in all local offices, this I honestly don't know. Certainly they intend to move in that direction.

SENATOR MATTURRI: I think that is their objective. I have been in touch with some of the officials of the State of Massachusetts and I have had quite a few of their Commission studies or reports. As I understand, their objective is to have everything on a state level and then to decentralize offices in various parts of the county and in the state. As a matter of fact, as I understand it, in a situation such as in Essex County, for example, where we have 21 municipalities and have 21 overseers of the poor, they might think only three or four are necessary.

On the question of administration, am I correct in saying, Mr. Engelman - and in this I might be wrong and I want you to correct me if I am - that 12 per cent of the money utilized for public welfare is used for administrative expenses in the County of Essex particularly?

MR. ENGELMAN: I cannot speak for the County of Essex. If you want data particularized for individual counties, we will have to develop it for you. I can tell you, however, precisely what the figure was for the last fiscal year for the State as a whole. In the Annual Report that you have there, if you will turn to Exhibit 2 at the back of the volume and if you will look at the extreme right-hand column, Section IV, Ratio of Administrative Expenditures to Total, you will find for the Statewide picture it was 10.45 per cent. That is inclusive of

State-level administrative cost, county-level administrative cost ---

SENATOR MATTURRI: You say Exhibit 2?

MR. ENGELMAN: Yes, Exhibit 2 at the back. Have you been able to find it?

SENATOR MATTURRI: Oh, Ratio of Administrative Expenses to Total."

MR. ENGELMAN: Correct. Now that is the figure for those programs - you know, again we get into this game, "Which programs are we talking about?" - this is the figure for those programs that are administered by the county welfare board. That does not include the administrative cost that may have been expended by 567 municipalities. Actually this is a figure that we don't know. We have no way of getting that.

SENATOR MATTURRI: This represents only the county level expenses?

MR. ENGELMAN: Well, this represents both the State and county level expenditures for those programs that are administered at the county level, which, of course, are the major programs, namely, the categorical programs, the ones for which we get Federal aid. For those programs administered at the county level on a combined basis, all wrapped together, the administrative cost has consistently over the years been in the neighborhood of 10 per cent. This was true way back in the late '30's when the only program that the county welfare boards were administering was the Old Age Assistance Program. So there has been a relatively constant factor on that score.

SENATOR MATTURRI: Has your Department ever formally

presented some of these objectives that we are discussing here this morning, particularly as to rewriting the laws and clearly defining our scopes and objectives and also to have a single organization responsible for all the functions of the department?

MR. ENGELMAN: Has the Department ever made such recommendations?

SENATOR MATTURRI: Yes.

MR. ENGELMAN: Yes, if you want to go back far enough in history.

SENATOR MATTURRI: What we are trying to get at, I think, is that we legislators need help in these matters.

MR. ENGELMAN: Well, in the very early 1950's, Senator, there was considerable work done on developing a proposed new Public Welfare Code at that time and a bill was introduced which at that time evoked a great deal of legislative and public debate and ultimately was defeated. Subsequent to that, the Legislature appointed a special study commission known as the Kidde Commission, headed by Mr. Walter Kidde, who is now the Chairman of the State Board of Public Welfare. He is not here today, but we have another member of the Board here. The Kidde Commission made a report to the Legislature after extensive study and also proposed a somewhat different bill than the Department had originally proposed. This was also defeated. Of course, a great deal has happened. There have been a great many changes since 1950 and '51 and '53, and the bills in my opinion that were formulated at that time would be out of date today.

SENATOR MATTURRI: They would be outmoded today, I am sure.

MR. ENGELMAN: But the thrust at that time was to do the very kind of thing that we are talking about now, namely, to have a new code to consolidate all of the Welfare Laws into one package and to create a clear administrative structure for them.

In more recent years, the Department has not developed any specific legislation that would deal with this thing comprehensively. The Department has merely developed legislation on particular issues in response to administrative decisions - executive decisions.

ASSEMBLYMAN SMITH: Any reason for that, Mr. Engelman?

MR. ENGELMAN: Well, the reason is that the Department has not felt it appropriate or timely to engage in the kind of extensive work that is necessary to develop a whole new code when there were so many other things to do.

ASSEMBLYMAN SMITH: The reason I bring that up is the fact I believe ACR 3 of 1968, which created this Commission, was passed on the basis of the public being aroused by abuses more than anything else that have reached the ears of legislators as they have reached mine, and what can be done to curb the abuses? I think that has taken hold in all sections of the State. How are we going to take care of the abuses, particularly in ADC, is going to be a problem, I realize?

MR. ENGELMAN: Well, I have to respond honestly by expressing my own opinion. I have not yet seen affirmative evidence that the abuses, so-called abuses, amount to anywhere

near the proportions that the headlines and the statements of individuals would suggest.

I call to your attention the fact that in all of our programs, including ADC, what we call the recipient rate, the proportion of the population receiving assistance, in New Jersey is among the lowest in the United States. I want to repeat that. The recipient rate, the proportion of the population receiving public assistance, is among the lowest in the United States. It is below the national average I think in all -- well, last year it was below the national average in all programs other than General Assistance, which is the program administered by municipalities. Now that will be changing now, of course, because we are in the midst of a shift of General Assistance cases to the categorical program.

I would like to add another footnote at this point to illustrate what I mean by exaggeration, what I believe to be exaggeration. We have had a great deal of concern expressed during the last three months about the mushrooming caseloads of the county welfare boards and about the mushrooming caseloads particularly of the ADC program. This growth in the program was anticipated. In fact, it was designed to do that. It was designed to shift cases from the municipal rolls to the county rolls and thereby for a large number of those cases get Federal matching that we were not getting before. And this is exactly what has happened. We have just been able to complete some tentative figures - I say "tentative" because figures from counties and municipalities are subject to some delay in getting to the State office in time for us to tabulate them in a meaningful

way. But we have completed the figures as of February of '69. The changes in program organization started as of January 1st. Between December '68 and February '69, the increase in the number of persons on ADC -- if you will wait just a moment, I have to do some figuring in my head -- was slightly over 31,000 persons.

ASSEMBLYMAN SMITH: Cases?

MR. ENGELMAN: Persons, not cases.

SENATOR MATTURRI: How many is that?

MR. ENGELMAN: Thirty-one thousand persons in the ADC program from December to February. However, in all programs combined, the increase in persons from December to February was slightly over 2,000, a 2,000 increase in total persons in two months, which contrasts with the fact that for the preceding 12 months, the average monthly increase had been about 1,800 - I think it had been about 1,800 a month. Sure, it can be pointed out that the ADC rolls from December to February increased by 31,000 persons. But the rolls of all programs combined increased by slightly over 2,000 persons. Where was the difference? The difference was in the decline in the General Assistance caseload that was otherwise being carried by the municipalities. From December to February, the municipal rolls declined from 40,211 persons to 10,934.

SENATOR MATTURRI: Almost 75 per cent.

MR. ENGELMAN: That's right.

SENATOR MATTURRI: As a result of this, did you make any observations whether the municipalities have reduced their administrative costs by 75 per cent?

MR. ENGELMAN: For some municipalities, I would say for most municipalities, the way they are structured it would almost be impossible for them to reduce their administrative costs by 75 per cent. In fact, for most of them, it would be impossible for them to reduce their administrative cost at all because their administrative cost consists of the salary of one person, sometimes on a part-time basis, and the fact that a municipal director, you know, is now carrying 2 cases instead of 8 ---

SENATOR MATTURRI: That would be applicable to the large cities.

MR. ENGELMAN: Now in the large municipalities, there has been a reduction of administrative cost; at least certain examples have come to my attention, not officially, but through reading the newspaper. I know, for example, in the City of Trenton, the size of the staff was reduced very considerably. But other jobs were found for those people.

SENATOR MATTURRI: I think that is one of the problems that we intend to go into on a local level. I agree with you that the programming is such, as it exists today, that the municipalities I am sure can't save 75 per cent, but certainly the administrative costs in the larger municipalities should be reduced considerably.

MR. ENGELMAN: And I anticipate they will.

SENATOR MATTURRI: So much so that we were requested by some municipalities that some of the municipal employees that were working on the municipal level be given preference to working on a county level and the Legislature, as you know, passed

a law to that effect, which would help some of these municipal employees to find employment on a county level or State level.

SENATOR KELLY: Mr. Engelman, your thesis, as presented here today, on first impact anyway, seems to have a great deal of merit to it. Have you ever discussed this with the Governor, your thesis on this welfare problem?

MR. ENGELMAN: Well, many of these issues were considered very extensively by the Governor and by the special panel engaged in discussions, you know, following the disorders in the cities. And the particular selected legislative package that the Governor developed and presented to the Legislature last year represented a final executive decision of what precisely and how much to seek to put into effect at that time.

Have I discussed with the Governor personally these particular ideas that I have said today?

SENATOR KELLY: Yes.

MR. ENGELMAN: No.

SENATOR KELLY: So this will be news to him as far as your thesis is concerned?

MR. ENGELMAN: Well, whether or not it will be news to him, I can't say.

SENATOR KELLY: You mentioned New Jersey being one of the states with the lowest recipients. Is this in comparison to all the states or selected states?

MR. ENGELMAN: This is in comparison to all the states if you want it that way.

SENATOR MATTURRI: May I just interrupt for a moment. Maybe you had better define what you mean by recipient. I am

sure that many people here are not too clear about that point.

MR. ENGELMAN: By recipient rate, this is a measure which all state welfare departments and which the Federal department uses as one of the measures to compare states with one another. The recipient rate is the percentage of population that is receiving public assistance. Obviously, to say that there are a million persons receiving public assistance in New York City and only one hundred thousand receiving public assistance in Podunk doesn't tell you anything because the million persons might be, as it probably is, somewhere between 12 1/2 and 15 per cent of the population of New York City. But the hundred thousand persons in Podunk might be 90 per cent of the population of Podunk. So you have to measure this in terms of what does the number receiving assistance represent percentagewise of the potential population.

That is what we mean by recipient rates. Recipient rates are calculated two ways: one as a percentage of a selected population. For example, you frequently see the recipient rate quoted for Old Age Assistance. That is quoted in terms of the percentage of the aged population that is receiving Old Age Assistance. Or you see the recipient rate quoted for ADC and that is often quoted as the percentage of the child population receiving ADC. Or you see a composit recipient rate quoted, which is simply the percentage of the total population that is receiving any kind of assistance.

I have in front of me the official Federal figures for June 1968 and I will be glad, if the Commission wishes, to make

copies of these subsequently available, showing the proportion of population receiving public assistance by program as of June 1968 for all of the states and territories. These are calculated program by program, you know, by special population segments.

In Old Age Assistance, New Jersey had the lowest recipient rate of any one of the states and territories. In Aid to the Blind, New Jersey ranked 49th among all the states and territories. In Aid to the Permanently and Totally Disabled, New Jersey ranked 48th among all the states and territories. In Aid to Families with Dependent Children, New Jersey ranked 24th of all the states and territories, but still below the national average. In General Assistance, the municipal assistance program, New Jersey ranked 8th in recipient rate.

SENATOR MATTURRI: This is very interesting. Will you see that the members of the Commission receive a copy of that, please.

MR. ENGELMAN: I will be glad to.

SENATOR MATTURRI: Has this ever been broken down in the State of New Jersey on a county level?

MR. ENGELMAN: Recipient rates by county level? No, we have not done that. It would be possible, however, for us to calculate, not by individual programs, but putting all programs together, it would be possible for us to give you the recipient rate for each county.

SENATOR MATTURRI: That would be a very interesting study. For some of us who advocate that the State take over 100 per cent of these programs, it would help us in trying to

sell this to the public. I feel from my own experience, coming from Essex County where we have been carrying a great deal of the burden of this problem, maybe much more in proportion than any other county in the State, that those figures would help us a great deal and I would like to suggest, if you could, you provide it on a county level.

MR. ENGELMAN: We have in the past calculated recipient rates by counties. I don't at this point know how recently this was last done. But we will check it and if the last time we did it is significant now, we will provide it to you; if not, we will calculate new recipient rates, probably as of December.

SENATOR MATTURRI: I think an interesting study would be to show the difference after we changed the law and changed the ratio from 60-40 or 50-50 to 75-25.

MR. ENGELMAN: Well, now you are talking about dollars. Dollars is something else again.

SENATOR MATTURRI: Well, even dollars; recipients represent dollars to me.

MR. ENGELMAN: In terms of comparison, Senator, between what was before and what is now, may I suggest that it is still a little too early to have any meaningful figures. In about a month, we will have hard data that will cover the first quarter of this calendar year and this still wouldn't be final, but it would be suggestive.

Now when you start talking about dollars, there too I make the statement that for all of these programs together, New Jersey's expenditures expressed as an expenditure per capita

of population is among the lowest in the United States.

SENATOR MATTURRI: That is very interesting considering that there was an article only recently in the newspapers - I may be wrong in the figures - that a recipient in Mississippi received \$400 a month - I wonder if you read that article, Mr. Engelman - and in New Jersey he would receive \$2400 and in the State of New York he would receive \$2900.

MR. ENGELMAN: I didn't see the particular figures that you are referring to, Senator. However, it is true that in Mississippi the level of payment of staff and the level of payment of benefits and probably the level of cost of living for anybody is far less than in the State of New Jersey.

However, let me make clear what I was referring to. I was not saying that the benefit level in New Jersey was low; I was saying that the actual dollar expenditure per capita of population - in other words, what you and I and every other of the 7 million citizens of the State of New Jersey spend for these public welfare programs - is among the lower ones in the United States. For all programs combined, the U.S. average for the fiscal year ended June 30, 1968 - this includes all the Federal programs, the general assistance program and medical care - the national average expenditure per capita of population for all of these programs combined was \$43.70. The expenditure in New Jersey for that same year per capita of population was \$26.50. New Jersey ranked 36th among all the states and territories. The expenditure per capita of population was highest in the State of New York. I am not talking now about New York City; I am talking about the State of New York. The expenditure

in New York State was \$102.35 per capita of population. The second was California with \$84.35 per capita of population. I repeat, New Jersey was \$26.50. Now that figure includes all Federal, State, county, municipal money that is spent. I mean, I am not separating it out.

I have another tabulation here. This one is a little old. This was for the fiscal year '67, instead of '68, and this is not on the total dollars spent per capita of population, but the state and local dollars only, excluding the Federal share. In state and local dollars spent - and this is raw dollars per capita of population - New Jersey ranked 19th. Now one of the factors that contributed to that in earlier years was, as I have pointed out before, that New Jersey has been until January of this year carrying on its general assistance rolls, for which there was no Federal money, many cases that by being transferred to the categorical programs administered by the state-county structure, we are now getting Federal money for.

However, even though New Jersey in the fiscal year '67 ranked 19th among all the states in the number of dollars of state and local funds spent per capita of population, if you translate those dollars into a percentage of the per capita income of New Jersey, New Jersey ranked not 19th, but 31st, among the states. We will be glad to make copies of these tabulations available.

ASSEMBLYMAN OLSEN: I just have a couple of questions. I notice in the first of the three paragraphs on page 2, a sentence reading, "The more these programs can be reduced in

number, and unified and simplified . . .," etc. Speaking to the idea of reducing the number, are there any programs which can be dropped because of a possible overlap, in other words, transferring people from one to another and then completely dropping the program to save administrative costs perhaps?

MR. ENGELMAN: Well, I will respond to that this way: In my opinion, it is possible, not only possible, but desirable, to have in the State of New Jersey a single Public Assistance Program, just one. I am talking now about public assistance and this is a program which would provide financial assistance to needy persons and families. The eligibility requirement would be to meet the test of need, whatever it is. The classification of those individuals and families into sub-groups, then needs to be merely a bookkeeping and accounting operation which can be changed from time to time internally as is necessary to get the most Federal dollars, depending on which individuals or families there is Federal matching for.

ASSEMBLYMAN OLSEN: This could result then in a savings on administrative costs to a certain extent, don't you think?

MR. ENGELMAN: Well, I think the savings on administrative costs would result in the fact that all the programs would be administered through a single structure rather than so much from the fact that you eliminated the different definitions.

ASSEMBLYMAN OLSEN: One other question - regarding the statement of the Governor in here where it says, "At the very outset of our consideration of welfare, let me emphasize that the current problem is not of New Jersey's own making," and

it refers to the mobility of population, etc., do you think a standardized residency requirement throughout all counties in the State of, say, perhaps a year, would be feasible or be desirable perhaps to overcome this area?

MR. ENGELMAN: I will state frankly my opinion. One, I do not think it is feasible nor do I think it is desirable. If the purpose of the program - and again we get back to the question: What is the purpose of the program? - but if the purpose of the program is to take care of needy people and families, then let's concentrate on that. Let's be sure we are defining needy people and needy families the way we want to define them.

ASSEMBLYMAN OLSEN: But let me just question that point for one second. Don't you think that we may be becoming a magnet to some people in states where the payments are lower without having this residency requirement? In other words, perhaps we are attractive to needy people.

MR. ENGELMAN: I will respond to that, sir. The State of New Jersey like the State of New York and the State of California and the State of Illinois and the State of Ohio, and I could go on with the roll of all of the states that have large urban centers, are now and have been points of in-migration for individuals who have been disrupted from the agricultural economy wherever that disruption of the agricultural economy has occurred. Now most of it, of course, has occurred in the south and there is no question, no one disputes the fact, that there has been a large in-migration to the states and more particularly the urban cities, industrial centers of the north

and west from the south and from Porto Rico. In my opinion very little of that in-migration - I don't say none of it - but very little of it is the result of differentials in standards of assistance. In my opinion in many of the southern states or the agricultural states, if there were a better level of taking care of needy people, whether it is in the form of public assistance programs or in the form of other kinds of services, if there were a better level of taking care of people, it would tend to reduce somewhat the extent of in-migration, the extent of migration that has been occurring. But in my opinion, the migration would still occur because the migration occurs for the same historical reasons and sociological reasons that it has always occurred, people seeking a better opportunity or believing that the place where they were going to would afford them a better opportunity in terms of education, in terms of future advancement, in terms of jobs, in terms of the long-term outlook. This is my opinion.

ASSEMBLYMAN OLSEN: The only point, and this is not a question but a statement, it seems interesting because we have migration from the agricultural centers, as you are referring to, of persons who have been in the agricultural field, but they are not going to other agricultural states, such as the midwest; they are going to the industrial states, such as New Jersey and New York, where the payments are highest.

MR. ENGELMAN: They are not going to other agricultural states because they have become surplus in the agricultural economy, not merely surplus in the states where they are.

ASSEMBLYMAN OLSEN: But also unable to fit into the industrial economy.

MR. ENGELMAN: That is correct. They are unable. And that is why the solution of the so-called welfare problem does not lie within the power of the welfare structure itself because the problem is being created by lacks in our total organization that are not within the control of the welfare structure. The welfare structure does not make jobs. The welfare structure does not carry on our public education program. The welfare structure does not carry on our vocational-educational program. And I am not suggesting that it should. The welfare structure does not carry on our employment service and I am not suggesting that it should.

ASSEMBLYMAN OLSEN: That was my next question.

MR. ENGELMAN: But there has to be closer integration of these other services and we are in the midst of trying to do that. We, as you probably know, are just in the midst of mounting in conjunction with the State Department of Labor at the State level and the same two departments at the Federal level what is known as the WIN program, which is a structured program under which adult persons and even children over the age of 16, if they are not attending school, are being referred to the Department of Labor.

ASSEMBLYMAN OLSEN: To the Employment Service end of it?

MR. ENGELMAN: Well, it is more than just the Employment Service. They are being referred to this new structure within the State Department of Labor. The program is called the WIN

program, the Work Incentive program. And under this, individuals are being referred and the Department of Labor undertakes to place them in jobs in the competitive labor market if they are equipped for such jobs and if they are not equipped for such jobs, then the Department of Labor is undertaking to develop for them training programs and on-the-job training programs and vocational training of various kinds so that they can move into employment at a later date. Now this is just getting under way too. We have some tentative figures on that which, as I say, at this point are very tentative. But up to the end of March there had been roughly about 3,000 referrals to the Labor Department under the WIN program in the 9 counties where the WIN program at this point is operating. It is not yet operative statewide. There had been about 3,000 referrals up to that point. I might say that the number of slots that were funded for the WIN program by the Federal government for the Department of Labor for the current fiscal year for New Jersey was only 2600.

ASSEMBLYMAN SMITH: Mr. Engelman, I would like to ask a question along the line Mr. Olsen followed. Now that we are getting into the month of April, the pilgrimage north is just about organizing in the southern states and we have them come into my county, which is strictly recreational and partly agricultural, and our rolls will increase up until probably October, I believe. Now there are some states that have a one-year residency rule still in these United States. I understand that their influx where they had a one-year residence rule on ADC has decreased. Don't you believe that would have

some effect on these people who migrate for maybe five months and live up in our area and then go back south again probably on what they pick up on welfare and relief? They jump in with a family of maybe two or three and exist for five months and then go back to Mississippi, Georgia or some other spot. Don't you feel that a one-year residency rule may discourage some of those people from coming north?

MR. ENGELMAN: You ask my opinion and I give you my opinion. My opinion is no. In the first place, the seasonal migration that you are talking about is otherwise known by the Department of Labor and by the Department of Health and by all other departments of the State government as migrant labor, labor that follows the crops. They come to New Jersey, many of them at the invitation and by arrangement with the agricultural industry.

ASSEMBLYMAN SMITH: That wasn't my question, Mr. Engelman. I am not referring to agriculture. I am referring to people who load three or four or five children in a car and come up because Cousin Joe said to come up, things are better up here than down south, and they jump in the car and they come up and spend four or five months and then go back home again. I don't mean the ones that are working. These people aren't working. They come in as dependents and they go out under the same conditions. Migrant labor, I can understand.

MR. ENGELMAN: I can only say I have had no evidence - and I would be glad to have it if somebody can produce it - of any significant number - of course, there are always some people -- There are some people, you know, who go from New Jersey down to

Florida for a few months in the winter too even though they don't have any money because it is a good place to go in the winter. But I have had no significant evidence of any significant number of people who come into New Jersey just for the summer months and who are unrelated to the migrant labor stream. Now if some evidence can be produced, I would certainly be very interested to examine it.

I do have some figures, since we are talking about the ADC program indirectly, although you haven't mentioned it - I do have some figures of a study of the ADC program and how many of the people and families receiving ADC came at some point in their history from out of the state. As part of a special statistical study which was done of a scientific statistical sampling of the ADC caseload, one of the tabulations was the period of time that the mother in the family had lived in New Jersey. You will be interested in these figures. 36.1 per cent had been born in New Jersey. 7.2 per cent, although not born in New Jersey, had lived in New Jersey more than 20 years. An additional 5.2 per cent had lived in New Jersey more than 15 years. An additional 11.7 per cent had lived in New Jersey more than 10 years. An additional 14 per cent had lived in New Jersey more than 5 years. The percentage that had moved into New Jersey within the 12 months immediately preceding the study was 1.3 per cent. The percentage that had moved into New Jersey within 2 years preceding the study was 2.2 per cent.

ASSEMBLYMAN SMITH: Do you have any figures, Mr. Engelman, that might tell you the ones - take the ones who have been in

the State for a period of 10 years but not born here - the number of illegitimate children they accumulated during that period? Would your rolls show that?

MR. ENGELMAN: We do not have that kind of information. This would have to be a special kind of a study. It would have to be done actually by the County Welfare Directors because we have no way of knowing who is legitimate and who is not legitimate.

ASSEMBLYMAN SMITH: That's the only way we could find out how much it increased in that period?

MR. ENGELMAN: However, there have been some individual studies by some of the County Welfare Directors on this subject. I know particularly that such a study was made in Essex County and since I understand the Committee is going to hear from the Essex County Director, perhaps you can get that information from him.

ASSEMBLYMAN SMITH: What upset me no end, being associated with a bank at one time, it was common gossip around the bank, "Well, today is Mother's Day." The first of the month or the second of the month they come in and they cash their checks and over in one corner of the bank there are four or five male whites and blacks waiting for them to come over and parcel out some money to them. That worries me. I am wondering what sort of control we could have over a situation like that. It frightens me and it is done every month. I have seen it. I saw it is operated and it seems to me that the taxpayers of the State of New Jersey have a perfect right to be up in arms when things like that are going on.

MR. ENGELMAN: Taxpayers of the State of New Jersey have a perfect right to be up in arms if assistance is going to people or families who don't need it.

ASSEMBLYMAN SMITH: Or don't use it in the right way, Mr. Engelman.

MR. ENGELMAN: Well, there, sir, we get into the question of again coming to some agreement and defining what the purpose of public assistance is. Is the purpose of public assistance to take care of needy people or is it for some other purpose? Now if we can clarify what the purpose is, maybe we can then effectuate mechanisms that will serve that purpose. Right now, the purpose as declared by the Legislature is to provide for needy persons and families to assure that they will not suffer unnecessarily from lack of food, clothing, shelter or medical care and more than that the Legislature has defined the mission in statute -- Maybe I ought to quote the exact language. There are two phrases in the statutes. One says that it is the obligation of the State administration, the Division of Public Welfare, to assure that assistance will be, "adequate to provide for reasonable maintenance and well-being." And there is another phrase that says that the assistance shall be in accordance with "standards and conditions compatible with decency and health."

Now, of course, there is concern and understandable concern, and I share that concern, about people who violate laws. I have that concern whether those are poor people or rich people or in-between people. And we have and should have mechanisms for apprehending people who violate laws and for enforcing criminal

laws. I agree that it is the purpose of the law enforcement machinery to punish for violation of law. I cannot agree that it is the mission of the public welfare structure to be a law enforcement agency, except to enforce the public assistance law and the public assistance law is clearly defined as an obligation to provide for needy people. Certainly any public officer has a duty, any citizen has a duty, entirely apart from the nature of his public office or the kind of job he performs as a citizen - he has a duty to report violations of law where he knows of violations of law and can substantiate them. I am not disputing that.

I do, however, frankly disclaim responsibility on the part of the public welfare structure to be primarily a law enforcement agency, just as I disclaim that it is the primary responsibility of the public welfare structure to be the employment service or to be the educational structure or to be the housing agency.

ASSEMBLYMAN SMITH: May I ask you another question, Mr. Engelman. You have caseworkers all over the State in every one of the 21 counties. Now isn't it their job to go out and investigate a certain applicant for need? And aren't they, if they have a suspicion, supposed to check it to find out whether their findings originally were correct or do they just say, "I found the first finding correct," and follow it no further?

MR. ENGELMAN: Under the terms of the law of the State of New Jersey, under the terms of the standards and regulations which the state department has written, the county welfare

board through its staff, and mind you, it is the county welfare board staff, not my staff --

ASSEMBLYMAN SMITH: I realize that.

MR. ENGELMAN: (Continuing) -- the county welfare board through its staff, through its director and through its staff, is supposed to be satisfied that the facts are true and that the family is eligible. The county welfare board has the authority under law and under our regulations - it has both the authority and the obligation to engage in whatever kind of lawful investigation it thinks is necessary to establish the facts. And there is not now nor has there ever been any State regulation that says you shall not investigate.

SENATOR MATTURRI: How does this coincide with this new law that we passed of presumptive eligibility?

MR. ENGELMAN: The new law which was passed in the first place did not say that assistance must be granted to everyone who applies for it nor did it say that assistance must be granted to everyone who signs an affidavit. It did say that assistance may be granted by the county welfare board on the basis of presumptive eligibility when two factors are present: one, that the county welfare board is satisfied from the apparent evidence that the individual or family is in fact needy; and, second, that the county welfare board can establish a categorical classification, that is, classify it as being in one of the Federal programs, on the basis of a sworn affidavit.

SENATOR MATTURRI: Mr. Engelman, how has this phase been working out from your experience so far since this has been incorporated into law?

MR. ENGELMAN: Well, I am going to suggest that this is something you could more appropriately at this point, as I know you intend to do, ask the county directors because it is still too early for me to have any sense of how it is actually operating. All I can do is look at the figures and the figures don't look too bad because for the most part apparently the accretions to the county welfare board rolls in at least the first two months represented not much more than a transfer of people who were already receiving assistance from municipal welfare.

SENATOR MATTURRI: Mr. Engelman, sometime ago you made a statement - and if I am wrong, please correct me - that you believed that there should be a minimum amount of money that a welfare family should receive. I think it was \$4,500 if I am correct. Would you mind giving us a little explanation of this statement which was in the papers?

MR. ENGELMAN: Yes. I proposed something that I gave the title to of "assured minimum income." Let me point out that right now, not only right now, but for many years, all states that are administering the categorical assistance programs in effect have some kind of an assured minimum income because in all states there is a set of budget standards which in effect say that a family of given size, whether it is one person or two persons or three or four, shall have a budget which shall include at least thus and so much. That part of it, and this is true in all states, is an assured minimum income. Now it may be a little bit or it may be a whole lot. That is the level at which you pitch this assurance. The differences that occur lie in two areas: One, how much is assured? And, secondly,

how much variation is there above that assured amount?

The proposal that I talked about was to increase the amount that we were already assuring and at the same time to eliminate most, if not all, of the opportunity to grant additional amounts over and above that assured level, whatever it is.

SENATOR MATTURRI: Did you put a figure on that in your statement originally?

MR. ENGELMAN: I used in my proposal a sample figure and the sample figure was a suggested sample figure and that figure was for a family of four and I have to explain this in terms of the statistical family of four. What is known as the statistical family of four is a family consisting of two adults, the father being of working age, and two children, one of whom is a teenager. That is the so-called statistical family of four that is used by the statisticians in the Department of Labor and in the Department of Commerce and in the Department of Agriculture. I proposed as a suggested figure that for that statistical family of four, the assured minimum income should be - I think the figure was \$370 a month. I would have to check that out.

SENATOR MATTURRI: \$370 a month.

MR. ENGELMAN: It was quoted in the newspaper as somewhere around \$4400 on an annual basis.

SENATOR MATTURRI: I thought it was around \$4500.

MR. ENGELMAN: However, my proposal was not for a guaranteed annual income or even an assured annual income. It was a proposal on a monthly basis. It was a suggestion that the

amount that should be considered essential, essential but total, except for medical care and certain other catastrophic situations, that should be considered total and maximum for that statistical family of four should be on a monthly basis at a level that would be equivalent to about \$4400 a year.

SENATOR MATTURRI: That would be the maximum under your idea?

MR. ENGELMAN: Under my proposal that would be the maximum, except for medical care, for certain kinds of catastrophes, and except for the thing that many people were asking for and are still asking for that we now have in Federal law, a so-called work incentive feature, in other words, some arrangement whereby the family in which there is someone working gets a better break than the family in which no one is working.

SENATOR KELLY: Mr. Engelman, originally I was under the impression your thesis was to project that there be more services provided to the needy and possibly less financial income.

MR. ENGELMAN: Let me clarify that.

SENATOR KELLY: Did I misunderstand you on that?

MR. ENGELMAN: Yes. I suggested that the public welfare structure should be more engaged in providing services than in providing money. But I said that this would be possible only if there were different kinds of mechanisms for providing money to people. In other words, what I am suggesting is that for many people and families money needs to be provided, but for many of them the money can be provided more efficiently with less administrative overhead and so forth through mechanisms other than the public welfare structure.

Let me give you an example if I may. A very large percentage - I am not going to name a figure because I don't have those figures with me - but a very large percentage of the aged population of this Nation and of this State are poor people and would be poor people who would be dependent on public welfare if it were not for the Social Security System. I want to translate that into some exact figures. In the late 1930's before the Social Security System really got started, we had in New Jersey some 31,000 persons receiving old age relief. At that time there were about 250,000 persons over 65 in the State of New Jersey. Today with 700,000 persons over 65 in the State of New Jersey, we have only 15,000, fewer than 15,000, receiving old age relief or old age assistance we call it now. If it had not been for the Social Security System as a mechanism outside the structure of public welfare to provide income for most of the old people, it is my opinion that our county welfare boards today instead of carrying 15,000 recipients of old age assistance would have to be carrying about 350,000 recipients of old age assistance, with all of the case-workers and supervisors and records, etc., etc., etc., and investigations that that involves. It is much more efficient to provide for the aged through a system like social security and in the end much less costly than the investigation system of need. That still leaves a small number of people who need to receive supplementary assistance and supplementary service.

It seems to me that there is still a large number of the disabled, a large number of the blind, a large number of children and a large number of widowed mothers - and I mean both kinds

of widows, widows whose husbands have died and widows whose husbands have deserted them - who could be provided with income maintenance through a system something like social security rather than through the public welfare structure. If that were true and the dimensions of the numbers of people with whom the public welfare structure has to deal could be reduced, then the public welfare structure could get on to its primary job of providing services on a retail basis to people who need services.

MRS. BUSH: Mr. Engelman, in regard to your statement just now, would not this be encouraging desertion?

MR. ENGELMAN: In my opinion it would not encourage desertion any more than our existing social structure encourages desertion. If you mean to suggest that a man is more impelled to desert if he thinks his family is being taken care of -- Is that what you mean? But we now have in New Jersey a system where the level of assistance that the family can expect is not increased because he deserts. We have in effect a level of income maintenance that is available to a family of specified size and is the same whether he is there or he is not there. In other words, there is no advantage to his deserting. And to the extent that desertion is itself a crime, which it is, that crime should be prosecuted and should be enforced and should be punished in whatever way our criminal laws and our criminal law enforcement structure is designed to do.

MRS. BUSH: I would like to go back to another subject. Commissioner McCorkle stated among his statements that the State should take administrative and complete control and you

said that you concurred with his statement.

MR. ENGELMAN: I did.

MRS. BUSH: In your opinion, what would be the advantage of complete State administration and control other than the fact that it would be relieving counties financially? Can you define, for instance, how the administration could be effectively operated and would it be more efficient?

MR. ENGELMAN: In my opinion it would provide an opportunity to be more efficient. I will give illustrations. In the first place, in such a structure we would not have the kind of competition, if you please, that we now have among counties in terms of the level of salaries that they offer staff. We would have the opportunity to locate offices in neighborhoods and in places where the people were and where the people had to be served and not be tied down to either municipal geographic lines or county geographic lines or without being tied down to local political organizations which are accidents of history rather than reflect the true economy of a particular area. Under State administration you could have effective decentralization and there should be decentralization. But the decentralization would be in terms of desirable administrative management and supervision rather than in terms of accidents of political history. Moreover, you would then have an organization through which you could rapidly disseminate and interpret and enforce whatever rules, standards, procedures and so forth that were deemed necessary and you would have accountability. Whoever was your State administrator would have to then answer and he couldn't say, "Well, I didn't want it

to happen that way, but in such and such a county, they decided to go off on their own and do it this way." He would then have to answer and wouldn't be able, even if he wanted, to pass the buck.

MRS. BUSH: But this would mean establishing quite a number of offices in every one of the counties to administer this underneath the State structure, would it not?

MR. ENGELMAN: I would so suggest. I suggest at the present time there are not enough offices. Now, of course, you know the Essex County Welfare Board now has six or seven different offices. The Monmouth County Welfare Board now has three offices. But other county welfare boards are not anxious to establish sub-offices because they are difficult to manage and they are difficult to handle. They involve more expense and yet they are needed. On the other hand, we don't need 567 offices.

MRS. BUSH: Has your office been able to estimate what this could would be if it were set up on this particular program that you describe?

MR. ENGELMAN: I would say on the basis I am talking about the cost would still not exceed 10 per cent.

MRS. BUSH: Well, is that just a guess on your part or have you made a study of this?

MR. ENGELMAN: No, we haven't made a specific study.

MRS. BUSH: Thank you.

MR. HALL: Senator, I have a few questions.

SENATOR MATTURRI: Go ahead.

MR. HALL: Mr. Engelman, could you just in the briefest

terms outline for us the supervisory control exerted by your State organization over the county and municipal welfare agencies and how this is exerted?

MR. ENGELMAN: I can't talk of them in one pot because they are two different things.

In relation to the counties, the county welfare boards administer what are called the categorical programs and the categorical programs are defined, first, by statewide law and; secondly, they are defined to some extent by Federal law and; thirdly, they are defined more particularly on a statewide basis by what is called the State Plan. And in order to receive Federal matching for those programs, there has to be a State Plan. There has to be statewide standards which can be read in a book and which are approved by the Federal government, which has to be available to all staff for instructional purposes. And under the law, the state agency has to be legally responsible for the administration of those programs, even though locally administered, on a statewide basis and answerable to the Federal government in that relationship. As a consequence the kind of control, both legal and actual, that the state department has to exercise over the county welfare boards is substantially different than the kind of supervision that the state department exercises over 567 municipal welfare departments.

Now how do we exercise that supervision? We exercise it through all these written materials that I have talked about. There are standards. There are rules. There are regulations. There are procedures. There are forms - all of this material, which

is written down, which is constantly under review, in which the county welfare directors and members of their staff participate through a structure of various committees, in writing these rules, in changing them and so forth.

Then we exercise that kind of managerial supervision through what is called a field staff, a staff of representatives of the State office who are assigned to particular counties and who maintain liaison with those counties through correspondence, through frequent meetings, not only of special committees, but meetings with the county welfare directors collectively. These meetings occur at least once every two months and most of the time much more often than that. Other than the fact that the county welfare directors and their staffs are answerable to a county welfare board and are in fact county employees, we try to deal with them and treat with them as though they were part of a total structure.

In terms of the municipal welfare program, however, we have an entirely different situation. There is no Federal money. There is no statewide plan really. The State department has jurisdiction of a supervisory nature only over those municipalities that get State aid; not all municipalities get State aid. About one-third of the municipalities in the State do not get State aid. The reasons they don't get State aid are varied, but mostly the ones that don't get State aid don't want State aid and they don't want State aid because they don't want State supervision. If they don't get State aid, they are not subject to State supervision. Moreover those municipalities that get State aid, under the terms of the law, the authority that the State

department has to supervise is related to the State aid. The statute says that the Commissioner can write rules and regulations relating to State aid. It doesn't say he can write rules and regulations as to what the municipal welfare department or the municipal welfare officials shall or shall not do. It can only write rules and regulations that regulate the State aid that the municipality gets.

Well, that is very brief.

SENATOR KELLY: Well, wouldn't that have something to do with the acceptance of the application for State aid, that they conform?

MR. ENGELMAN: In order to apply for State aid, the municipality must as part of its application agree to accept State supervision and to conform. However, the reality is that the kinds of standards and rules and regulations which we have established for municipalities are relatively few and extremely flexible. And, as I say, they relate more to the amount of State aid that the municipality is going to get rather than to what they shall or shall not do or how they shall do it.

SENATOR KELLY: I have one final question. Your assured minimum income, getting back to that figure, of approximately \$4400 or \$4500 for a family of four --

MR. ENGELMAN: I would rather speak of it in terms of a monthly amount.

SENATOR KELLY: Well, monthly, but assuming it goes a year, it will come to that amount, and assuming that this existed for a year, I am sure you are aware this is more money than some

of our city and municipal and county employees receive in salary for working, unfortunately, but that is true. Do you agree with that?

MR. ENGELMAN: I have to accept your word for it, which I do.

SENATOR KELLY: -- that municipal employees don't receive \$4500 a year?

MR. ENGELMAN: I don't know that. I accept your word for it. I am aware that in the State service now --

MR. HALL: The minimum has just gone to \$4500 in the new budget.

SENATOR KELLY: It just has this year. But it has existed and quite a few of our employees are not receiving that who are working and who have even larger families. That's all.

ASSEMBLYMAN OLSEN: I have just one last question, from me anyway: You mentioned before about the shift from the general assistance programs to those where you can draw in Federal aid and having cut down the caseload for the municipalities. Wouldn't it be feasible at least for those municipalities who are drawing State funds to be regionalized into welfare districts where you perhaps have a higher caseload and fewer employees to handle these? In other words, instead of having 567 offices, you might have one that could handle four or five municipalities.

MR. ENGELMAN: Well, if the program were made a matter of State administration, that is what would happen. But historically and realistically, I am sure you will recognize that the likelihood of that happening by voluntary combination of municipalities is very remote.

ASSEMBLYMAN OLSEN: I am referring to it under State requirement. I am thinking of it in the terms of the possibility of reduction of administrative costs in the general assistance area so to speak.

MR. ENGELMAN: Well, that could be done, you know, as a first step without a lot of elaborate creation of new offices, if someone wished to do it, by combining that activity at the county level and then having the county establish sub-offices. That is an interim way of doing it.

M R. H A L L: I have a couple more questions. I realize at the outset that the welfare people largely feel that the vast bulk of those recipients are unemployable for one reason or another. Is there any formal relationship between welfare agencies and the Employment Service for referral or communication between them for those people who seek welfare that are employable?

MR. ENGELMAN: Yes, there is. In fact, the State regulations now require that the county welfare boards even in those counties that are not yet formally under the WIN program - as I told you, there are only nine counties that formally are under the WIN program -- however, the regulations we have issued call upon the county welfare boards even in the non-WIN counties to refer to the Employment Service all employable persons who don't have employment.

M R. H A L L: Is there a follow-up there or a procedure of any nature to see that this is done?

MR. ENGELMAN: Well, at the moment, frankly I don't have the kind of staff to do that follow-up. I would hope that the county directors themselves are ---

M R. H A L L: Do you have any idea whether the counties do this. It might be better if we ask the county people this afternoon the same question.

MR. ENGELMAN: I would think that would be desirable to do.

M R. H A L L: Could you explain the nature of this Federal freeze in the ADC program that seems to be causing so much trouble in recent months?

MR. ENGELMAN: I would be glad to explain it if you wish. This was an action undertaken by the Congress to limit the amount of Federal money that will go to the states for purposes of the ADC program. It contemplated that there would be a determination back in the first quarter of 1968 of the proportion to the total child population in the State of those children who were then receiving ADC because of the absence of the father from the home, not the proportion of all children receiving ADC, but just those children receiving ADC because of the absence of the father from the home. And as of the first quarter of last year, a proportion was supposed to be struck and then beginning in July of 1968, the Federal matching to the State would be limited to that proportion; no matter if the proportion after that date changed in the State, what was in excess of the original proportion would be excluded from the account for Federal matching. Now I want to make this clear. They would not be excluded from eligibility. In fact, the Federal regulation made it clear that they could not be excluded from eligibility. They had to be included within the program, but the number of Federal matching dollars would be limited.

Now that provision in the Federal act was subsequently by act of the Congress postponed for a year. It never took effect yet. It is now supposed to take effect as of July 1st, 1969. Already there have been introduced - well, I counted more than 30 different bills that have been introduced in the Congress - to repeal the freeze. There has been at least one bill introduced in the Senate to repeal the freeze. That was introduced by our own Senator Case.

The new Secretary of Health, Education and Welfare has announced that he will officially ask for - maybe he has already done it - the repeal of the freeze. The information that we get, you know, corridor information, is that the disposition of the Congress seems to be that in any event, even if they don't repeal the freeze, they will at the very least postpone it again for another year. So at this point, it doesn't seem likely that the freeze will go into effect. I say it doesn't seem likely; I can't guarantee it.

M R. H A L L : What would you expect the costing factor to be for the state and counties?

MR. ENGELMAN: We had made an estimate of that. What was that?

MR. PETITO: \$7.6 million State and about \$2.5 million county money.

ASSEMBLYMAN SMITH: Mr. Engelman, is this freeze still on now?

MR. ENGELMAN: The freeze, sir, has not gone into effect. Is it still in the law? Yes, it is still in the Federal law and unless the Congress takes some action, it will become effective

July 1st, 1969. Although frankly I don't see how it can really take effect July 1st, 1969 because in order to take effect, it is dependent on the computation of certain ratios of things that existed last January which nobody has ever computed.

MR. HALL: Do you know of any states that have better systems for handling desertions and catching up with deserting fathers and making them come through with some support for families than does New Jersey?

MR. ENGELMAN: I can't honestly respond to that question. I don't know.

MR. HALL: There is an interstate compact, is that not right, somewhere along the line?

MR. ENGELMAN: Oh, yes. In New Jersey we participate in interstate legislation that is known as the Uniform Reciprocal Enforcement of Support Act and under that legislation it is possible when a deserting father is found in another state to proceed against him under civil proceedings in that state to get an order imposed by the courts of that state for him to make a contribution instead of what was the old remedy which was to indict them for desertion, then seek his extradition, and bring him back to New Jersey. By that time if he had been working in the other state and had a job there, he was no longer working. So you were bringing him back for nothing in terms of getting any help for the family. You could be bringing him back for the purpose of punishing him, but there was no effect of that method in helping the family. But under the Uniform Reciprocal Enforcement of Support Act, it is possible to proceed

against him civilly in the other state and get contributions.

Now in New Jersey the responsibility for administering - we call it URESA - Uniform Reciprocal Enforcement of Support Act - the responsibility for administering that program is not lodged in my department or in my division. The responsibility for supervising the operation of that program is lodged in the Administrative Office of the courts and the county welfare boards then deal directly with the judicial machinery rather than through my office. The extent to which the county welfare boards are using that machinery, the extent to which they are using it successfully, the extent to which they are satisfied or dissatisfied with it, is something that you will have to ask the county welfare directors. Our official policy enjoins them to use it.

ASSEMBLYMAN SMITH: Mr. Engelman, wouldn't you say - and I am going back to the word "abuse" - don't you feel that the Federal thought behind the freeze was based on abuses that evidently came to their attention throughout the United States?

MR. ENGELMAN: There is nothing that I know of in the committee hearings, the committee record, relating to the freeze that talked about abuses. The thought was, as expressed in the committee hearings, that if the Federal government cut down on the amount of money it was giving to the states for cases in which there was desertion, this would be a spur on the states to take more effective action against deserters. Now if when you use the word "abuses," you are referring to the fact that men desert their families and try to disappear, try

to evade court orders, if that's the meaning of your word "abuse," then, yes, and the Ways and Means Committee of Congress in the record of its debates on this issue did express the thought that by cutting down the amount of Federal aid to the states for this segment of the caseload, it might be a spur or a whip that would cause the states to be more vigorous in the enforcement of their desertion and support laws. This you will find in the congressional debates.

ASSEMBLYMAN SMITH: I have a bill and have had it in for six or seven years to try to cut down the increase in illegitimacy to two illegitimate children. After that, they are brought into court on bastardy proceedings to try to see whether the court couldn't extract from the mother of this child -- not to effect what has happened before, not to take anything away from anybody whos is now getting it, but to try to make a stop of this illegitimacy which our ADC is pretty well burdened with, to bring them into court. Now I understand that the caseworker has that right when he has any suspicion that that is what is happening and he can say, "I'm going to bring you into court on bastardy charges." He doesn't do it or she doesn't do it. It was the thought in my bill that by bringing them into court, they may feel a little differently about it than just having the caseworker pass it by and say, "Well, I'm not going to bring them in. What do I gain by doing it?" Now how much Federal money would I be jeopardizing to the State of New Jersey if a bill like that was passed?

MR. ENGELMAN: All of it.

ASSEMBLYMAN SMITH: Every bit of it - the blind, old age assistance?

MR. ENGELMAN: No, not all.

ASSEMBLYMAN SMITH: Just ADC?

MR. ENGELMAN: That's right. May I say that our official policy doesn't make it the responsibility or the duty or the right of the caseworker to bring anybody into court under any circumstances. The determination of whether there shall be a referral to court is a determination of the agency, a determination of the county welfare board. It is not a personal determination of the caseworker. I want to make that clear.

ASSEMBLYMAN SMITH: Right.

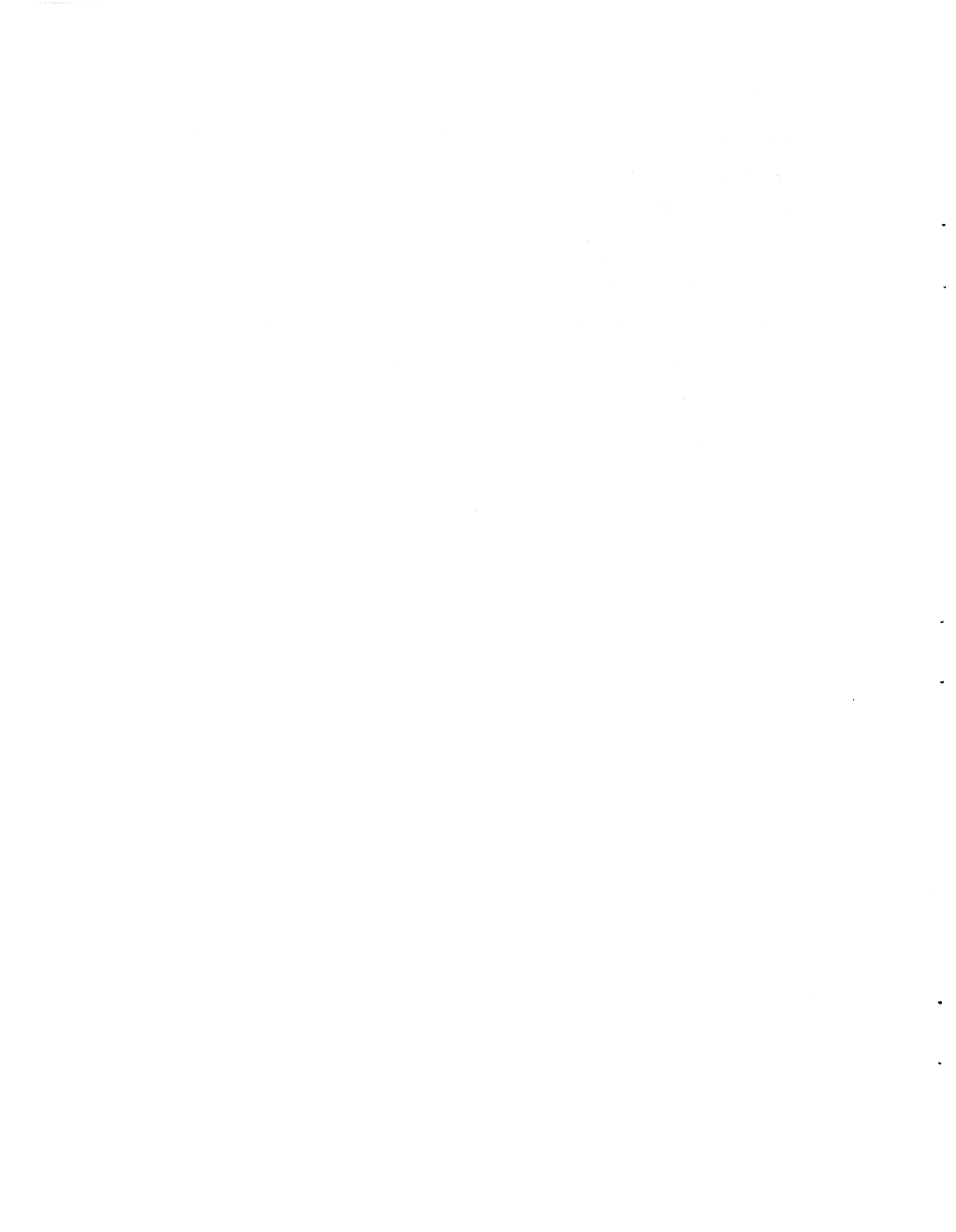
MR. ENGELMAN: Now our official policy now says, and has said since 1960, that when an illegitimate birth occurs, if any when -- Let me put it this way: When an illegitimate birth occurs, it is the duty of the county welfare board to try to get as much information as possible that can be secured relating to the paternity of the child and the official policy also says that when there is sufficient information to make available to the judicial process, it shall be made available, whether it is the first illegitimate child or the tenth illegitimate child. The official policy doesn't say to wait until the third illegitimate child. The official policy relates to the first one. But the county welfare board may not under our own law or under Federal law or, in my opinion, under the Constitution of the United States, deprive a child of food, clothing or shelter merely because that child happens to be illegitimate or happens to be illegitimate child number three or illegitimate

child number four. Law enforcement machinery should be invoked. Paternity proceedings should be invoked. They should be invoked in every situation where there is sufficient information to do so. That is my personal opinion. That is our official policy.

SENATOR MATTURRI: Any further questions? [No response.]  
If not, may I take this opportunity of thanking Mr. Engelman for addressing this discussion before us.

We will now adjourn until 1:15, at which time we will hear the County Directors. Thank you.

[Recess for Lunch.]



AFTERNOON SESSION

SENATOR MATTURRI: We are going to re-open our hearing because we have five Directors who are going to testify this afternoon.

I would just like to make a statement. I know that most of you who are going to testify this afternoon as Directors will have written statements, and the written statements, of course, will be part of the record. To be expedient, I thought that instead of you directors reading the whole statement, if you would give us a synopsis of what you have submitted so that we will have an opportunity to hear everybody here this afternoon, it would help a great deal.

We are going to ask Phillip K. Lazaro, who is the Director of the Essex County Welfare Board, to start the proceedings this afternoon. Mr. Lazaro.

P H I L I P K. L A Z A R O: Briefly, without reciting the -

SENATOR MATTURRI: Pardon me, Mr. Lazaro. Do you have a statement? Would you distribute it to the members of the Commission, please.

MR. LAZARO: In my opening remarks, I refer to Assembly Concurrent Resolution No. 3 for the purpose of the record, so when I do have the facts home I will know what I spoke about; that is, for our purposes.

Then I say that I wish to speak about three areas. The first area is the rising costs and the reasons therefor; two, what proportion of these costs are attributable to the improper

receipt of public assistance; and, three, what the Legislature can do about this problem.

Of the three, I will take the first area; that is, rising costs and the reasons therefor.

That costs of welfare have risen in recent years is a point that needs no belaboring. In our county, in 1960 we provided for 23,000 persons at a total cost of \$16,000,000. We are now providing for 86,000 persons and we project our costs at about \$84,500,000. The County's share would be about \$17,000,000 or about 20 per cent of our county budget.

However, I do want to make one more point about the cost of welfare from another aspect because it has a bearing on some recommendations I will make to you and I think in terms of the gross national product.

We find that all welfare programs in 1968 had a cost total of \$8 billion, and we find that in that year our nation produced a gross national product of more than \$850 billion. Nationally, then, we are spending less than one per cent of our G.N.P. on public assistance.

Now, as to causes: Why have our caseloads and costs spiralled in the past decade? There are four or five reasons. In my opinion the first and foremost is migration.

It is a matter of common knowledge that people have moved from the farm to the city in ever-increasing numbers, especially coming to the Northeast. Since World War II, and particularly in the 50's and 60's, this movement has consisted largely of black people from the agricultural South to the industrialized States and cities of the Northeast.

Now I would like to talk about Essex County in particular. Essex County had a population of 917,000 in 1950. In 1960 we grew 6,000, to 923,000, and today it is projected at about 955,000 persons. The number of black people, however, grew from 105,000 in 1950 to 183,000 in 1960, and today approaches the quarter-million mark. On the State level, in-migration accounted for 47 per cent of the State's population growth from 1950 to 1960.

What I'm trying to do here is establish that with a fairly static population here we have had an astronomical increase in welfare costs brought about by a displacement of population - middle income moving out, which you know about, and the poor coming in from other areas. And that trend is developing also in other counties in the State of New Jersey.

The history of all mass migrations shows that people uproot themselves and move only when conditions in the place of their birth become intolerable. And so they come, poorly educated, poorly equipped, and so forth and so on. This is the major reservoir from which the public assistance population derives. They move into densely populated and segregated neighborhoods, which limits the quality of housing, educational opportunity and job opportunities available to them. Costs for all sorts of services - welfare, education, health, fire and police protection - rise. In other words, we are meeting here on welfare, but you should remember that there are greater costs in other services in the community to these people.

The second factor we would enumerate as contributing

to welfare costs grows out of the first - the coming to maturity of the bumper crop of post-war babies. Now, if you will recall, there was an increase in births from 1947 and it leveled off in 1957, and now those people are of an age where they will be coming to us. The education and other services which have been available to these growing children have been limited, resulting in additions to the reservoir of the poor from which assistance applications are made.

A recent Rutgers University study shows that 43% of the non-white population in Newark - and when I speak of Newark, that applies to all other large urban centers throughout the State - is under the age of 16, and unless the traditional socializing institutions of our community, primarily the schools and the family, are made to work more effectively, this group constitutes a large reservoir for the 70's.

A third factor has to do with industrial development. And here we find less jobs in the area and we find industry moving out.

A fourth area to be considered is the growing awareness of the poor, through grass roots organizations, of their eligibility for and their right to public assistance. I have seen various estimates in the public press in reference to this.

The fifth and last of the important factors affecting costs, in my opinion, is the rising cost of living. In this area, I want to make the point that, due to the nature of the Federal contribution, which is a fixed dollar - if you recall, the Feds are contributing \$22 per person - as we

give this across-the-board increase to our people, the Federal contribution remains at a static \$22 with the added cost being borne by the State and the county. As a result of that, the Federal sharing from 1960 in Essex County of 44 per cent is at this point 33 per cent, and that extra amount is being picked up by the State and the county.

The failure of the Federal government to keep pace with rising costs has contributed substantially to rising local and State costs. There is, however, a faint ray of hope on the horizon in the report of President Nixon's task force on welfare which has recommended a change in the Federal subsidy. In A.D.C., for instance, the present formula provides \$22; the Nixon task force is recommending 100 per cent of the first \$30 expended, plus 50 per cent of the next \$40, or a potential of \$50 per person, compared to the present formula of \$22.

While this possibility exists, a more immediate threat of further reduction in Federal funds lies in that time-bomb known as the "A.D.C. Freeze," already part of the law and to become effective July 1, 1969. Under this provision of the law, we stand to lose in New Jersey \$11,200,000 in the first year, and then it goes up in arithmetical progression. In passing, I should like to report that our Welfare Board and two A.D.C. mothers have recently won the right, before a three-judge panel in Federal Court, to seek to enjoin the Federal Government from putting the freeze into effect on constitutional grounds. A hearing on this case is going to

be held in the month of May.

I feel certain as an administrator, either through our case or through legislation introduced by our good Senator Case and other people throughout the country, and I have high expectations that the freeze will not go into effect in the State of New Jersey on July 1st.

As we review all of the above factors contributing to the spiralling costs of welfare in New Jersey, it should be apparent to all that what we are talking about is further increases in dollars. In other words, all I foresee into the 70's is more dollars being spent unless something is done.

Now I would like to talk about the effect of fraudulent and dishonest practices in connection with welfare; in other words, to what extent, as I said in the beginning, and what proportion of these costs are attributable to the improper receipt of public assistance.

Fraud, like sin, is something that everyone knows exists and everyone is against. It hardly seems necessary to say that I do not condone the fraudulent receipt of one cent and yet I am sure that everyone in this room would be happy if they could rest assured that the amount of fraud in public welfare is minimal.

The issue, therefore, really is not the existence of fraud but the extent of it. Is it a serious factor in assistance costs, or is it an insignificant factor? This is not an easy matter to determine for the simple reason that there is far less factual data on this subject.

Let's look at the facts. On the national level, a study was made in 1963 by the Department of Health, Education

and Welfare on a national level. The results of that investigation disclosed that in New Jersey we had a very low rate, and in New Jersey it was less than two per cent that were improper. And when I say "improper," it meant miscalculations and fraudulent receipt - less than two per cent.

In our county, the discovery, investigation and presentation of cases of fraud to the Welfare Board is a regular, on-going function of staff. In 1968, we presented 97 cases of fraud. In 14 situations, the County Welfare Board indicated there was no intent to defraud and they only referred 83 cases to the Prosecutor's Office.

The total amount of the fraud was approximately \$140,000 and we would say \$140,000 is very high. But in relation to the amount of money paid out, we found that the average is approximately 3/10ths of 1%.

To what extent frauds exist over and above that which is identifiable is really an area of speculation and one in which I am in no position to speak to.

That we in Essex consider the identification and prosecution of frauds a serious matter is evidenced by the fact that in 1963, or six years ago this past February, we in our county hired special investigators to spot check our cases and follow up tips instead of leaving it to the caseworkers. There are about 20 such investigators in the State of New Jersey, I understand, and we have 10.

On the basis of the facts available to us, I can only conclude that the extent of improper receipt of public

assistance is not a significant factor in the rising costs of welfare. I do, however, welcome the existence of this Committee and sincerely hope it will be able to develop a body of data on which it can reach a clear conclusion. In other words, what I have tried to point out to you briefly are certain factors to indicate to you that the major problem of increase in costs really, the way I look at it, is the importance factor of migration, plus the cost of living which we are experiencing throughout the whole country.

In the recommendations here which you have before you, I think in terms of two areas of recommendations: first, those related to retarding or reducing local costs of welfare, and, two, those related to long-range plans to get at the root causes of poverty.

The Legislature should join with other legislatures of the Northeast in pressing Congress for - speaking for the first area:

1. Repeal of the regressive A.D.C. freeze provision of the 1967 welfare amendments.

And when I say "regressive," I would really in this day and age underscore it.

2. Standardization of grants based on cost of living throughout the 50 states to retard migration.

I would like to point out here at this moment that in 1967, a month before the riots in the City of Newark, I did appear at the Office of the Department of Health, Education and Welfare, called there by that Department as one of six

administrators and did point out to them the very importance of putting through this No. 2, and that is the standardization of grants based on cost of living throughout the 50 states - not only to retard migration but, more important than even that - to meet human needs where people are not being provided for throughout the whole country. That is more important to me than the point I'm making here.

Some people call me a sociologist and when they call me that they indicate that it's a dirty word, but I am proud that I am called that because I think if that's a dirty word, then I'm happy.

3. Abolition of the various assistance categories and creation of a single assistance program to meet need, thus eliminating needless administrative duplication and costs.

And that is a horror because in the various categories we have now, you have a reimbursement agreement, you have an agreement to repay, you have a residence requirement, a medical requirement, an age requirement - and in the age group you have OAA and you have NAA, both. There is utter confusion on the part of the worker when he comes in and, to give you an idea of what is going on - 90 caseworkers out of 350 resigned in our office in a period of one year, and I attribute that in the main to the confusing program you have on categories, plus the fact that the staff is undermanned and overworked.

4. Federal takeover of all assistance programs or a massive increase in Federal subsidies.

Here in New Jersey, the Legislature should either frame legislation or clearly establish the responsibility of other

agencies to accomplish the following proposals. In other words, what I'm speaking about now is the second area.

1. Consolidation of all public assistance programs under one State umbrella, with operation from State district offices pending Federal takeover. Thirty of the 50 States today have State supervised and State administered public welfare programs.

I would like to point out here that there are approximately 200 municipalities in the State here that run their own program, with no standards of living, no plateau of living, and do what they want. And that to me is inhuman and something should be done where those 200 municipalities are brought under either a county or a State level to see that there is a uniform plan in the State of New Jersey equally providing for a human being no matter where we lives.

2. Strict enforcement of open housing laws and of local health and building codes to break up the pockets of inadequate and segregated housing in our cities.

And I say that because the poor are living in a vise in segregated areas in which they have an intolerable situation and it is hard for them to get out of that segregated area.

3. More emphasis on programs to promote individual ownership of residential property by low-income families.

And that would help also in alleviating conditions in slum areas. We practice what we preach and I tell you at the moment we have six such cases going before the local Federal Office here, and I understand the interest rate to these people will be reduced from the going rate of 7 and it will be about 1 or 1-1/2 per cent. But I do think that we in Public Assistance should have some allowance in these situations of a few hundred dollars to at least pay legal fees for this

since the mortgage will be given by the Federal Government as a whole. But I do want to interrupt here and I must say this, and I was omitting it: I want to say here that I speak in my administrative capacity as Director of the Essex County Welfare Board. My views presented herein do not necessarily represent those of the Essex County Welfare Board or of the Essex County Board of Chosen Freeholders, and I would appreciate as a courtesy to me if the stenographer made that as the opening statement. That's where I think it properly belongs.

4. Exploration of the need for rent controls to curb slumlord exploitation of the poor.
5. Creation of more and better vocational school facilities with a broad program geared to local industrial needs.
6. Provision of more counseling and other services in the entire school system and operation on a voluntary all-year-round basis.

I am sure some of these ghetto children would be only too pleased to go to school on an all-year-round basis.

7. Revision of high school curriculums to meet present-day needs of students.
8. Creation of day care centers within the schools to provide for the care of children of working mothers under one roof.

We do have situations where a mother has a child who goes to school a half a day or maybe a pre-school child or maybe a child who goes all day - she may have a combination of all three and, if you had a day care center attached to the school, it would be ideal.

Now I could go on talking for the rest of the day but I think I've said enough, and I will answer any questions.

SENATOR MATTURRI: I enjoyed your talk and I am sure the members of the Commission have. Our scope here at this

meeting, and this goes for yourself and the other persons who are going to speak this afternoon - you men who are in the field who are actually working, and we had the pleasure of hearing the Director this morning but there are some questions that have to be answered by you - but the purpose of this Commission is for us to come to some conclusions as to what the Legislature of the State of New Jersey can do in the future in creating new laws or in revising some of our laws or changing some of our programs . So I think to us that is the most important thing.

Many of these socialistic aspects I must agree with you are wonderful thoughts, but some of them are beyond our control. We would like to hear from you, Mr. Lazaro. Since the new law was enacted in 1968, where the State had taken over 75 per cent of the costs, with the presumptive eligibility phase of it, what do you find from your observations as Director of the Essex County Welfare Board that you would recommend as proposals for changes involving the present laws that we have on our books today? For example, maybe I should start off by telling you that one of the big questions that has been brought to my attention is the question of presumptive eligibility.

MR. LAZARO: I was gathering my thoughts for a moment - if you will bear with me - and I go back to when you originally sponsored the bill for the 75-25 formula, which certainly was of help in the State of New Jersey and which opened the door to a new concept of calling upon the State of New Jersey to assume a greater responsibility in this area

of welfare, but now I go back to State projections, and when you make State projections I find that it is most difficult to project for the future. But the State did project that we would save in Essex County ten and a half million dollars. The new programs would cost us two and a half million dollars and we would have a net saving of eight million dollars.

I am pointing out the need for legislation by that remark. I find here that in 1968 we have expended in county funds \$19,300,000 and we are projecting this year a very low figure of \$17,100,000, or a net decrease in operating costs as a result of that law from 1968 of approximately two million dollars, and here there was a situation of saying we would have a net saving of eight million dollars. But you see what happens is this in New Jersey: As we receive the new program and as you took over presumptive eligibility and as you took over the A.D.C.U. program, the across-the-board increase, those amounts all added together did not result in an eight million dollar saving. Based on the 1968 experience we only have a saving of two million dollars.

What I'm trying to say is that there is a spiral, and this spiral is going to continue, and if the spiral is going to continue it is too much for the taxpayer, especially in the urban area, to carry and it should be a charge paid for by all citizens throughout the whole State of New Jersey, and I would propose immediate legislation for a 90-10 formula and also for a State takeover. I would prefer the State takeover but, as a compromise, it seems to me a 90-10 would help

us locally. I don't envision at the moment how you are going to stop the increased costs.

Now we can talk about retarding the increased cost -

SENATOR MATTURRI: May we just labor that one point for a moment. You say that as a result of the State paying 75 per cent of the expenses and the municipalities and counties paying 25 per cent, it wasn't a big saving.

MR. LAZARO: Yes, it was a big saving.

SENATOR MATTURRI: Well, your figures don't jibe.

MR. LAZARO: They jibe this way. You see, the saving was there but the added expenditures that come into being negated the so-called windfall.

SENATOR MATTURRI: Well, on that theory why wouldn't you advocate 100 per cent takeover by the State. The 90-10 formula isn't the right answer to it certainly.

MR. LAZARO: That's what I just said. I said the 90-10 would be a compromise if you can't get the State takeover, but I would prefer the State takeover, and you can have the State takeover of all the categories for approximately \$50,000,000.

SENATOR MATTURRI: I think we have to come to some conclusion here and you men who are in the field, the directors. I speak again for myself; I don't know how my colleagues feel and, of course, I was in favor originally, as you know, of the State taking over 100 per cent. What this Commission is trying to find out here is what we must do. I know that we have rising costs but we also know there are more people going on welfare every year. We can't go into that phase involving the philosophy of welfare. I

think we all know there is a human need and, as legislators, we also have a duty to see that these people are taken care of. I think our purpose here is to see or make a study as to what laws we have to incorporate, what we must recommend to our colleagues in both the Senate and Assembly to have a better program for the State of New Jersey. I think that basically is our theme, and you people who are in the field must come with facts and tell us exactly what we must do to relieve some of these problems.

I am making this remark for all of you people who are going to testify. We don't want to get into individual problems. What we are interested in is creating legislation. That is the purpose of this Study Commission. We are not studying welfare per se; we are studying facts and figures and theories to enact new legislation necessary to help solve our welfare problem in the State of New Jersey.

MR. LAZARO: Well, let me answer you this way, Senator. In New Jersey we have what we refer to as a State supervised program with city and county administration. On a national level, on a survey we made last year, we found that the trend throughout the country is for state administration as opposed to state supervision, and this trend has continued to the point where, in the country today, you have thirty states with state-administered programs. In my administrative judgment, there is no doubt in my mind that in the very near future the State of New Jersey will go into a state-administered program. The only question is when. My recommendation is: today.

SENATOR MATTURRI: I wish it was yesterday.

Now the point is that you find from your experience as head of the Essex County Welfare Board that your strongest recommendation I assume is that the State take over not only the supervision but the actual administration of the whole welfare program.

MR. LAZARO: With the addenda, if I may add, that you should also seek on a national and state level to abolish all categories. It should be a single program for need. That would reduce administrative costs.

SENATOR MATTURRI: Can we do that on a State level, Mr. Lazaro?

MR. LAZARO: You would have to do it on a national level first.

SENATOR MATTURRI: Now let's not be philosophical about this. We are only a State Legislature and can only control what we have control of. I wish we could control it for the government but unfortunately we can't. Your recommendation is on a state level.

MR. LAZARO: That is correct.

SENATOR MATTURRI: If it was up to me, I would have the welfare being taken over on the federal level as Mr. Engelman says, but we can't control that. We are interested exclusively in what we as state legislators can do, and actually the interesting discussion we had this morning, I think, was that the State some day must take over. And we want you people to give us sufficient ammunition if that is your recommendation, so that we can recommend this to both the

Assembly and the Senate.

MR. LAZARO: May I also add that you consider a bill for rent control - review it.

SENATOR MATTURRI: What phase of it?

MR. LAZARO: Rent control, housing. We read in the newspapers about high rents; we read in the newspapers about slum housing. Should or should we not have rent controls in the State of New Jersey to curb the slum landlord? I think your Commission should speak to it and see whether or not a bill should be introduced.

SENATOR KELLY: I have two questions. You suggest that the State take over on a 90-10 basis.

MR. LAZARO: Yes, as a compromise.

SENATOR KELLY: Do you have any suggestions which might be beneficial to our colleagues in the Senate and Assembly as to how it would be funded?

MR. LAZARO: Well, first we have to talk, if I may say so, about the dollars involved. As the county costs are projected this year, I want to support what I say in fact; at \$17,000,000 approximately, we carry about one-third of the State load approximately, so what you are talking about is \$51,000,000 if there was a complete State takeover. Now I want to say that I am not proposing a gasoline tax, but if you have a gasoline, in speculation, tax of one cent on a gallon, you would bring into the State Treasury \$25,000,000. Now, what I mean to say is, there is no doubt in my mind that it can be considered and it can be found. Now if you talk about a formula of 90 per cent, then maybe we are

talking about \$25,000,000. I don't know. But there's no doubt in my mind that you would have a better program than what's going on today if you had a complete State takeover, But as to the increased formula, I think if we made a study of it, at least you would look into it and see where you can get the funds from.

SENATOR MATTURRI: Would the administrative costs be less if the State took it over, considering the fact that we now have municipal, county and state welfare departments?

MR. LAZARO: There is no doubt in my mind if you have a good program where there was a consolidation of all programs, yes, you could save, because you now have the Bureau of Children's Services, which is a State agency, and takes care of children under the foster-care program; you have the County Welfare Board that takes care of children living with relatives, and you have the Municipal Welfare Department - you have 567 municipal welfare departments - and there is no doubt in my mind if you had it under one umbrella you would have a better program.

Then, of course, I get involved with my fellow county directors who say you can give better service under home rule, and the municipal directors say you can give better service under home rule. I know all those things but I think in the climate under which we are operating today, you can reduce over-all expenditures by having regional offices.

SENATOR KELLY: One other question: I think one of the difficulties I have experienced with the public concern anyway is the terminology of presumptive. I think the public has difficulty understanding what is presumptive and what is

conclusive. I think there is something mysterious about that word "presumptive" so far as the public is concerned, and if someone is in need or poor and receives this money, there is only a presumption that he needs it. That is one of the difficulties we are experiencing today and I certainly hope that this Commission can clear this up so that the public will have a better understanding of the welfare situation. This terminology as to presumption I think has been a disservice to the needy and to the people who really need some help. When we use this terminology, right away there is speculation that you only presume he needs this money, you only presume they can't feed their children, and you only presume they can't educate them. It is all presumption and not conclusion. I think this is one of the problems the public is experiencing today in not understanding the problems of you people in the profession of welfare.

MR. LAZARO: In response in a general way to what you say, I call your attention to the fact that I started as a caseworker in the City of Newark, and I say to you that, as a caseworker in the City of Newark or as a caseworker for the County Welfare Board, in interviewing a person in human need on a day-to-day basis, there is no difference between the two workers. As you say, it is not readily understood. I see no difference. Well, there is one difference. The tab was being paid for before by the city but is now being paid by the county.

ASSEMBLYMAN OLSEN: Mr. Lazaro, I notice in your

prepared text here, you refer again to this migration. Does Essex County Welfare have a residence requirement at this time?

MR. LAZARO: No, sir, the residency law was repealed from the statute on the transfer of the program from State supervision, which then had a one-year requirement, to county supervision, effective January 1, 1960, so there was no residency requirement on that program within the State of New Jersey as of today.

ASSEMBLYMAN OLSEN: Did you feel a higher recipient ratio or higher recipient load as a result of the repeal of that residency requirement?

MR. LAZARO: Migration, yes. Migration in particular, I will point it up to you by cases in Essex County with a fairly static population. In 1957, the program was under the supervision of the State Board of Child Welfare, a State agency, and in Essex County in 1957 they carried 1,600 cases. On the transfer of the program on January 1, 1960, we took over 3,300 cases and those figures in themselves show a doubling of the caseload. Today the caseload is 17,000 cases, and I remind you we have a fairly static population in the County of Essex.

ASSEMBLYMAN OLSEN: All right. Now I have two other questions. In your county, of course, with the City of Newark, you have pockets, you might say, of high welfare recipient residents, a large number of residents receiving welfare. Have any cases of, well I use the term "gouging by merchants" been reported to you; for example, where when the welfare checks come out, the prices go up in the stores

in the area?

MR. LAZARO: That of which you speak is a matter of common knowledge in general terms. Individually, do I have an individual case? No. But we did call in Mr. Kreps. He is from - I don't recall the name of the department.

ASSEMBLYMAN OLSEN: Division of Consumer Protection.

MR. LAZARO: He came in to speak on that subject to the staff, and he did talk to the staff on that. Then we do have a home economist and we have one home economist in each field office and we have about seven field offices, and we do meet with the mothers in group session and do get involved with them in marketing and budgeting, the raising of children and shopping, and we do help them in that matter.

ASSEMBLYMAN OLSEN: The reason I am asking is because there might be need for legislation to prevent that - definitive legislation to prevent that type of practice.

The next question I have is one as to your opinion. When the recipients of general assistance, for example, in the Newark area, were transferred to programs with larger federal assistance, such as ADC, etc., did you find a significant drop in your recipient load, the number of people receiving general assistance in your particular area? We heard this morning that the shift of general assistance welfare recipients over to programs with federal assistance has decreased the load rather significantly. I think the figure was something like 75 per cent statewide. I was wondering if you had felt that.

MR. LAZARO: I am not the local administrator but I do recall that in 1968 I did correspond with the Welfare Director in Newark and she reported to me approximately eight or nine hundred cases that were eligible for transfer as of January 1st. And that figure did hold up. In December we did take from them a good 900 or 1,000 cases from them on an actual transfer.

ASSEMBLYMAN SMITH: May I ask a question, please, Mr. Lazaro. Have you, and when I say "you" I mean your board that you head in Essex County, ever issued a "what you're entitled to pamphlet" to your welfare recipients?

MR. LAZARO: We are working on such a pamphlet now.

ASSEMBLYMAN SMITH: But you have not issued any specifications of what they are entitled to as recipients of welfare? What I'm driving at is this: The Human Relations Group circulated a pamphlet, which came into my hands, to all welfare recipients in my county, as to what they were entitled to. They were entitled to go to see a relative if they didn't have the transportation to go to see him; they were entitled to numerous other things that were very ridiculous, and every recipient got a copy of it. And I think it went a long way to arouse the citizenry in my area more than anything else, and I was wondering whether any other welfare board was issuing any instructions as to what was available to partial disability recipients, blind, old age assistance or otherwise.

MR. LAZARO: Well, first let me answer you this way, Assemblyman Smith. The State has good informational

pamphlets which we give to every person who applies. Second, the community is organized in Essex County so these people are aware of the many benefits that are due them. Third, I do know of two counties, that is, Somerset County and Monmouth County - two that I know of - do have informational pamphlets that they have given out. Since in the past number of months there has been misleading information, a half-truth going to people - that's what we are talking about, half-truths - we have found the need now to prepare one on our own level and that's what I responded to; we are preparing that for better communication with our people, but I do want you to know we also have group therapy with quite a number of our people having various special projects where they do come in, and they are good missionaries when they go into the communities and interpret programs.

ASSEMBLYMAN SMITH: The thing that frightens me more than anything else is the fact that at the conclusion of the pamphlet in almost every statement they make, it tells the recipients what they are entitled to. They wind up by saying, "and if your caseworker refuses you, you can appeal," and they give a number in Trenton - you can appeal and you can bring the caseworker up on charges. Now I think it's overstepping the bounds of all welfare reality to get a pamphlet like that out, condemning a welfare caseworker because he may not furnish transportation to California to visit a sick mother, or he won't furnish a colored television or numerous other things that the working public

are unable to buy. We want those on welfare to get the same shakes as we are who are working and making a living but there are a lot of people working today. Mr. Lazar0, who aren't able to buy a colored television set. That pamphlet upset me no end, and I didn't hear of anybody in the State Welfare Board or the Director issuing any pamphlet of what they are entitled to. It seems to me it was a vicious attack on the entire public of this State and if it's happening in other States it's a dastardly charge on the federal program where this Human Resources is to issue something like that.

This isn't condemning you, Mr. Lazaro.

MR. LAZARO: No, but worse than that, what they are developing is a federal plan whereby on a fair hearing we are going to be told we have to continue assistance to the client even though they have enough income until the person receives a fair hearing and we must provide counsel and pay for counsel. That makes me a little unhappy, but there is a need, as you just said, for county welfare boards today to prepare pamphlets within their own jurisdiction as we are doing.

SENATOR MATTURRI: Are there any further questions?

MRS. BUSH: We discussed this morning the State's taking over welfare. Now I realize that there are many counties that are in favor of this because of the extreme cost to the county. In your opinion, would this be more or less efficiently and economically operated at the State level?

MR. LAZARO: It would be in keeping with the national pattern if we changed the patchwork of archaic laws in the State of New Jersey, and they are archaic and long overdue to be changed. It would be more efficient and more in keeping with the modern age of what should be done. There is no doubt about that in my mind. A woman today can have a child and she may have to go to the State agency, to the Bureau of Children's Services. She may come to the County Welfare Board; she may have to go to the local Relief Department - three different agencies. The community is confused.

SENATOR MATTURRI: You didn't answer her question.

MR. LAZARO: Yes, I do think it would be more economical and efficient and in keeping with the national pattern.

MRS. BUSH: Well, now, to reverse this a little bit and consider the welfare recipient, is it going to make it more or less convenient for them? Now many of them, because of their circumstances in life, do not have transportation at their disposal and things of that nature. Now what would this do to the recipient? They are familiar with their community, with their county, and the municipality in which they live. Would they have to travel at their expense to a strange locale? I think you have to look at this from both sides of the picture. Do you care to comment on that?

MR. LAZARO: Yes. You see, what you are talking about is adequate district offices. Whether adequate district offices are supervised on a county or municipal or a state level, you are saying we should have adequate district offices. My point is you have three heads - a municipal head, a county head, and a State head, but the district

offices could remain the same. You can have two suburbs that have a small number of cases. You can have them in one contiguous area and you wouldn't have a top structure of three areas, you would have one top structure with a district office.

MRS. BUSH: Just turn the present offices into a district office.

MR. LAZARO: It would be a different type of operation, one check-writing center.

MRS. BUSH: Yes, I see what you mean. In that way, you think it would be better for both.

Now this morning also, we discussed an assured minimum income which we have now of \$4400 a year. Mr. Engelman didn't like that figure. He preferred to use - what was it? - \$370 per month. I think it is pretty well established that in most of the counties and municipalities our county and municipal employees do not receive this. What would you like to comment about that? Don't you think that that is rather high? If you establish a set income for a welfare recipient, that would invite many of what we now consider underemployed to join the welfare rolls, which is going to be costly to us and increase them. Have you found this to be so?

MR. LAZARO: No. I would like to add to what you are saying. Then you have the 1967 welfare amendments which are mandatory on all States on July 1st but which are in effect now in the State of New Jersey on a voluntary basis and grant these people an incentive allowance. And by "incentive allowance,"

I mean, when they go to work they retain the first \$30, and then one-third of the remainder. For example, a woman earns \$300 a month, and a public employee, for the sake of discussion, earns \$300 a month. Under this pattern, she retains the first \$30 and one-third of \$270, or \$90. Well, \$90 and \$30 is \$120, and that is not deducted from the welfare grant, that \$120. The only thing deducted from the welfare grant is \$180, so that of which you speak - they do have the so-called incentive allowance. Now we are not structured in the county welfare boards throughout the State where we make these studies on the cost of living. That is a State function by statute and they are in a better position to speak on it than we are on the county level. But as an administrator, I will say to you that when I was employed in the City of Newark years ago, all municipalities gave a shocking amount to people where they didn't have enough to live on and that forced them to go off the public welfare rolls. There's no doubt about that. What we are doing today in the State of New Jersey is meeting human needs on a realistic basis. Now when you allow a person an amount on a realistic basis, I do find in my administrative capacity that when you think in terms of the minimum wage level in the State of New Jersey or on a national level, the income maintenance to these people is equal or above the minimum wage level, and that does set up some sort of conflict and you say to yourself, what is it doing to incentive and motivation? And that is a serious \$64 question you threw at me and which has concerned me, and I am in no position at the moment to

respond to it, but it does trouble me.

MRS. BUSH: Well, it concerns me too, and this morning we heard, when we were discussing this, that this \$370 per month was based on the statistical family of two adults plus two children, one of whom would be a teenager. Well, I don't know of anyone in business whose salary is based on the number of children he has, but here this is what we in welfare are doing.

MR. LAZARO: Well, another way to look at it, if I may say so, is we should also look at the other side of the coin and say that it may be that public employees are grossly underpaid. I don't know. Maybe he's underpaid. Maybe the plateau of comparison is too low at the other end of the totem pole, and I have heard it said that public employees should be receiving a minimum of \$100 a week or \$5,000. You see, there is that conflict between minimum wage and income maintenance on public assistance, and we are taking a serious look to see what shall be the minimum wage in public employment, and the thinking at the moment is \$5,000, which is above what you say.

MRS. BUSH: But it is a serious problem.

MR. LAZARO: Yes, it is one of concern. I have no unit in my office that has the time to get involved, because we are understaffed at the moment very badly and I have no staff to make such studies and we are guided in the main by what we are fed through our State office.

MRS. BUSH: Thank you.

MR. HALL: Mr. Lazaro, I raised certain questions of Mr. Engelman this morning and he said perhaps the county officials would be best prepared to answer them. One of those has to do

with to what extent the county boards pursue whatever avenue is available to them in paternity suits to determine support for illegitimate children, etc. Does your board have any continuing relationship with the County Prosecutor in this regard?

MR. LAZARO: Yes. This is no criticism of what was going on. When the program came to us, we found quite a number of cases where, when the former agency was understaffed very badly, and you pay for it in dollars and social values - we found many, many cases they had not started on paternity and we promptly at that moment set up in our office what we refer to as a paternity unit. That is a situation where a case-worker referred it to this unit, this unit saw the mother, received all the details and information, and she worked within the legal unit and, working within the legal unit, the complaint was properly prepared and we did go either through the Municipal Court or through the County Court to determine paternity first and then to secure a support order. And we have been doing that since 1960.

We also at that time set up a unit and we found a need to follow up support orders against the husband where his address was unknown, and we grew from one lawyer that we had then to 10 legal assistants that we have now, one part-time counsel, and an administrator who is a lawyer; in other words, we have 12 lawyers in there now, and we found when we took over the program on 3,300 cases that the support orders against these men in the main were running about eight or nine hundred dollars a month. Today with the astronomical caseload at 17,000

and the growth in our other programs, a survey we made a few years ago showed that we were running at the rate of one and one half millions of dollars per year at least. I'd say it is more than that.

MR. HALL: Do you have any recommendations for any additional legislation in this particular field or is the statute quite adequate?

MR. LAZARO: I find the legislation on paternity is there and I find the support of the legislation is there. The only thing is the utilization. And when I talk about utilization, I am not talking in criticism, I am talking about the departments that are undermanned. And that is throughout the whole State of New Jersey. I'll say to you that the most expensive program is when you have an undermanned program.

MR. HALL: On a parallel program, is your Board fully utilizing the machinery to track down deserters and make them support -

MR. LAZARO: Yes, we have had in Essex County, in the County Adjuster's Office, which is separate and apart from the County Welfare Board, a staff up there where, when a man is a deserter, we go to the Domestic Relations Court, a warrant is issued through the Domestic Relations Court, forwarded to the desertion unit in the County Adjuster's Office for the location of the man, and I would say in the past two years we have picked up on the average of 35 men per month. I would say we had a little better success before that when it used to run 55 or 60, but I would like to compliment the men. I

think they've done such a good job here that the number is going down. We are finding our people, and the important thing when you find them is the action of support. We also find them out of the State and then we do have our legal unit under the reciprocal arrangement with other States enforcing contributions, but that leaves very little nourishment outside the State of New Jersey.

MR. HALL: For those of your caseloads who are employable, do you have a working relationship with the U.S.E.S. in following up to see whether they go and make application to see what jobs are available?

MR. LAZARO: In that area, I could take up a half hour of your time and frustration, but I will say to you in simplicity that last year we did tie in with the federal programs and we did refer to the various programs in the alphabet in our area, about 500 A.D.C. mothers, and as we were denied programs through the work experience being operated under the County Welfare Board tying in with the federal government, in our frustration we started to operate one on our own level as a permanent on-going program in training our own people. We did train 200 keypunch operators last year on our own level in training and in placement - the key being not the training, the key being the placement. If you don't have the placement, stop training people; you create more trouble.

MR. HALL: What is all the publicity I have been noting in the press lately about a fraud squad created in Newark agencies?

MR. LAZARO: When you are talking about a fraud squad -

you heard me say in February of 1963, we hired four investigators and we have increased it over the years to 10 investigators through the gradual process. Now they have altered the name from the investigational unit, they have altered it to the name of the "Fraud and Irregularity Squad, and what the County Welfare Board did in renaming it is, they took it out of the office of the Legal Unit where it was structured subordinate to the Director, and now this Fraud and Irregularity Squad is subordinate to the County Welfare Board, reporting to the Chairman of the Welfare Board. We did have two Supervisors of Casework supervising that unit. One Supervisor has been removed and they have added to that staff a man with F.B.I. experience and three other special agents. One that I know is a former F.B.I. man also, retired. What they have done is enlarged the scope of the operation.

MR. HALL: Do you know of any other county board that has found it necessary or desirable to have a similar investigating unit?

MR. LAZARO: Well, you will recall in my talk I said there were 20 investigators in the State and we have 10, and we have one-third of the caseload. So proportionately we were well structured. But I know of no other County Welfare Board in the State of New Jersey that has that structure. In fact, I don't know of any throughout the whole country that has that structure.

SENATOR MATTURRI: Thank you, Mr. Lazaro.

I will call Victor Liotta of the Union County Welfare Board.

V I C T O R W. L I O T T A: I am Victor W. Liotta, Director of Welfare, Union County. The statements I have released to you incorporate my individual thoughts, a copy of the resolution of the Union County Board of Freeholders, and a statement of the Citizens Advisory Committee of the Union County Welfare Board, which I shall read.

Public Assistance in New Jersey came into being on January 1, 1932 with the program of Old Age Relief. The 1931 legislative session had directed that each County Board of Chosen Freeholders set up a County Welfare Board to administer this program. The County Welfare Board was supervised by the New Jersey Department of Institutions and Agencies.

At that time there was no Federal participation of any kind in public assistance. In each State, the State, County, City or Township, or some other private agency alone, or in combination, supplied funds to provide for the needy.

Attempts had been made for several decades to involve the Federal Government in helping to care for the needy. However, it was not until the Depression of the 1930's that these attempts became successful. With the realization that many states were too poor or too disinterested to provide for those who could not provide for themselves, it became apparent that this was rightfully within the province of the Federal Government.

When F. D. R. signed the Social Security Act in 1935, he signed a Bill which mandated the States to set up programs for the care of the Aged, Blind and Dependent Children. These programs went into effect in 1936 and the individual States had the option of supervising or administering the programs. New Jersey elected to supervise.

In New Jersey, Aid for Dependent Children was originally administered by the State Board of Child Welfare (now the Bureau of Children's Services) from its inception until 1/1/60. On that date, it was transferred to the County Welfare Boards. Since then, Administrative costs have been borne by the Federal Government and County, rather than the State.

Old Age Assistance is the only program which has, since its inception, been exclusively within Federal and County Administrative costs.

The program of Assistance for the Permanently and Totally Disabled was incorporated into the Social Security Act during the year 1950 and in the following year, the Legislature adopted enabling Legislation. This entirely new category has always been administered by the County Welfare Boards.

The program for the Blind was administered by the State, through the New Jersey Commission for the Blind, until the program was transferred in 1962 to the County Welfare Boards.

Further amendments to the Social Security Act in 1960 created the category of Medical Assistance for the Aged. New Jersey adopted necessary Legislation to receive Federal funds during the 1962 session and the program went into effect on 7/1/63.

As you know, there have been many changes in the Social Security Act since 1936, and with these changes, the responsibilities of the County Welfare Board have increased considerably. The increase in responsibility has caused the costs of administering the various programs to "sky rocket."

The citizens of the State have heretofore been concerned and are now quite genuinely alarmed by the constantly rising costs of Public Assistance. These costs have resulted in increased property taxes since the only source of revenue available to the Counties is from property taxes.

It is my considered opinion that, had these changes in Federal and State Laws been anticipated, the emphasis in 1936 would have been upon State-administered programs rather than programs supervised by the States.

Many of the areas of concern at the County level relate to sections of the Laws which regulate the size of grants given to recipients; the salaries and working conditions for personnel; the fees paid for purchase of service from Consultants, vendors, other Agencies, etc.

County Welfare Boards have very little to say in any of these areas. The size of the grant is fixed by the State. The size and salaries of Staff, and distribution of work loads is generally set by the State in that approval must be given by the State for changes in these areas. Fees to be paid to doctors, dentists, pharmacists and others who serve Welfare recipients, are set by the State. The State mandates maximums in certain areas, but in many instances, the maximums become minimums.

The 1968 Legislature amended the Law which affects Families with Dependent Children with regard to eligibility factors. Prior to 1/1/69, to be eligible for Assistance, one or both natural parents had to be out of the home or disabled.

As of 1/1/69, we have added those families with both natural parents in the home, who are in financial need due to unemployment or underemployment. Presumptive Eligibility was also initiated in all categories.

It had been anticipated before the new programs went into effect, due to the change in matching formulas, that the County costs would be reduced.

It was expected that Union County, for example, would benefit by a saving of more than one million dollars. Instead, we find that our costs have increased to the extent of \$250,000.

Statistics for the first three months of 1968, as compared to the first three months of 1969, show that the average number of cases increased by 13 per cent in January, with an increase of 16.8 per cent of persons added to the rolls and an increase in dollars of 17 per cent or \$101,629.43.

For the month of February the cost continued to rise as in the caseloads and the number of persons added - the total increase in dollars as compared to the preceding February being \$211,460.53.

Again in March we find a gradual increase. Compared to the preceding March, the increase was \$291,184. And you have the other statistics before you.

SENATOR MATTURRI: Excuse me, Mr. Liotta, for interrupting you for a moment. These increases you are talking about, is this the participation of Union County? Is that taken into consideration?

MR. LIOTTA: Increase in cost of this program - state, county and federal, not necessarily Union County.

The average increase for the three months in cases is 22.6 per cent; 31 per cent additional persons aided, and cost increased by 34 per cent or \$604,275.

Due to the increased number of cases, casework staff will increase proportionately. There was also a concomitant increase in clerical, bookkeeping and other supplementary personnel.

Additional floor space, desks and equipment were necessary. The salaries, increased rental, cost of equipment, etc., are all administrative costs which must be met by the county at the ratio of 38 per cent and 62 per cent federal funds. The State does not participate in the administrative costs.

With regard to federal participation, we note that the federal contribution to assistance program costs has remained a fixed dollar amount which Mr. Lazaro related to you and I shall pass over it.

You can see why the citizens and taxpayers of Union County are alarmed and concerned. They are highly critical of the assistance programs as financed and are calling for drastic reductions.

The Director of the Union County Board of Freeholders, Ed Tiller, who was not able to be here today has asked that the resolution which I have incorporated in this report be made part of the record and I shall read it:

"WHEREAS, the Board of Chosen Freeholders of the County of Union, on December 12, 1968, adopted a resolution calling upon the New Jersey State Assembly to establish a special commission to review the entire Welfare System presently existing in the State of New Jersey; and

"WHEREAS, The Board of Chosen Freeholders of the County of Union, on December 12, 1968, adopted a further resolution opposing an assured minimum income plan, as well as a flexible payment plan geared to the cost of living; and

"WHEREAS, It has been determined that the Director of

the Division of Welfare of the State of New Jersey has requested the State Legislature to increase the assistance allowance to welfare recipients, effective March 1, 1969; and

"WHEREAS, The Board of Chosen Freeholders of the County of Union is opposed to the aforementioned proposal; now, therefore, be it

"RESOLVED, That the Board of Chosen Freeholders of the County of Union does go on record as opposing the proposal of the Director of the Division of Welfare of the State of New Jersey for increased assistance allowance to welfare recipients, pending a commission review of the entire welfare system as requested in this Board's resolution of September 12, 1968; and be it

"FURTHER RESOLVED, That a copy of this resolution be sent to the Clerk of the Senate, Clerk of the Assembly, and to each member of the Union County Legislative Delegation, and to the New Jersey Department of Institutions and Agencies and to each Municipality."

We are hopeful that your Commission will recommend the following:

1. The Legislature petition Congress to increase the amount of federal participation in assistance grants, particularly in the category of AFDC. Such increase has already been recommended by the President's Task Force on Welfare.
2. Congress be requested to enact necessary laws to standardize assistance grants with regard to local conditions. It is without question that residents of some States migrate to states with higher welfare benefits in order to raise their standard of living.

3. The Legislature support U. S. Senator Clifford Case, who has introduced a Bill to repeal the AFDC "freeze." In the event that this "freeze" is not repealed, the cost to the State and County Governments will increase immeasurably.
4. The increase in budgetary allowances promulgated by the Division of Public Welfare effective 3/1/69 either be rescinded, re-formulated in families where there is employment, or the entire increased costs be assumed by the State.
5. The Division of Public Welfare of the Department of Institutions and Agencies be adequately staffed to afford sufficient "lead time" to County Welfare Boards to effect changes. For example, the recent changes in budgetary allowances were to have taken effect on 1/1/69. This date was subsequently changed to 2/1 and finally to 3/1. County Welfare Board caseworkers were not supplied with the necessary material and information until the middle of February 1969, giving each worker about two weeks to make changes in budgets for an average of 70 cases. Since the workers also had to be available to recipients for general and emergency services, this meant that many individuals were forced to work overtime or to neglect other needs of the recipient. The two weeks under discussion were chaotic!
6. The New Jersey Laws be revised to the end that the State assume full responsibility for the administration of the Assis'tance programs or
7. The Laws be revised whereby the State will assume 90% of the cost of both Assistance and its Administration, after Federal matching.

Although the State does not now contribute toward the Administrative costs, the County Welfare Boards must abide by the standards set forth by the State.

8. Finally, in submitting this report, your Commission should take into consideration the fact that the State has broader tax powers than the Counties and therefore, greater sources of revenue than the Counties.

In our concern for the needy recipient of Public Assistance, we must not forget the plight of the property owners.

I have given you a copy of the statement of the Citizens Advisory Committee. I do not know if Mr. Baumgartner, the Chairman, has as yet arrived. If he hasn't, with your permission I'll take a few moments to read it. I do not see him here but I do see Mr. Scott here who is representing the Chamber of Commerce of Eastern Union County who also has a statement.

The Citizens Advisory Committee to the Union County Welfare Board on April 2, 1969, unanimously requested Mr. Victor W. Liotta, Union County Welfare Director, to present the following statement to the Special Legislative Commission to study the operation of the welfare and relief laws in its behalf:

"The Citizens Committee is a non-partisan group of interested citizens of Union County appointed by the Union County Welfare Board to serve as an advisory committee. The Committee has been studying the public welfare system as it applies to Union County for over one year. The Committee wishes to take this opportunity to call to the attention of this Commission, the following items which it has found to be of priority concern:

"1. Current State rules and regulations leave the County Welfare Boards with little control over their expenditures for assistance and administration.

"2. Presumptive eligibility, a high standard of assistance, and lack of any residency restrictions encourage the migration of welfare recipients from other States into New Jersey.

"3. Budget ceilings and formulas for Assistance for Dependent Children for Underemployed Families are set too high. Income plus welfare supplement may considerably exceed actual need. Furthermore, the system discriminates against families who have always been fully employed versus those who have been on welfare.

"4. The effect of the recent legislative changes regarding presumptive eligibility and Assistance for Dependent Children for the Underemployed and Unemployed appear to have not been adequately anticipated. Moreover, the implementation of these changes appears to have not been adequately planned, resulting in difficulty of administration and overtime at the county level. Moreover, predicted savings to the county due to the recent changes did not materialize; in fact, county costs have increased considerably."

We further wish to submit the following recommendations for this Commission's consideration:

1. Existing laws be amended whereby the administration and cost of assistance programs be taken over by the State of New Jersey.

2. Residency be made a condition of eligibility and New Jersey's standards of assistance be brought into line with other States.

3. Budget formulas be revised to meet the needs of families consistent with the concept expressed in the Categorical Assistance Budget Manual of the Department of Institutions and Agencies: "... provide the requirements of economic need to eligible persons only to the extent they are unable through their own efforts and resources to purchase the essentials for an adequate minimum standard of living." That is the State bible.

4. In the formulation of legislation affecting public welfare, local administrators be consulted as to the effects of the proposed legislation and the effective date of such legislation be 6 months after passage to permit local agencies time to prepare for the changes."

Thank you, sir.

SENATOR MATTURRI: Are there any questions by members of the Commission?

SENATOR KELLY: I have just one. On this statement to the Special Legislative Commission to Study Welfare and Relief Laws of the Citizens Advisory Committee, will you go down to paragraph 3?

MR. Liotta: Yes, sir, budget ceilings and formulas.

SENATOR KELLY: Right. It says, "Budget ceilings and formulas for Assistance for Dependent Children for Underemployed Families are set too high. Income plus welfare supplement may considerably exceed actual need. Furthermore, the system discriminates against families who have always been fully employed versus those who have been on welfare." What concerns me is the disadvantaged people who are on welfare and in dire need. I am not talking about what was mentioned earlier, fraudulent cases; I am not interested in that at this time; I am talking about those who are justified and in need - how there can be a comparison between those and those who are employed.

MR. LIOTTA: The comparison the Committee has made, sir, relates to the fact that when a person is on welfare and later becomes employed, he has the benefit of incentive that Mr. Lazaro referred to - \$30 plus one-third of the balance, plus this, plus that. The Bureau of Assistance recognizes what would have happened if the Federal exemption had been allowed.

On or about the 21st or 22nd of February at a special conference after conferring with the Board of Public Welfare it revised its method whereby ceilings were created - a family of X number of persons - the maximum income to that family shall not exceed X number of dollars. And I have some budget examples here which I will refer to if it would enlighten this Committee or perhaps I could send to this Committee copies of the examples of budget prepared by the Division of Welfare, and that would apply only to those families who are on assistance. If John Jones walked in tomorrow fully employed and his income did not match the ceiling set for the welfare recipient, we would first determine whether he would be eligible for assistance under the standard. If the budget reflected a need of \$400 and his income was \$401, he got no exemptions. He was not eligible period. This whole and entire theory of incentive is a new term created in the past two years in order to encourage welfare people to go to work, not to meet their needs alone but to meet their needs plus - the incentive.

SENATOR KELLY: Well, either way, but my concern is that I have to assume that the incentives that are in the program were placed there -

MR. LIOTTA: By Congress.

SENATOR KELLY: By Congress, solely to grant assistance to the needs.

MR. LIOTTA: No, sir.

SENATOR KELLY: I'm wrong?

MR. LIOTTA: You're wrong. The incentives were placed

there to encourage welfare recipients to go to work and if you go to work your income will be more than it would have been if you were on welfare.

SENATOR KELLY: Then it's your opinion, sir, and I'm not asking these questions, I want you to understand, to embarrass you or anything else, but I am trying to obtain some knowledge in this field. I am concerned, for example, about the fact that you have expressed to me that the factor or the intent of Congress was to put these incentives in to motivate the unemployed to go to work.

MR. LIOTTA: Right, sir.

SENATOR KELLY: Well, we could be here all day discussing people that find it impossible to go to work.

MR. LIOTTA: Granted.

SENATOR KELLY: That's another field, but I think it's related. I think that these incentives - or I had to believe that the intent of Congress was -

MR. LIOTTA: Motivation.

SENATOR KELLY: What was that?

MR. LIOTTA: Motivation - and reduced costs.

SENATOR KELLY: But I have to believe that the over-all objective is to help and provide for those who are in serious need. I have to believe that this was their intent.

MR. LIOTTA: The way the incentive program works in fact is, if under the standards promulgated by the Division, a family needs \$300, the needs of that family, including all items, amounts to \$300 - he will be eligible for the \$300 by way of assistance plus the incentive, whatever it may be, and that could best be illustrated by submitting to you copies

of budgets to show you exactly how it works.

ASSEMBLYMAN SMITH: Aren't you trying to tell us here in paragraph 3 that the families who have been consistently employed and run into a streak of bad luck - that those who have been living on welfare for a couple of generations have been more or less discriminating against the fellow who always did work but ran into a streak of bad luck?

MR. LIOTTA: No, what I'm trying to say here, sir, is that if a person came into our office and applied for assistance who had an income of \$400 and who, under our standards, if he were not employed - if he had an income of \$400 and felt that he needed additional help because he has a large family - he has been reading in the newspapers about the family getting \$540 or whatever the figure may be - offhand I don't have it - he comes in and says, "According to the newspapers, the ceiling for a family my size is \$540, I'm only earning \$400; therefore, I feel I'm eligible for \$140 by way of assistance." We would sit down with that person and compute his needs according to welfare standards. If his income was sufficient to meet his needs, he would not be eligible. As opposed to that, another family walked in who had been on welfare and had been receiving welfare and then that person went and got a job. The incentive in that case would then be applied so that he would have his needs provided for plus the incentive, whatever it may be. That's where the Committee felt there was discrimination.

SENATOR MATTURRI: Thank you, Mr. Liotta.

I will call Mr. Robert Wells, Director of the Monmouth County Welfare Board.

R O B E R T C. W E L L S: I am Robert C. Wells, Director of Welfare of Monmouth County, responsible to the Monmouth County Welfare Board. My remarks today are my own and not to be attributed to the Board.

I have been asked to testify "concerning some of the problems you experience in administering these welfare laws."

May I express my deep appreciation to the Commission for this opportunity. The first problem that I have experienced in administering these laws is the complete misunderstanding on the part of much of the public, on the part of lawmakers and public officials regarding the public policy of this State. Such a misunderstanding is reflected quite adequately in the very resolution which created this special Legislative Commission. May I quote from that resolution:

"Although it is recognized that the majority of relief clients are decent and honest and deserve help by reason of misfortune arising from circumstances beyond their control, but it has become apparent that there may be relief clients who are totally undeserving and who may be obtaining relief through fraudulent and dishonest practices."

May I now quote from the law of this State; Chapter 44:8-109, effective 1947.

"It is hereby declared to be the public policy of this State that every needy person shall, while in this State, be entitled to receive such public assistance as may be necessary."

I quote the public law of this State to show the contrast between that which is statute, an objective statement, and the subjective nature of the resolution which created this Commission. There is nothing in our State law; there is

nothing in the federal Social Security Act, which pretends to define the word "undeserving." The tragedy is that when statements such as the resolution creating this Commission are issued, much of the public is misled into believing that there must be persons who are objectively ineligible for assistance.

The resolution creating this Commission is merely a slight illustration of similar statements made by responsible public officials and elected representatives of the people. Such statements constantly add to the burdens of those of us who are required by our position to implement that policy. Why is it necessary that persons who are covered by the public policy of this State be constantly harassed by the denigration implicit in such statements? Why is it necessary that staff members employed in these programs who endeavor conscientiously to implement the public policy of this State be constantly interpreted to the public as nincompoops who do not know what they are doing? I ask on what objective evidence is the intimation made that persons who are not eligible for this service are now receiving funds?

Study after study after study of State Commissions such as this, studies by private citizen bodies, studies by the Federal Congress, studies by the United States Government Accounting Office, have directed their attention to this false issue of the ineligible recipient. I suggest to this Commission that it examine the findings of these studies and recognize that time and time again the conclusion is that at

no time has there been more than two or three per cent of any recipient population ineligible to receive public assistance. I would suggest to you that when the compliance record of Federal income taxpayers matches the record of compliance with public assistance regulations, the Internal Revenue Service will promptly deserve an "E" award for efficiency. The truth is that the relief rolls are rising because the people are there.

On December 31, 1967, Sales Management Magazine in its survey of buying power reported that 17.1 per cent of Monmouth County households enjoyed an income below \$3,000 per year. This means 11,128 households. On that same date there were 4,995 households within Monmouth County actually in receipt of public assistance. This includes households receiving assistance through the county department and all reporting municipal departments within the county.

For the State as a whole, it is estimated that 263,850 households on that same date were below \$3,000 income; 86,888 households in this State received public assistance on that same date. It is clear to any observer that, in addition to those that were served, there are many additional households who may have been eligible if they had applied for assistance.

Essentially the public assistance program in our county and in this State reaches but one of two families who are probably legally objectively eligible to receive service through the program. The true question is not how many people we now serve, but why don't we reach all the people who

should be served. The welfare rolls rise because the need is there. That's the answer pure and simple.

Now let's examine what may be one of the roots of the feeling that there are "undeserving" persons receiving public assistance. Let me posit for you two families, both families of four. The head of each family applies for assistance. They both state that they have incomes of \$70 a week or \$303 a month. The personal incidental food and clothing allowance for a family of four in our State is \$228 per month. In addition, our State plan required that full shelter costs be met. Therefore, in determining eligibility for assistance, the total shelter costs, plus the \$228, for a family of four would be added together to establish need. Gross income is then subtracted. If the income does not meet the need there is eligibility. The difference is the amount of the grant.

Let us assume that in the case of family "A" the total shelter costs are \$70 a month, but in the case of Family "B" the shelter costs are \$140 a month. Family "A"'s need measures \$298 a month ( $\$228 + \$70$ ). They would not be eligible, since the income of \$303 is in excess of their need, whereas Family "B" would be eligible because their need totals \$368 a month ( $\$228 + \$140$ ). Thus Family "B", because it is spending more for housing is eligible and receives a monthly subsidy of \$65 to do so. In addition to the grant, the family's full medical costs will be met.

The basic inequity is in the system which determines eligibility and the amount of the assistance grant on the

basis of the pattern of expenditures of the applicant population. This is a result of a vain effort on the part of public assistance planners for years to individualize need and provide income accordingly. It is only persons on public assistance who have their income adjusted to their expenditures. For all working people, income determines expenditures. The important thing to note is that it is the system that does this. What is necessary is the establishment of a flat grant system based on family size alone. Such a flat grant method would leave to the recipient the responsibility as well as the dignity of working out his own budget within a set limit. In short, we would place the recipient in the same relationship to his income as are all other Americans.

The resolution creating this Commission mentioned an "undue" burden on the taxpayer. May I substitute the word "disproportionate" burden. Let us examine the method by which we raise the revenue to finance this program. Is that method adequate, efficient, fair? There is little question today that many authorities believe there should be 100 per cent Federal financing of public assistance costs. This may well be a "solution" to this question from the viewpoint of state and county officials. But as long as there is a state and county financial obligation in this program, then legislative commissions such as this could well ask the question: Are the methods within the State by which we raise the revenue for this or other programs of human services such as education and health based upon a tax system which does place a proportionate burden upon

all taxpayers.

In our county a number of school boards have recently had their school budgets defeated by public vote. This is not because the public is anti-education. Neither is the public against meeting the needs of poor people. Rather, such negative reactions are based upon taxpayer recognition that our revenue-raising methods are disproportionate, archaic and unfair. I suggest we look at that part of our governmental system.

In summary, the problems I wish to share with you are:

1. The effect of misleading statements from authoritative sources that shatters the confidence of the public in the welfare program and impairs the implementation of the public policy of this State.
2. The lack of recognition of the facts of poverty.
3. A system of welfare grant determination that is inequitable.
4. A failure to appreciate the fact that the method by which we obtain tax revenue is as significant to the public as are the purposes for which that revenue is used.

I will be glad to answer any questions.

SENATOR MATTURRI: I notice, Mr. Wells, that you seem to be pretty critical of the establishment of this Commission.

MR. WELLS: Well, I welcome the establishment of any such commission but I regret the motivations that were printed into the resolution.

SENATOR MATTURRI: Well, you may have something on that.

The motivation for setting up this Commission, of course, was to ask you men who are directly involved particularly on a county level and state level for guidance as to some changes in the laws either to be made by us or changes to be made in the future. I think that is the important part of our function. I think our meeting here today is to have the benefit of men like yourself who can best determine what recommendations we must make to our colleagues in the legislature to change our laws that are existent on our books today.

ASSEMBLYMAN SMITH: Mr. Wells, I would like to ask you a question, being one of the nincompoops mentioned in your statement.

MR. WELLS: No, I'm one of the nincompoops.

ASSEMBLYMAN SMITH: I would like to know how you can dispel the feeling of the public if you were living in the vicinity of a mother with 12 children who acquired six of them within a space of probably seven or eight years and no father in the house, illegitimacy being thrown to the winds. They don't care what they do or how many children they have, and the check keeps going up and up. Now the taxpayers in that area certainly see it and certainly know what is happening. It is carried on without any shame, bad feeling or anything else. I don't think the public can be criticized for taking that attitude toward part of our welfare picture. I have heard of true cases; for instance, an individual driving a white Cadillac car purchased in a town in my county who came in to make a payment on the car and the first month she gave a relief check from my county of \$375. The next month she

came in and gave a welfare check from the City of Philadelphia for the same amount, and the third month she came in with a welfare check from Camden County in the same amount, which startled the individual and he said, "Lady, have you moved?" She said, "No, I haven't. I own a home in Atlantic County, Camden County, and the City of Philadelphia." Now we have to assume that the public has to be critical when they hear stories like that. You may say, as a Welfare Director, "Well, I don't believe it."

MR. WELLS: I believe it.

ASSEMBLYMAN SMITH: Mr. Engelman sat here this morning and he said, "I don't think it's abused as much as the public says it is." You only have to have a few cases like that and the public sours on the rising cost of welfare. They don't feel they want to supply a Cadillac car when they are having trouble paying for a Ford and are working every day. I take exception to Welfare Directors or the Department of Institutions and Agencies when they shrug their shoulders and say, "I don't believe that's happening." It must be happening in other counties as well as happening in mine.

MR. WELLS: I would not disbelieve your story because any kind of system can be abused. We are well aware of that.

ASSEMBLYMAN SMITH: They don't want to accept, Mr. Wells, the word "abused." They didn't want to accept that this morning if the Committee remembers. They didn't want to accept the word "abused."

MR. WELLS: I'm ready to report to you that we, I would say, on a monthly basis, take cases of fraud which we have investigated and make our complaints and proper notation to the County Prosecutor and these people are treated as any other person who violates the law. There is no intimation in my statement or my philosophy that public assistance people are any different from anyone else, and there are people in the public assistance population who are unscrupulous, just as there are people in any general population group. The problem, sir, is, as you indicated quite clearly, that the public will generalize from the odd incident. It's the same thing as happens when some bank president is found to have taken some of the funds of his depositors. All bankers feel a little bit hurt at that time that the public is unable to distinguish, and the same thing is true with respect to public assistance recipients.

With respect to the first case you cite, although the support for the family of 12 may come from the welfare system, it is not in any sense exclusively a welfare problem. The problem is, are our child protective services adequate? Is the Bureau of Children's Services or any other agency that is required by law to supervise children in their own home undertaking the proper role there? Have there been complaints filed to the Bureau of Children's Services by school officials who also have a stake in that? This is the element because, as you all know, there are children in other families who have no relationship to the welfare program who may be in equally profligate situations.

ASSEMBLYMAN SMITH: We still, Mr. Wells, have in this country, I think, that pride of "I'll make a go of it if it kills me." And that's why you in your statement, and I agree with you, say there are a lot of families that should be on on welfare if they applied for it, but, thank God, there is still the word "pride" in the English language that makes some of these families say, "Well, I'll keep going. I don't want to go on welfare."

MR. WELLS: That's a very significant factor, sir.

ASSEMBLYMAN OLSEN: Mr. Wells, I would like to just have a clarification. I know you take issue with the use of the word "undeserving," and perhaps a little more education would help us in not abusing that word. However, it does say here on page 2 of your statement, quoting Chapter 44:8-109: "It is hereby declared to be the public policy of this State that every needy person shall while in this State be entitled to receive such public assistance as may be necessary." That's the public policy.

On page 3 you then suggest "that time and time again the conclusion is that from past studies there has been no more than two or three per cent of any recipient population receiving welfare who were ineligible to receive public assistance."

MR. WELLS: Legally ineligible.

ASSEMBLYMAN OLSEN: Now there is some sort of a difference in here. I mean, if you are willing to recognize that and in days of rising payments and rising benefit payments, etc., there may be a reason for this Commission to say that there are at least two or three per cent of the population that are undeserving recipients. Is that correct?

MR. WELLS: Well, I would prefer, sir, that a resolution would say that we are endeavoring to extract from the recipient population those persons who are legally not entitled to it. You see, the moment you say "undeserving," you have one definition and I have another, and the gentlemen at your side have others. It's impossible to objectify that type of word and, therefore, one particular family may be completely undeserving but objectively eligible.

ASSEMBLYMAN OLSEN: Well, perhaps the two or three per cent figure is a little bit off. I would like to know from you a question we have asked others. What is the extent, for example, of your Monmouth County agency searching for deserting fathers or prosecuting them?

MR. WELLS: The searching for deserting fathers is a problem of relationship with the Probation Department and the courts and the Welfare Department. We are not empowered by law to do the kind of investigation and the kind of searching that you suggest. This is more properly a function of a law enforcement or law enforcement related agency.

ASSEMBLYMAN OLSEN: Well, do your caseworkers report any back to you, any information along these lines?

MR. WELLS: Yes, we have information. We require the filing of desertion complaints with the Clerk of the County Court. I think that you have put your finger upon a very weak part of the system but whether or not that particular portion of the system belongs in a welfare department is an additional question for discussion. It is quite true that the pursuit of deserting fathers or alleged fathers

either is a much overlooked aspect of this whole system.

ASSEMBLYMAN OLSEN: Thank you. I'm finished.

SENATOR MATTURRI: I would just like to ask you one question. You didn't mention it but other speakers did. What is your feeling about the State's taking over not only the supervision but the actual administration of the welfare problem in the State of New Jersey?

MR. WELLS: I would personally prefer some county administration. I recognize, however, there are significant financial problems that that includes. I think that we have found in this State and in other states that the degree of homogeneity that is implicit in any kind of state-administered program tends to reach a low denominator rather than having the variations of both good and bad that can be true in a county-administered system. I think it is also true that a county public feels much closer to a county-administered department than they do to a state-administered department and, if it can be afforded and I believe it can, I would like to see very much the maintenance of a county-administered system. I have found no difficulty in the state-supervised system. What Mr. Liotta has said about the elements of state control are absolutely correct. I do not particularly personally find it uncomfortable. I do think that in the development of the Monmouth County Department, as well as other county departments, the very fact that the Freeholders and many people who are associated in civic groups and so on know that it is the County Welfare Board and that guy who runs it works for them, is a very positive element.

SENATOR MATTURRI: Thank you, Mr. Wells.

I will ask Mr. Fred L. Streng, Director of the Camden County Welfare Board, to testify, please.

F R E D L. S T R E N G: I'll be very brief.

I have a statement that my Freeholders and my Welfare Board have requested that I read concerning Camden County. Before I do that, I would just like to make a few brief comments that are personal to myself.

First of all we have heard a lot of constructive criticism about the welfare system as it exists in New Jersey. Many of these are undoubtedly true. Certainly I would agree with Mr. Engelman that our welfare and poor laws are archaic and should be revised. I think perhaps we should come up with a single agency to handle all welfare; whether this be at the state or the county level, I wouldn't want to say at this point.

I think that New Jersey should be proud of its social welfare legislation that has been adopted during the past 10 years. Certainly we are taking care of our poor in a much more able manner than probably any other State in the Union. I think that perhaps last year we made a couple of mistakes. The legislature, perhaps, or their advisers made mistakes when they adopted the assistance to the underemployed. I think a much more thorough study should have been made of the impact of this, of the costs, and certainly there was a gross underestimate of the total number of poor in our State. I think we were all tremendously surprised when we saw the tremendous number of applications that were received as a

result of this program. Certainly these are good programs and I think New Jersey should be complimented for what we have done.

Now I would like to read the statement and this is pertaining to Camden County.

The Camden County Welfare Board is extremely concerned with the tremendous number of applications being received and applications that have been received since December 15, 1968. This concern is principally in the AFDC program where we have had 1626 applications since that date. Of these applications 1406 have been approved for grants, and during the 3 months period we have discontinued 260 grants making a net increase in caseload of 1146 cases involving 5390 persons.

Comparing the figure for March 31, 1969 to March 31, 1968 we find that in March of 1968 we were assisting 2717 families encompassing 11,582 persons, and in March of 1969 we were assisting 3959 families encompassing 18,945 persons, representing a percentage increase in caseload of 45 per cent and an increase in persons of 63 per cent. The total cost of our AFDC program in March of 1968 was \$667,000, whereas in March of 1969 it was \$1,199,000, an increase of \$532,000 and a percentage increase of 79 per cent. With the change in county participation the increase in costs to the county is not so great, but during March of 1969 it had already surpassed the county costs of 1968 with the figures being \$203,000 county cost in March of 1969, as compared to \$201,000 county cost in 1968.

The County Welfare Board on the advice of the State and with independent investigation from all of the municipalities had projected a caseload increase to 3900 cases, involving 16,450 people, and we have already far exceeded these figures.

It is estimated that if the same rate or even a slightly lower rate of applications continues during the next eight months of 1969, we could conceivably end up with a caseload of over 5,000 cases with a total number of persons approximating 25,000. This, of course, would result in a very large increase over our budget presented to the Freeholders which asked for \$2,100,000 and was reduced by the Freeholders to \$1,900,000.

It is very difficult to judge at this point what amount of an emergency appropriation would be required, but it would seem possible that our county costs in December of 1969 might be close to \$300,000 for that month which would mean that we might need an emergency appropriation in September of some \$800,000. We are, of course, hopeful that the application rate will subside during the spring and summer months and that our discontinuance rate may sharply increase, but the probability of an emergency appropriation seems inevitable with the amount still uncertain.

It is not my intention to fault the legislature for the adoption of the programs in 1967 which has precipitated this crisis. We feel it was a bold stroke of social legislation which undoubtedly was needed and is assisting many of our underemployed and unemployed citizens. It would certainly be unfair

and unrealistic to attempt to repeal any of these programs. Perhaps more study should have been made before the adoption of the programs was instituted, but as long as New Jersey has decided to assist the underemployed and unemployed, we must carry on. However, it would certainly seem that some additional relief should be given to the counties who now find themselves in even a worse posture than they were prior to January 1, 1969, and we would therefore urge in the AFDC program a change in county participation from 25 per cent to ten percent, and a corresponding change in the State from 75 to 90.

We should also consider some assistance to counties in the cost of administering the welfare programs, for here too we shall be having difficulties in meeting Federal requirements of 60 cases per caseworker in view of the unexpected volume of new applications.

Now that is my prepared statement. I would like to say one more thing. This morning there was some question about illegitimacy in the ADC program. In late 1966 - we have IBM in our county - we undertook a survey, which was a very comprehensive survey, to ascertain the rate of illegitimate births of people who were active recipients. Now by "active recipients" I mean people who are receiving, who were not pregnant when they came on the program, and who became pregnant while they were on the program. Out of 2,000 cases that we had at that time, we came up with 87 illegitimate births, which represented less than 5 per cent of our total cases.

Now it is true we have a tremendous number of illegitimate children on our program. However, most of these children were

born prior to the mother's coming on the program or in many cases the women were pregnant when they came on the program. So certainly I don't think that we can be accused of fostering illegitimacy which the public seems to feel in our ADC program. This was not a spot check. This was a check of our entire caseload, and I certainly think that if we ran the same kind of check today the results would not differ greatly from the results in 1966.

Now in conclusion I have, of course, heard about the State takeover. Speaking again for myself, I would be in favor of a State takeover. I think the welfare program is getting too large for the counties to handle. I think this is a national program. Certainly I feel that the federal government should take over the entire proposition, but until such time I would certainly be very much in favor of a State takeover of the entire program.

SENATOR MATTURRI: Senator Kelly, have you any questions? You're from Camden County.

SENATOR KELLY: No, I am well satisfied with our Director's views.

MRS. BUSH: I have one more question I would like to ask Mr. Streng. We have touched on the subject of residency a few times here this morning. Would you care to comment on that or express an opinion?

MR. STRENG: I would say that the lack of residency is not an important factor in the increase in the AFDC program in my county. I would say that we have many people

who have resided in our county for less than five years who are applying. But people who are coming in solely for the purpose of obtaining welfare and have a residence of less than one year, it would seem to me would be less than two per cent of our total clients. Many people have been here for three or four years; they come here; they are unskilled labor; they came here perhaps to work at Campbell's or some of our industries of that type, and they have found that automation has put them out of work, and they are now asking for assistance. Also many of our people come in and they have jobs in some of the restaurants that we have in great numbers in Camden County; they are bus-boys, they are waiters who are making very little money. These people, of course, are of Puerto Rican extract but they have been here for at least three or four years and they are now clients of welfare. I don't think putting a residence requirement of one year would help us at all in decreasing the number.

ASSEMBLYMAN SMITH: Let me ask one question. Wouldn't you agree that we in resort areas would be more susceptible to this than you would in Camden or Burlington Counties?

MR. STRENG: No question about it.

ASSEMBLYMAN SMITH: In other words, Atlantic, Monmouth and Ocean would probably get it.

MR. STRENG: I would fully agree. It's the seasonal nature of your communities.

MR. HALL: I would like to ask Mr. Strenge a question.

You quoted considerable data as to your increase in caseload from the 1968 legislation. Did you trace that back

to see how much of that was mere shifting from the municipal load to the county load?

MR. STRENG: Well, we circularized all municipalities in November of 1968 to ascertain from them approximately how many cases they would be referring to the County Welfare Board. Strange to say, we had results that indicated there would be less than 200 cases that would be transferred to us from the municipalities. Now, when I say we have 1106 new cases since December 15th, certainly some of these are the cases that we ordinarily would have been getting without the benefit of the new legislation. Actually the new legislation accounted for 42 per cent of the cases that we received, so that actually about 450 to 500 cases of the 11000 are cases as a result of the new program. The others are cases that are coming in unexpectedly heavy, perhaps because of the fact that some of the stigma attached to welfare has been removed now that people who are employed are eligible for welfare. There may have been many marginal people who were content to go along on a very limited income who now are applying for welfare benefits because they feel that everyone else is and they might as well join in.

MR. HALL: About half of them came over to you from the municipalities.

MR. STRENG: Yes. And we have in Camden City, which is our big reservoir of welfare recipients - I talked to the Municipal Welfare Director there, and he tells me his municipal welfare rolls have been decreased by about two thirds since we took over the program.

SENATOR MATTURRI: Thank you, Mr. Streng.

I would like to call on Mr. Gallagher, Director of the Burlington County Welfare Board, to testify, please.

J O H N B. M A T H E W S: I am John B. Mathews; I am Solicitor for the Burlington County Welfare Board and am lending a little moral support to Mr. Gallagher.

SENATOR MATTURRI: You are very welcome to be here and give moral support.

R O B E R T F. G A L L A G H E R: First, I have no choice and very willingly express my apology for not having a prepared statement, but the past week since I have written a draft of this speech I have had quite a hectic time in Burlington County with sit-ins from welfare rights organizations, and I sort of gave that priority, and I hope that you gentlemen will accept my apology and I will get these copies to you later.

It is only fair, before I begin, to alert you ladies and gentlemen that I am the "junior" Director of Welfare among my distinguished colleagues. Although I am not as knowledgeable in the over-all field of welfare as these gentlemen, I have gained sufficient knowledge and experience during my short tenure as Director of Welfare in Burlington County to speak I hope with authority on the problems of welfare as they affect our county.

The remainder of what I have to say is strictly my own personal opinion and I haven't had an opportunity to clear this with my Board in any detail.

Our problems in Burlington are similar to the other

counties, consequently I'll attempt to briefly discuss those problems that appear to be common to all of us.

As you know, the passage of the State legislation last summer completely revolutionized the welfare assistance program in the State of New Jersey. Although the intent of this law is not being challenged, the actual implementation has brought out problems in problem areas that I feel must be resolved.

As you further know, the family is now eligible for assistance with the father in the home if and when it is determined that he is either underemployed or unemployed. Obviously the unemployed portion requires very little explanation, so I will concentrate on the underemployed portion. This has become a problem in Burlington County primarily because it includes armed service personnel stationed at two major bases - Fort Dix and McGuire Airforce Base - and other individuals whom I consider middle-class society. Let me elaborate in these two areas. At the present time there are only approximately 10 families, military types, representing the Army, Navy and Air Force presently receiving assistance from the County Welfare Board through the underemployed portion of the recent legislation. As I have stated many times, the number of 10 is really insignificant, and I am sure we can absorb the personnel with no drastic effect on our budget. However, the fact that the law is all-inclusive to extend that service personnel who do not live on the base an opportunity and they are eligible certainly indicates necessary modification. As

a Retired Colonel of the U. S. Army, I am the last one to deny service personnel assistance. However, I feel that the care of military families is a Federal Government responsibility and the State of New Jersey or Burlington County should not be placed in a position to subsidize the salaries of federal employees.

As a further note, there are no federal funds allocated for the underemployed, consequently we, the State and county, pay the entire freight for the assistance given to military families. We have already been exposed in the county to one case whereby a soldier was sent overseas and left his family in Burlington County. Due to his inadequate income, we provided assistance. Incidentally, the soldier and his wife's home state is Michigan.

What I am attempting to point out is that New Jersey may become a camping ground for those military families where the husband is sent to other areas, either stateside or overseas.

Before moving on to the other problem, I would like to mention that the average military family receives approximately \$100 per month through our assistance program.

The second part of my early comment with respect to the underemployed involves the maintenance of "middle-class" families. I am concerned and fearful that we are working ourselves to a point where we are now helping the middle-class, and a definition of that word I haven't been able to properly understand, but we are assisting them to retain their status and consequently have upgraded the assistance program.

Briefly, due to the underemployed segment of legislative and presumptive eligibility, we in Burlington County are granting assistance to what I consider unfortunate individuals but not necessarily poor individuals. To support my statement, we have approximately 60 families in the Willingboro Housing Development on welfare rolls. Now these houses sell for \$15,000 to \$21,000. Of the 60 families, 27 of them are carrying mortgages at an average of \$153 per month. We are in essence carrying the mortgage or assisting them to pay for these mortgages. Of the 27 who are buying homes, 10 became eligible for assistance after the enactment of the new law. Since "underemployed" is based on the size of the family, the income of the family, and the shelter cost, it is a reality that <sup>with</sup> an income of \$110 per week for a family of 5 or 6 with a mortgage of \$170 per month, this family becomes eligible and in this particular group we have too many.

The other problem with respect to high cost of shelter which is an element to make the individual family eligible is the lack of adequate low-cost housing. I think this is common throughout the State. I know it is very prominent in Burlington County. Consequently families, because of the urban renewal and the failure to follow through to provide adequate low-cost housing, do not have recourse but to move to areas such as Willingboro where the bedroom space is adequate for the particular sized family.

With respect to presumptive eligibility, I have experienced that the lack of sufficient knowledge and

opportunity to thoroughly investigate prior to granting aid is a handicap to operation. Although I realize and recognize that we do not necessarily have to issue grants based on the signing of the affidavit, and believe me we don't in Burlington County, I also know that there are numerous cases that are approved and will later be found to be ineligible. If this is so, this means that we are deprived again of federal matching funds. I am also well aware that there are municipal directors who are either not fully qualified or merely neglect their responsibilities. Consequently, local aid was denied to many deserving persons. However, we now have removed this from the local level and placed it at the county level. This necessitated additional administrative cost to the counties and hiring additional personnel without any reduction of cost or personnel at the local level. We have merely shifted responsibility at additional cost.

Because of this shift, we have ignored a major consideration; namely, the "span of control." During my military career, we emphasized this span of control and through experience we learned that the further you place the control from the elements being controlled, the least effective the unit becomes.

I feel that consideration should be given or something in the way of legislation should be adopted to changing this procedure whereby local directors be required to function properly and adequately in order to serve the needy.

I realize that many of the local directors or the local townships do not receive or accept any assistance from the State. This becomes a problem which I cannot resolve. To

further emphasize the impact that this has had , Burlington County has had 502 new cases on the rolls since January 1, 1969. Of these, 444 are presumptive eligibility and many of these may become regular permanent cases - and the remainder of the 502 or 58 we consider regular cases. Total cases for the first three months of 1969 show that we have 936 as compared to 596 for the same 3-month period in 1968. The total cost for ADC involved \$696,000 for the first 3 months in 1969 as compared to \$437,000 in 1968, an increase of \$260,000 in 3 months - and the total cases and cost are continuing to rise. The obvious question is, will we run out of money? The answer is, I frankly don't know. It is very possible. If the rate continues to increase, this possibility increases.

To alleviate this, I join with my fellow directors in recommending some support from the federal or state level and changing the ratio of 75 to 25, and I propose a 90 to 10 basis.

That concludes my prepared statement and I will entertain any questions you might have.

SENATOR MATTURRI: Mr. Gallagher, your county has received considerable publicity as a result of the soldiers who are receiving supplemental relief. You say this only applies to ten families?

MR. GALLAGHER: We have had up to 13 and we have dropped several along the way. The thing that I concern myself with is, I know from being a military man that there are many out there but I also know he is working on his own "moonlighting,"

which I have been quoted as stating.

SENATOR MATTURRI: How many soldiers are - or is that a military secret. I mean, I was just trying to think of 10 per cent of 10 families in contrast to how many families there are, would you say?

MR. GALLAGHER: I understand from unofficial sources there are some 1400 families who live off the base. Now many of these are not eligible. They are high-ranking non-commissioned officers and officers. My "guesstimate," and it's strictly a "guesstimate," is that of the 1400 we have possibly 300 in the lower rank groups of Private up to Sergeant E-5.

SENATOR MATTURRI: In other words, having 1400 military people spending a lot of money in Burlington County, the fact that Burlington County does supplement the income of the 10 families isn't such a big amount on the part of the county.

MR. GALLAGHER: No, looking at it that way, it's a good point. But the point I make is that they are still federal soldiers -

SENATOR MATTURRI: Well, I agree with you. I think it was something a lot of us were shocked to find out, but I'm not too worried about it considering there are only 10 families out of 1400 who are spending a considerable amount of money in and around Burlington County, which is helping your county too. You made the statement where is the money coming from? It isn't such a gigantic problem. I think the people received considerable publicity because they happened to be soldiers and not just ordinary families

MR. GALLAGHER: Well, keeping in mind, Senator, this was

the first six weeks we are referring to. I don't have an accurate count, but to the best of my knowledge it is still 10, but as we go along the problem I think is going to -

SENATOR MATTURRI: And this came as the result of new legislation that we enacted in 1968?

MR. GALLAGHER: Yes, sir, this is the particular new law which makes the low ranking NCO in particular, or any of them with large families, eligible.

SENATOR MATTURRI: Thank you.

SENATOR KELLY: How do you feel about the State taking over control?

MR. GALLAGHER: I really haven't given that much thought, to be very honest with you. I couldn't comment on that until I read a little more and study a little more and could give you a better answer.

SENATOR MATTURI: Thank you.

I think we are going to adjourn. For the record, I would like to say we contemplate having other meetings just as soon as the Commission decides when. So we will adjourn until the next meeting which will be announced as soon as we decide.

[A D J O U R N E D]

\* \* \* \*

Good afternoon, I am Robert E. Scott, Jr., President of R. E. Scott Companies, a diversified Real Estate and Mortgage Banking firm employing upwards of 40 people. I am here today in behalf of the Eastern Union County Chamber of Commerce, which represents 15 municipalities embracing 400,000 people and whose membership includes retailers, industries <sup>and</sup> businesses.

Concerned by the alarming increases in the costs of public assistance, our Chamber instituted a study of the administration of welfare in our County. The Chamber has consistently supported the legitimate needs of welfare recipients and continues to endorse programs for assistance to the handicapped, the needy blind, the needy aged, etc. As a matter of fact, our Executive Vice President Edward L. Fox serves as the local chairman of the "Employ the Handicapped Committee".

But, we discovered that welfare costs will increase in Union County alone from \$8½ million to over \$13 million in one year. We found that most of this increase is due to new state laws effective January 1, 1969 allowing welfare payments to the unemployed and underemployed under the Assistance for Families with Dependent Children category and creating "instant relief" through Presumptive Eligibility.

We discovered that the new 75%/25% formula for sharing the non-federally funded portion of assistance between State and County prompted a \$68,000 decrease in Union County assistance costs but administrative changes mandated by the State have caused a net increase in administrative costs of over \$250,000 this year.

We discovered that while Union County ranks eleventh in the nation in income per family it actually pays some families to go on relief. For example, an "underemployed" family of five (parents and three children) with the oldest child age 12, receives a supplement from the County Welfare Department

guaranteeing a minimum monthly net income of at least \$500. for their personal and household needs. In addition, the County Welfare Board picks up the tab for complete medical care including dental and eyeglass costs.

By comparison the average take-home pay for an hourly worker in Union County, with identical family responsibilities, is \$112.44 after deductions. This is some \$10.02 less than the "take-home" pay of the welfare recipient before considering any and all medical costs. APPARENTLY NEW JERSEY HAS ELECTED TO PIONEER AS ONE OF THE FIRST STATES IN THE UNION TO IMPLEMENT A GUARANTEED ANNUAL INCOME.

If a guaranteed annual wage is what the people of this State want, so be it. But we would submit that the guaranteed wage is pegged too high.

We received a letter of support from the family of a local policeman with nine children who own their own home and live proudly on his monthly take-home pay of \$583. They fund their own medical and dental needs and other family emergency expenses. The same family of eleven if they chose to go on welfare would be entitled to assistance guaranteeing an income of \$870. per month.

No wonder we have read recently of military personnel, sheriff's aides, and even welfare case workers applying for welfare grants. We have prepared a chart comparing average hourly workers' take-home pay in Union County and welfare recipient take-home pay based on administrative budget ceilings for assistance. The hourly worker take-home pay was determined by multiplying average hourly wages of \$3.225 x 40 hours per week and deducting the normal mandatory deductions pertinent to this family size. The take-home pay of a welfare recipient is based on actual cases and the

figures would vary somewhat in other instances based on what proportion of their total earnings came from gainful employment. We have only illustrated families of 4, 5 and 6, but the discrepancy increases in favor of the welfare recipient as the family grows larger.

COMPARISON OF AVERAGE HOURLY WORKER  
WITH UNDEREMPLOYED WELFARE BENEFICIARY

# FAMILY UNIT	UNION COUNTY WELFARE RECIPIENT TAKE HOME PAY	UNION COUNTY *AVERAGE HOURLY WORKER TAKE HOME PAY	PER WEEK DIFFERENCE
4	\$105.06	\$108.94	+ 3.88
5	122.46	112.44	-10.02
6	139.59	113.84	-25.75

\* Average Hourly rate \$3.225 per hour from Chamber's latest hourly survey. Does not include hospitalization in deductions.

We have discovered that the spiralling costs under Aid for Dependent Children are due in part to immigration of potential welfare applicants from other states which do not pay 100% of need. New Jersey not only has no minimum residency requirement or citizenship requirement under Aid for Dependent Children but the State has now imposed "presumptive eligibility" on the counties - meaning that a prospect need only apply for assistance and sign an affidavit of need to receive a welfare grant on the spot. Even more incredible is the method of determining Budgetable Earned Income, or the amount of income from gainful employment which may be allocated against need to determine the amount of the welfare grant. It is actually possible for a welfare recipient to realize far more than 100% of need. Consider this example based on an actual family assistance budget in our County.

Family Size . . . . . 6  
 Family Budget Unit . . . . . 5  
 Adults . . . . . 2  
 Children . . . . . 3  
 Oldest Child . . . . . 11

Personal and household needs . . . . . \$237.70  
 Shelter . . . . . 95.00  
 TOTAL NEEDS . . . . . \$332.70  
 Less income \* 195.89  
 Deficit . . . . . \$136.81

\* FORMULA FOR DETERMINING INCOME

\$2.65 an hour  
 x 40 hours  
 \$106.00 a week  
 x 4-1/3 weeks  
\$459.33

Monthly Income

- 30.00 Federal Disregard  
 - 143.11 " "  
 - 40.33 Mandatory Payroll  
 Deductions  
 - 50.00 Employment Expense

Budgetable Earned Income \$195.89

Without the new Schedule X establishing budgetary ceilings, the assistance grant would be \$137.00 bringing total income to

\$137.00  
459.33  
 \$596.33  
 - 40.33 Mandatory payroll deductions  
\$556.00 or \$128.31 per week take-home

TOTAL NEED IS ONLY \$332.70 PER MONTH!

However, the administrative budgetary ceiling contained in Schedule X limits total income from all sources to \$540. in the case of a family budget unit of 5.

In this particular case:

Administrative Ceiling . . . . . \$540.00  
 Gross Income . . . . . \$459.33  
 Less child care costs . . . . . - 0 -  
 Adjusted Gross Income . . . . . 459.33  
 Maximum Payment . . . . . \$ 80.67

Grant . . . \$81.00

Remember that 100% of need in this case is only \$332.70 and the actual take-home pay is:

\$459.33	
+ 81.00	
<u>\$540.33</u>	
- 40.33	Mandatory Payroll Deductions
<u>\$500.00</u>	

or

\$115.32 per week

\$500. per month represents 150% of \$332.70 total monthly need.

*Legitimate deductions in determining Budgetable Earned Income include interest and amortization on mortgages, union dues, and payments to garnishees.*

*Gentlemen, the public is crying for redress. There is widespread talk of a taxpayers revolt among the already overburdened property taxpayer. The Union County Board of Freeholders has gone on record to express its concern about the skyrocketing costs of the welfare program. Senators Case, Williams and Representative Dwyer have indicated to our Chamber that they consider welfare problems to be a priority item in this session of the Legislature.*

*We respectfully submit the following recommendations for your consideration.*

- 1. Reduce the State Administrative Budget Ceilings for assistance.*
- 2. Bring the New Jersey standard of assistance more into line with the majority of other states by reducing the level below 100%.*
- 3. Petition the Federal Government for revision of the formula determining Budgetable Earned Income to reduce the instance where income plus assistance exceeds need.*
- 4. Repeal presumptive eligibility and allow temporary emergency relief to revert to the municipality.*
- 5. We join Governor Rockefeller in urging some form of minimum residency requirement for welfare eligibility.*

6. We believe that the Legislature which we know to be responsive to the will of the people should exercise greater restraint over the regulatory authority of the Division of Public Welfare of the Department of Institutions and Agencies over local welfare boards. The State does not contribute to administrative costs, but Institutions and Agencies mandates:
- a) standards of assistance
  - b) personnel requirements
  - c) salaries
  - d) physicians and dental fees
  - e) pharmaceutical fees
7. Emphasize work motivation and acceptance of available job offers by improving the WIN program and establishing more day care centers.

Immediate attention is needed and prompt action is critical. Sheltering welfare families from economic realities by applying artificially high budgetary ceilings and creating a guaranteed annual wage will institutionalize welfare dependency generation after generation; will ultimately bankrupt the system by overtaxing the productive elements of society; and will rob the welfare recipient of economic incentives, personal dignity, and the joys of self advancement. Thank you for the opportunity of appearing before you.

Respectfully,

Robert E. Scott, Jr., Chairman  
Welfare Task Force  
National Affairs Committee  
Eastern Union County Chamber of Commerce



