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REPORT AND RECOMMENDATIONS

OF THE

GOVERNOR'S
WELFARE STUDY COMMISSION

JANUARY 1971

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and immediate fiscal impact on the budget, without sacrificing the basic needs of the poor. Because of time pressures, specifically the need for the Governor to present a budget to the Legislature early in 1971, the Commission was requested to go to work immediately and to present a report no later than mid-January 1971. The Governor and the Commission recognized that because of the time limitations, the areas that the Commission could study would necessarily be limited. Nonetheless, it was agreed that even a limited study of New Jersey's welfare programs could develop constructive suggestions for improvements and changes.

Immediately after meeting with the Governor on December 1st the Commission held an organization meeting. At that meeting the Commission discussed at length several approaches to its operations and adopted a tentative outline of study areas which should engage its attention. That outline is attached to this report as "Exhibit A." Fortunately, the Commission was able to follow that outline substantially in its future meetings. It serves as a good guide to the areas which the Commission has studied.

Each member of the Commission was charged with the obligation of educating himself in these areas of welfare by all means available to him. The staff of the Commission furnished written summaries and reports previously published that dealt with those areas. Members of the Commission were encouraged to confer individually with knowledgeable persons in the welfare field throughout the State. Reports and work papers of the Governor's Task Force on Welfare Management were made available to all members of the Commission and were of valuable assistance to the Commission in its work. Consultants, social workers and administrators covering a wide spectrum of experience and knowledge met with the Commission regularly. In this respect, special credit must be given to Mr. Thomas G. Riti of the State Division of Public Welfare who supplied invaluable information to the Commission on the operation of various welfare programs and to Daly Temchine, Esquire, who performed most capably in advising the Commission on legal issues.

The Commission, in its membership and in its concerns, was bipartisan. Its recommendations have been adopted after extensive reading, discussion and review by the Commission, and certainly after a considerable amount of soul-searching on the part of individual Commission members.

SUMMARY:

Presented below is a summary of the Commission's recommendations:

1. The Commission recommends the formation of a research and evaluation group independent of the Division of Public Welfare and the Department of Institutions and Agencies.

2. The Commission recommends that basic assistance grants should include shelter cost adjusted only for variations in family size. For a given family size shelter cost included in the budget would be set at the average of such expenditures currently paid by welfare families of that size.

3. The Commission recommends that basic assistance grants should be increased by an amount equal to the amount now paid to families for so-called special circumstance items. Not to be included in that increase and remaining as special circumstance items would be the provisions for homemaking services, child care, training allowances and expenses resulting from catastrophies.

4. The Commission recommends that the AFDC "N Segment" Program (Aid to the Underemployed), as presently structured and operated, be terminated and that the State study and put into effect other programs to assist the Underemployed.

5. The Commission recommends that the Division of Public Welfare accelerate its efforts in making more effective the separation of the delivery of social services from the eligibility determination function.

6. The Commission recommends that liens and/or agreements to reimburse be established uniformly within all welfare assistance programs.

7. The Commission recommends that no increase to reflect cost of living adjustment be made in the basic standard until a full evaluation has been made of the effects of the present high basic welfare standard, present rehabilitation efforts, employment incentives, and financial incentives.

8. The Commission recommends that there be an evaluation of the effectiveness of social work as now conducted in welfare programs and that efforts be made to better utilize the services of private or non-profit outside Social Service agencies, possibly on a fee basis.

9. The Commission recommends an accelerated program for use of the simplified method for eligibility determination; it also recommends that the State not expand its role in eligibility validation, to the extent possible leaving this function to the Counties.

BACKGROUND

It is doubtful that a single day passes in which the public press in New Jersey does not carry an article dealing with welfare problems. The widespread dissatisfaction with welfare programs is obvious. Nearly every citizen has an opinion on the subject. Alleged welfare abuses are constant targets of public criticism. Many people believe that the present system does not provide sufficiently for the needy. Others believe that the present system is overly generous with the needy, and, in fact, provides a disincentive to work. Many people continue to believe that welfare should be available only to those who cannot help themselves. Others believe that welfare assistance can be an effective stimulus to improve the potential of those already working a full work week. Few, if any, believe that existing welfare programs provide an adequate solution to the problems of the needy, the unemployed or the underemployed. The Commission believes that public criticisms not only deserve an answer, but in many instances are valid indications of problems requiring corrective action.

In its preliminary budget estimates for Fiscal Year 1972 the Division of Public Welfare asked for $215,991,000 for the State's share of assistance programs. This would translate into a total assistance program in New Jersey of $497,730,000 with $208,332,000 coming from the Federal government; $215,991,000 from the State government; $67,058,000 coming from County governments; and $6,349,000 from Municipal governments. These sums do not include Medicaid.

Close to five percent of New Jersey's total population as of January 1970 were welfare recipients under Federally and State-financed programs, the actual number being 350,800 persons. The case load projected for Fiscal 1972 is 597,000 persons. Along with the increase in costs, we can see that there has been a continuous increase in the number of recipients of welfare. This situation has not been one the impact of which is felt only by the State. For example, in Burlington County the combined total of Federal, State and County expenditures for assistance rose from $2.4 million in Fiscal Year 1967 to $6.1 million in Fiscal Year 1970. Similarly in Camden County, during the same period, these costs rose from $9.7 million to $22 million in Fiscal Year 1970.

New Jersey provides welfare assistance to the blind, the disabled, the aged and the family with dependent children. This last category, commonly referred to as ADC, accounts for more than 80% of expenditures for welfare assistance. The Aid to Dependent Children Program consists of three principal segments. The first and largest of these is assistance to households with

dependent children in which there is only one able-bodied parent, the other parent being either dead, incapacitated, or continuously absent from the home. This segment of ADC, for the most part, consists of female-headed households.

The second segment referred to as the "U Segment" consists of households in which both parents are present, but the father is working less than thirty-five hours a week, is not receiving unemployment compensation and the family income is below Welfare Division standards.

The third ADC segment referred to as the "N Segment" is unique in New Jersey. All the other assistance programs referred to above receive matching Federal funding. The "N Segment" is funded entirely within the State. This segment is generally known as "Aid to the Underemployed" and consists of families with dependent children in which both parents are present and in which the father is regularly employed, working at least thirty-five hours per week, or the normal standard for the industry, and in which the family income nevertheless is below Welfare Division standards. It also includes those situations where the breadwinner is unemployed but receiving unemployment compensation and therefore ineligible for the "U Segment."

With the exception of the "N Segment" funding for the assistance programs referred to above is 50% Federal, 37 1/2% State, and 12 1/2% County. The "N Segment" is funded 75% State and 25% from Counties.

An additional program is that of General Assistance. This program is administered by the State's Municipalities and generally is designed to assist those persons who do not meet the requirements of the assistance programs discussed above. General Assistance is financed 25% by the Municipalities and 75% by the State.

While welfare is a problem of great magnitude to the State and to County governments, the greatest impact of welfare is felt in the cities. Six of the largest New Jersey cities, as of April 1970, accounted for 180,688 recipients of welfare. (These figures exclude beneficiaries of contributory programs such as Social Security and Unemployment Compensation not also receiving welfare). Newark welfare recipients in that month constituted 24.1% of the city's population. In Camden the percentage was 23.4%. At the same time, cities, most recently Newark, are encountering increasing financial difficulties. With more than one half of welfare recipients in cities, the questions have to be raised --- Would the cities be better off if some portion of this money was directed to cities to provide necessary urban services? --- Does having such a large portion of the cities' population on welfare contribute to some of the problems in our cities? We certainly have not been able to answer these questions but conjecture as to whether a substantial portion of welfare expenditures might be put to more beneficial use in

aiding the cities and their occupants is inescapable.

In New Jersey shelter cost allowances are paid to welfare recipients based on actual cost; that is, for all usual costs of living other than shelter, a family is paid a standard allowance based on family size and age composition, but shelter costs are paid based on actual dollars expended. Shelter costs constitute a significant element in total welfare expenditures. Figures from Bergen County obtained by Commission members indicate that shelter costs for the month of November 1970 represented 42.7% of total moneys paid to welfare recipients. Current statewide averages for shelter cost allowances are not available, but the average is probably in excess of 35% of the total welfare cash assistance payments.

Numerous cases have been brought to the Commission's attention in which very high rentals were paid for apartments or houses occupied by welfare recipients. In some instances shelter costs include mortgage payments. The fact that actual costs of shelter are paid and that many areas in New Jersey have a housing shortage has permitted unscrupulous landlords to exact excessively high rentals from welfare recipients, and these rentals are passed directly on to Welfare Departments. The administration and payment of shelter costs are, therefore, problems to which this Commission addressed itself. There are other equally important aspects of the shelter problem which the Commission was unable to examine. These are:

The obvious need for a program to provide low-cost housing in New Jersey.

The need for providing such housing in the suburban as well as urban areas.

The creation of zoning and financial programs to encourage the private segment to enter into this housing market.

If these needs cannot be met, other less desirable alternatives, including rent control, might well have to be considered.

Attached to this report as "Exhibit B" is a report of the United States Department of Health, Education and Welfare. It presents comparative statistical data on the size of welfare grants in various States. The data in the report lends itself to varying interpretations and is made available for the reader's own interpretation. An inescapable conclusion is that by

whatever measures considered, New Jersey's standard and actual cash grant size is among the highest in the nation. Of particular significance is Chart 2 in "Exhibit B". Chart 2 shows that New Jersey's standard for a family of four, assuming that the family is living in rented quarters at a cost of $100, is $347 per month. Only two other States show higher standards on this chart--these are Alaska and Maine. However, the chart shows both these States paying less than the full amount of their standard. New Jersey pays the full amount of its standard. Thus in terms of amounts paid, New Jersey is highest of all fifty States, as shown on the chart.

Attached as "Exhibit C" is a table from a later Department of Health, Education and Welfare report showing actual cash grants by State. As of April 1970, this shows New Jersey again among the highest States, whether considered on the basis of cash grant per family or per recipient. Evaluating these statistics is very difficult since cash grant statistics are influenced by family size and eligibility and income requirements, as well as by the standard. However, as stated above, the inescapable conclusion is that New Jersey ranks very high by any comparison. This position has been viewed enthusiastically by welfare professionals as highly complimentary. The Commission agrees that New Jersey's pre-eminent position is most complimentary in terms of the sympathetic attitude of our public officials toward the needy. The Commission's investigation into the programs covered in this report, however, indicates that our welfare expenditures have not always been wise, and that our high position in terms of grant size is not necessarily a desirable one, nor is it necessarily more socially or financially sound.

THIS COMMISSION'S PHILOSOPHY

Before grappling with even a few of the many problems associated with welfare, the Commission first determined that it must establish its own philosophy toward welfare. This philosophy is basic to the Commission's recommendations in our report. It is presented here, knowing full well that others may have completely opposite philosophies, and by expressing it here, it will be subject to critical review.

The Commission agrees with the concept that the State should help those unfortunate persons who are not able to help themselves. The blind, the aged, the disabled, and the young fall within the clearly deserving group. Every effort must be made to provide for and maintain their adequate support.

Those needy persons capable of helping themselves should be provided with every encouragement to do so. The current philosophy is that the payment of money and rendering of other benefits to these persons will so maintain and improve their spirit that they will become successful seekers of self-supporting employment. The Commission believes the opposite may very well be true.

"Exhibit D" provides a comparison on an equivalent basis of the income of welfare recipients and of non-welfare recipients. Basically it indicates that the welfare income for a family of four could be considered equivalent to an annual salary of $6,180. The welfare grant to a family of seven compares with an annual salary of $9,276. In both cases the comparison assumes the welfare recipient has no income. If the recipient then is successful in getting a job, his or her income could be substantially greater. This is a result of wage incentives. Essentially the wage incentives operate by reducing the cash grant by two-thirds of the net increase in a recipient's income. "Net" is emphasized because the two-thirds factor is applied to income after taxes and certain other deductions. It is the application of the wage incentive requirement that causes the occasional but widely publicized instance of people with salary income of $12,000 or more still receiving cash welfare benefits plus Medicaid.

A frequently overlooked effect of welfare payments made to those who can help themselves is the discouragement of self-sustaining workers whose net incomes are no higher than, and many times lower than, the effective incomes of welfare recipients. These employed members of our society have become justifiably embittered about our welfare program. In one of our Counties, wage demands by one group of public employees were buttressed by the argument that they were receiving less income

than non-working welfare recipients in the same County. Additional salt is rubbed into this wound by the circumstance that these employees contribute to the taxes which provide the monies paid under our welfare programs.

The answers here are not easily found. Certainly realistic work programs should be encouraged. Consideration should be given to increasing minimum wages. The present system of requiring needy employables to accept "suitable" work through our State Unemployment Offices is ill-advised. The word "suitable" has been interpreted much too broadly, the opposite interpretation is desirable. There is no reason that an unemployed lawyer should not be required to accept a truck driving job if that is the best available to him. All work has dignity if properly approached.

Every effort must be made to improve those social conditions which create dependency, particularly in the areas of discrimination, illegitimacy and drug and alcohol abuse.

Finally, the Commission believes that there should be more looking before leaping. Money is spent on programs which have no proven validity. The value of any proposed program should be established before spending, not after. Pilot programs may be necessary in this connection. Damage and distortion may be caused by ill-conceived welfare approaches. The Commission has been dismayed to find that not only is there a lack of adequate studies before money is committed to a program, but that there is a lack of any sophisticated studies to determine the value of programs after they have been in operation for a reasonable period of time. This imprudence cannot be permitted to continue.

RECOMMENDATIONS

1. The Commission recommends the formation of a research and evaluation group independent of the Division of Public Welfare and the Department of Institutions and Agencies.

The Commission's work has been hampered by the lack of meaningful research in its areas of concern. The fact that in New Jersey over $380,000,000 is being expended in the current fiscal year on welfare and almost nothing on research to determine where its money is going and the effect it is having, is shocking. The creation and work of this Commission might not have been necessary had such information been available. Decisions cannot be made without facts. No businessman would spend his money without reasonable assurances that it would return a profit or, if profit were not the motive, without taking a keen interest in the results produced. In New Jersey, we do not know the results and we have no machinery presently designed to produce them.

The Commission recommends the immediate formation of a research and evaluation group to analyze, evaluate and constructively criticize all existing welfare programs and efforts. It is highly advisable that this group be independent of the State Welfare Division. It should perform the same function with respect to welfare as an independent auditor of a bank performs. The group should not have welfare professionals as members, but should have every opportunity to consult such professionals.

Attached to this report as "Exhibit E" is a brief sample of the type of questions the research and evaluation group should attempt to answer. Submitted without comment are the responses from the Division of Public Welfare. We cannot stress too much that this exhibit merely presents a sample of questions. There are many many more questions in the welfare area that are unanswered. The Commission is aware that in most cases the data or information necessary to answer these questions is available somewhere within the welfare system. Unfortunately, no effort has been made to collect this information and consolidate it in a meaningful way so that welfare programs can be intelligently evaluated in terms of the performance of the stated objectives of the programs.

Further, the Commission feels that in some areas suitable facts are not even available. Some basic questions about welfare are not asked in any of the many forms and interview surveys used both within the State and nationwide.

The Commission feels strongly that this research and evaluation group should be outside the Department of Institutions and Agencies. At first glance it would seem that the Department would be the logical place to collect and evaluate the type of information needed. However, the Department and the Division of Public Welfare are necessarily and properly engaged in the development of existing and new programs. Consequently, their motivation is to support such development and only secondarily if at all, to review it critically or independently.

Secondly, the Commission cannot ignore the fact that during the long period of time during which welfare programs have been in force, the types of information necessary for adequate evaluation have not been collected by the Department. This is not intended as a criticism but is simply stated as a fact. The Commission recognizes that the Depart ment has operational priorities which frequently rank over what has seemed to be a secondary need to audit and evaluate the programs.

Recognizing this, the Commission also strongly recommends that this evaluation and research group have no responsibilities to develop or operate new programs. This function should remain within the Division of Public Welfare.

Thirdly, the Commission feels that the research and evaluation group would best be staffed by people outside of welfare. A degree in social work or years of experience in welfare might be a hindrance rather than an asset in performing the required evaluation.

The research and evaluation group should be established on a permanent basis. Because of its importance we suggest that it report directly to the Governor, or his designated representative. It goes without saying that the group's findings should be available to the Division of Public Welfare.

The Governor's Task Force on Welfare Management has developed a substantially similar recommendation.

2. The Commission recommends that basic assistance grants should include shelter cost adjusted only for variations in family size. For a given family size shelter cost included in the budget would be set at the average of such expenditures currently paid by welfare families of that size.

The reasons for this recommendation are well expressed in the report of the Governor's Task Force on Welfare Management, dated January 15, 1970. The section quoted below is taken from page 42 of that report.

> "As noted previously, shelter costs are not included in the welfare standard. Rather, they are calculated on an 'as-paid' basis subject only to the limitation that they do not exceed 'reasonable' levels (as determined by local maxima for rentals set by the County Welfare Boards). This approach does help to ensure that grants for individuals will be adequate to permit the occupancy of decent housing.
>
> However, it is deficient in a number of other respects:
>
> 1) It limits the control of the client over his own welfare grant. He cannot sacrifice expenditures in other areas for better housing and vice-versa;
>
> 2) The client has no incentive to bargain with the landlord to obtain a lower rent;
>
> 3) It leads to inequities among recipients based on different levels of awareness of the open-ended nature of the shelter grant and different levels of willingness to press for a larger grant for better housing;
>
> 4) It leads to inequities between recipients and nonrecipients: some families are denied eligibility for assistance because they pay low shelter costs, even though their gross income may be less than that of a comparable family on welfare occupying more expensive housing;
>
> 5) It complicates the determination of eligibility and the calculation of welfare grants; and
>
> 6) It discourages home maintenance by homeowning recipients because the shelter costs paid to homeowners do not provide for routine home maintenance."

The Commission fully supports this reasoning. Further, the Commission strongly urges the State to accelerate its programs to provide adequate housing for low and middle income groups throughout the State. Without adequate housing no welfare program, whether it be to pay shelter costs on an as-is basis or to include shelter costs in the basic grant on a flat basis or to have the Welfare Board pay shelter costs directly, is going to be able to operate effectively. As long as there is insufficient housing there will be housing needs unmet. These unmet needs will, for the most part, be felt by underprivileged groups.

The Commission's recommendation as stated above is in substantial accord with the recommendation made by the Governor's Task Force on Welfare Management. However, the Task Force recommended that the flat grant for shelter be set at the 85th percentile, while the Commission is recommending that the shelter costs be set at the average. This would be a somewhat lower figure than that recommended by the Task Force. If basic grants are increased by the average for shelter costs adjusted by family size, the majority of welfare recipients will receive an increase in their cash grant. Some recipients will receive a smaller cash grant under such a change. However, as indicated later the existing cash benefit program is believed to be more than adequate for its purposes.

3. The Commission recommends that basic assistance grants should be increased by an amount equal to the amount now paid to families for so-called special circumstance items. Not to be included in that increase and remaining as special circumstance items would be the provisions for homemaking services, child care, training allowances and expenses resulting from catastrophies.

Attached to this report as "Exhibit F" is a listing of the types of items presently classified as special grant items.

The reasoning set forth with respect to shelter costs applies here. This recommendation will increase the average grant slightly by reason of the fact that many welfare recipients are not now obtaining payments for special circumstance grants. As in the case of shelter costs, it will have an adverse affect on some recipients. The over-all result, however, should be fair to the welfare recipient, putting him in a position of greater independence with the responsibility and opportunity to exercise better management of his resources.

Three additional arguments support both this and the previous recommendation relating to shelter costs. The administration of shelter cost payments and special circumstance grants has unnecessarily complicated the welfare structure. This is caused by the fact that each one of these grants must be calculated on an individual case by case basis and is subject to frequent alteration. In establishing a flat grant we have eliminated the need for this administrative procedure.

Secondly, it is in the area of shelter costs payments and special circumstance grants that welfare has developed a very poor public image. Abuses in both these areas of assistance grants have received wide spread publicity and are particularly offensive to the general public. In the long run, in order for the welfare program to be developed with the full financial resources necessary for it, it must have public support.

Lastly, special grants have a tendency to result in inequities between the cash grants received by welfare recipients in similar circumstances. Those recipients who are unfamiliar with the regulations surrounding special circumstance grants might not avail themselves of these grants even though their circumstances meet the requirements. Other recipients, more sophisticated, are in a better position to maximize the funds received through such grants. Despite regulations, it is also recognized that differences in the attitudes and knowledge of individual caseworkers are a factor in the awarding of special circumstance grants.

Just as in the case of shelter costs the Commission recognizes here that by placing special circumstance grants in the basic standard as a flat grant, harm will be caused to some people. The Commission believes that the good that will come to the whole system as a result of this recommendation will outweigh the harm. This recommendation is at variance with that made by the Governor's Task Force on Welfare Management.

4. <u>The Commission recommends that the AFDC "N Segment" Program (Aid to the Underemployed), as presently structured and operated, be terminated and that the State study and put into effect other programs to assist the Underemployed.</u>

The "N Segment" (Aid to the Underemployed) is closely related to the "U Segment" (Aid to the Unemployed). Both were established in this State in 1968, and both went into effect in January 1969. The essential difference between the two programs is that the "U Segment" receives 50% Federal funding while the "N Segment" is funded entirely by the State (75%), and the Counties (25%). The other differences between the two programs are technical.

The Program of Aid to the Unemployed is available to households with dependent children in which the father is employed less than 35 hours a week and is ineligible for unemployment compensation. The "N Segment" effectively covers all other households with dependent children in which the parents have insufficient earnings. Broadly, the "N Segment" covers those families where the breadwinner is eligible for unemployment compensation, and hence, ineligible for the "U Segment." At the other end of the scale, it covers those families with dependent children where the father is working 35 hours a week or more, and hence, is also ineligible for inclusion in the "U Segment."

Accurate data is currently unavailable as to how many people in the "N Segment" are there because they are receiving unemployment compensation and how many people are there because they are working 35 hours a week or more. In both cases, however the family does not meet the income standards established by the Division of Public Welfare.

These income standards and their application to individual cases are very difficult to understand, much less to explain. Let us cite some examples of their application.

The average "N Segment" family consists of seven persons, generally two parents and five children. We assume that their shelter costs are about $150 a month. On this basis, the family could have a gross annual salary income of $7,300 and still be eligible for a small welfare cash grant, plus Medicaid and food stamps.

Once in the program, whether it be the "N Segment" or the "U Segment" and with the application of wage incentives, the same family would have to have a gross salary income in excess of $13,000 before it would no longer be eligible for welfare.

The State has attempted to put into effect an administrative ceiling in both the "U" and "N" Segments. For our family of seven, this administrative ceiling would mean that the net salary income after disregards plus the cash grant from the Welfare Division would not exceed $670 per month. This decision has been challenged and is now before the United States Supreme Court.

In September of 1970 the Division of Public Welfare made an administrative regulation denying the application of wage incentives to recipients under the "N Segment". This regulation is also being challenged in court.

In its first eighteen months of operation, a number of the cases enrolled in the "N Segment" were terminated. No figures were available as to how many of these terminations were the result of increased earnings of the recipients and how many of the terminations were the result of transfers to other welfare programs.

Our own examination, admittedly inconclusive, has led us to believe that a large number of these terminations were the result of transfers from the "N Segment" to the "U Segment". These transfers came about as a result of the recipient no longer being eligible for unemployment compensation.

During the period of time in which wage incentives were in effect and when the administrative ceiling was not in effect, it is inconceivable to us that many of the average "N Segment" families could have increased their salary from slightly above $7,000 (the maximum salary this family could have had to enter the program) to over $13,000 (the maximum salary to stay in the program) once wage incentives are taken into account.

Doubtless in some unusual circumstances this occurred. For example, where the recipient was on strike and then went back to work. However, we doubt that few, if any, of the "Working Poor" were able to improve their circumstances to this extent.

As of October 1970 the "N Segment" had an enrollment of 9,258 cases with an average of almost seven individuals per family for a total of 61,957 beneficiaries. To repeat, the program receives no Federal support. New Jersey is the only State with such a program. Its growth is shown on the attached table marked "Exhibit G".

The program of Aid to the Underemployed, the cost of which is not shared by the Federal Government, is expected to reach over $39,000,000 in Fiscal 1971. This figure may be about one third less if income disregards are not taken into account in the "N Segment". The figure does not include Medicaid, which is expected to add an additional cost of $7,000,000 in that year. There is little evidence that this program is working.

No statistics, no research, no intelligent information has been presented to prove that this program has positive value. Its effect upon the recipients of benefits therein is largely unchronicled. The Commission's studies, however, lead to the conclusion that the program:

1. Lowers or destroys the incentive of the welfare recipient.

2. Lowers or destroys the incentive of the low income worker who is not a welfare recipient.

3. Was designed to help recipients realize their "potential". It does not appear that this goal has been realized and the intent of the program seems to have been largely ignored.

4. Supports the marginal employer.

5. Is an expensive program, the cost of which is increasing rapidly.

It is significant that the Federal Government has no similar program and does not support this one, and equally significant that no other State has adopted this program, although some cover this group up to a degree as a part of other programs.

The Welfare Division has removed the wage incentives from this program. The Commission would agree that wage incentives were not working, probably because of the high grants to most "N Segment" recipients. Their removal, however, eliminated the only possible incentive for rehabilitation in the program and constituted an admission of its failure.

The Commission recognizes that while in form the "N Segment" is similar to the President's proposed Family Assistance Plan, in substance it is dramatically different. Essentially the Family Assistance Plan operates on a relatively low base income standard. New Jersey's program is tied to a relatively high assistance grant to the "Working Poor". With a low

grant and with wage incentives, it is likely that a number of beneficiaries of such a program could ultimately get off welfare. That is, it is reasonable to expect that in a family where the combined earnings and welfare grant are equal to a cash income of $3,000 to $4,000 per year, the wage earner can ultimately bring the family total income to $6,000 or $7,000 a year and be eliminated from welfare programs entirely. However, in New Jersey, the high basic assistance standard, coupled with wage incentives, means that the typical "N Segment" family must have a salary income over $10,000 per year before dropping from the welfare rolls. Since it is likely that only a small proportion of "N Segment" recipients can reasonably expect to achieve such an income level, these families presumably will be on welfare under the "N Segment" for a long period of time assuming that wage incentives are reinstated in this program.

Secondly, while little statistical data is available, the Commission believes that the large family size of the average "N Segment" case is indicative of another problem associated with this program. Specifically, the Commission feels that the "N Segment" tends to discriminate between workers in comparable jobs. A Municipal worker, for example, with a wife and two children might not be eligible for the program. A fellow worker with a wife and five children and an identical income might be eligible. Once eligible and in the program, the recipient's circumstances are improved over those of his counterpart with only two children. The recipient has an immediate increase in cash income, availability of free and almost unlimited medical services for himself and his family, and the prospect of this situation continuing for a long period of time. The Commission believes that such a program, in the most part, does not provide an incentive to those who are eligible, and in fact, may provide a serious disincentive for those whose income is slightly above welfare standards.

The Commission accepts the following as possible effects of eliminating the program:

1. A substantial amount of money will be saved.

   Some welfare authorities feel that the recipients of benefits under this program, if it is eliminated, will shift to the General Assistance rolls with the result that our Municipalities will be obliged to carry the burden, that the result will be no real saving, only a shift of the financial burder from the County to the Municipalities. We do not believe, however, that a significant number of people will move into other assistance programs as a result of this recommendation.

2. There will be some shifting to other programs such as General Assistance and Aid to the Unemployed; i.e., those working less than thirty-five hours per week. Except for shifts to General Assistance programs, this will result in Federal sharing of cost.

3. There will be some increase in General Assistance.

4. Some recipients will be motivated to obtain better jobs.

5. There will be strong objections from present beneficiaries.

6. There will be strong approval from the general public.

7. There will be a loss of Medicaid by present beneficiaries who cannot shift to another program, since Medicaid is only available to those eligible for welfare. While Medicaid is generally funded 50% from Federal funds and 50% from State and County funds, there is no Federal funding for Medicaid under the "N Segment".

The problems of the "Working Poor" should not be ignored. However, many of their problems should be resolved by undertakings outside the realm of welfare. Training programs better conceived and better performed than those presently underway must be considered.

The Commission, as part of this recommendation, also strongly recommends that one of the first efforts of the research and evaluation group mentioned in recommendation one be to follow through on the effects of the elimination of this program. We are not recommending that the program be eliminated to provide an experimental group. We are recommending that the program be eliminated because we do not believe it has worked. We are further recommending that the research and evaluation group study the effect of elimination of the "N Segment" as a first step and obtain at least a minimum of the factual information necessary to develop a workable program for the "Working Poor".

Such a program should distinguish between those unemployed receiving unemployment compensation and those working full time. The needs of the first group may be strictly financial. The needs of the second group may be broader. The significance of wage incentives to each group is different. The program might include a basic assistance standard designed for a family of four and not take into account family size variations. It might include or exclude Medicaid. It might have a revised wage incentive system. In the present operation of wage incentives, assistance grants are reduced by two-thirds of net income. Perhaps the revised program might have a wage incentive feature which is geared to a reduction based on gross income. The revised program might confine itself strictly to income support, and, where appropriate, worker training, and have no social service functions. These comments should not be construed as a definition of what a revised program of

Aid to the Underemployed should comprise. Instead, they are simply intended to point out factors that should be considered.

Essentially the same problems that we have found in the program of Aid to the Underemployed are also found in the program of Aid to the Unemployed, the only distinctions between these two programs being the number of hours worked and the fact that the program of Aid to the Unemployed receives substantial Federal financial support. Both programs have been modified already. In the case of Aid to the Unemployed, there is an administrative ceiling on the total amounts of income and cash grants that recipients can receive. This is being challenged in the courts. As noted above, in the case of the program of Aid to the Underemployed, the wage incentives have been taken out of the program. Again, this is being challenged in the courts. Resolution of these matters by the courts will have some effect on the validity of our recommendations, but will not solve the basic problems. An Aid to the Underemployed Program without wage incentives presents difficult problems when the Aid to the Unemployed program does have Federally mandated wage incentives. We would expect welfare recipients to graduate, not to self-sufficiency, but to the financially more attractive "U Segment". We believe this is happening.

In the opinion of the Commission, the "N Segment" may be attracting otherwise independent and self-sufficient workers to the welfare rolls in greatly increasing numbers. They are being educated to the welfare way of life. The step from the Underemployed to the Unemployed Program is short, easy and attractive. The program has become socially destructive. Its elimination, while necessarily harmful to some because of dislocations, will benefit many more,otherwise lost to society in the deadly trap of the welfare system.

A real solution to welfare problems cannot be found until adequate rehabilitation techniques are invented. Present programs designed to improve the social positions and employment opportunities of welfare recipients are not doing the job. Solutions are possible. The Commission emphasizes the necessity for a concentration of efforts upon this area to the end that intelligent and workable rehabilitation plans may be set in motion.

5. <u>The Commission recommends that the Division of Public Welfare accelerate its efforts in making more effective the separation of the delivery of social services from the eligibility determination function.</u>

Attached as "Exhibit H" are well considered comments taken from the report of the Governor's Task Force on Welfare Management which are supportive of this recommendation. The Commission is in full agreement with the comments made in that attachment.

Stated simply and concisely the reason for this recommendation is that the talents required for the delivery of social services are dramatically different from those required for the determination of financial eligibility. Having the same caseworker perform both functions for an individual welfare client places the caseworker in an untenable position, vis-a-vis his relationship with the client. The caseworker cannot at the same time be the auditor of the client's finances and also be the hopefully friendly personal advisor. Implementation of this recommendation should also serve to improve the over-all efficiency of administration of welfare at both the County and State level, resulting in some economies.

6. <u>The Commission recommends that liens and/or agreements to reimburse be established uniformly within all welfare assistance programs</u>.

At the present time liens on real property are imposed upon welfare recipients who are in the aged and disabled category. A lien is imposed on all property both real and personal as a guarantee for the reimbursement of any assistance grant. Liens are not required in the ADC programs.

The Commission recommends that reimbursement agreements be required from all welfare recipients. Limitations on time and upon assets to be covered will require further study. Reimbursement agreements required of the aged and the disabled should conform to those for all other categories wherever possible and consistent with Federal law and regulations.

The non-welfare recipient, when pressed for money, borrows it and, if necessary, secures the loan with a lien upon his assets. The lien is discharged over a period of time by repayment of the loan. In many cases, a similar approach might have value in the welfare system. The public image of welfare will be improved, and the State will lower welfare costs, though not by a large amount. (The Commission's best estimate is $1,000,000.)

In addition to the foregoing, the requirement of a lien may prevent some welfare abuses. The seasonal worker, or other person who is unemployed for a brief time, might not use welfare as a device for receiving substantial medical and dental benefits as well as cash benefits during the brief period of unemployment. Some fraudulent practices may be stopped. In essence, the lien requirement might deter many who are technically eligible for welfare, but who would not be included in the generally accepted definition of needy.

It is argued that the homeowner whose mortgage is paid by welfare should not be placed in a different position than the person whose rents are paid by welfare. The answer to this would seem to be that most persons not on welfare impose liens upon their homes in order to buy them; renters do not assume the same obligations.

The Commission is not prepared to make a specific recommendation as to the amount, if any, of limitations to be placed on the liens or agreements to reimburse. It is not prepared to comment on whether

these liens and/or agreements to be reimbursed should be required of all welfare recipients as soon as they come on the welfare rolls, or whether it might be advantageous to place a lien on assets only after the recipient has been on the welfare rolls for some period of time. Whatever approach is finally adopted should recognize that an excessive lien may, in effect, serve to "lock" some families into welfare dependency. The method applied should be one to encourage people to become self-supporting where possible and to dissuade those not truly needy from taking advantage of the welfare system.

We would like further time to study this recommendation and to come up with a specific program to implement the recommendation.

7. <u>The Commission recommends that no increase to reflect cost of living adjustment be made in the basic standard until a full evaluation has been made of the effects of the present high basic welfare standard, present rehabilitation efforts, employment incentives, and financial incentives</u>.

The Commission recognizes fully that the cost of living has increased since the last increase in the public assistance standard in 1969. However, for many welfare recipients adoption of the recommendations dealing with flat grants will compensate for a large measure of price inflation.

The Commission repeats the fact that New Jersey's basic standard is among the highest in the nation. The reader is referred again to "Exhibits B, C and D." New Jersey's relative position today is substantially that as shown on those charts which reflect data from 1969 and 1970.

Despite New Jersey's basic high standard, the Commission does not believe that average welfare payments to welfare recipients should be lowered. On the other hand, it does not believe that public assistance standards should be increased at the present time. Considerable additional study must be devoted to this area before there are any significant changes made by the State of New Jersey.

The Commission is troubled by the fact that a high grant may negate the effect of such otherwise worthy welfare practices such as the income disregards now mandated by Federal regulation. An income disregard is a budget term which signifies those specific types of income or expenses which, although available to the recipient, may not be included as available to him in the computation of his assistance allowance. These disregards when added on to the presently high basic standard result in a situation which does not encourage employed recipients of welfare to leave the welfare rolls. This is not desirable.

The Commission has been unable to obtain a satisfactory explanation for the rise in welfare rolls, particularly over the last three years even after taking into account the increase in unemployment. Nonetheless, there is a small but definite correlation between this growth and the increase in basic standard and changes in eligibility standards. Again, the Commission does not feel that substantial and dramatic increases in welfare rolls are necessary or desirable.

We cannot be insensitive to the fact that New Jersey's present high basic standard, when converted to a comparable pre tax income figure, results in welfare benefits substantially equal to or higher than the wages paid to many workers. This may mean the wages of workers are too low, but there is a basic contradiction in a grant being paid to those who do not work which results in them having a higher equivalent income than those who do work, particularly since the latter group contributes to the taxes which support welfare.

8. The Commission recommends that there be an evaluation of the effectiveness of social work as now conducted in welfare programs and that efforts be made to better utilize the services of private or non-profit outside Social Service agencies, possibly on a fee basis.

Social work, as used in this report, refers to family counselling and rehabilitation efforts. The Commission believes, that for the most part, social work has been performed in a superficial way in New Jersey throughout the existence of its welfare programs. Much of the social workers' time, particularly because they have been charged with the financial surveillance of their clients, has been devoted to checking up with little time to provide any real family assistance. Social work, to be effective, requires both education and experience. While our social workers, for the most part, qualify educationally, their high turnover leaves only a few with the highly specialized experience necessary for true counselling.

The Commission has the impression (again the need for more specific research and evaluation) that the social level of very few families receiving assistance has been raised measurably by social work. It also recognizes, however, that there has been little in the way of evaluation of the social work function to date.

The Governor's Task Force on Welfare Management has indicated that many welfare recipients resist and resent the intrusions of social workers upon their lives. One reason may be that these families are on welfare simply because they do not have sufficient income and not because they have social problems. Other welfare recipients doubtless are beyond the help of the social worker. Consequently, the Commission believes that much of the social work now being performed, aside from being ineffective, is also wasted and misdirected. The Commission recommends:

a. Less, not more social work.

b. The use of fewer, but more highly qualified personnel.

c. The application of social work techniques, only where it appears that these will be helpful.

d. Shifting of routine tasks to para-professionals.

e. The use of private agencies wherever possible. Within the State, there are a number of private Social Service agencies. The immediate benefits of using such agencies would be a probable lesser cost of these services to the taxpayers and, more important, the involvement of more members of our communities in helping people less fortunate than themselves. This recommendation assumes that to the extent private Social Service agencies are used, governmental Social Service agencies will diminish in size.

Lastly, the use of private Social Service agencies is consistent with current H.E.W. policies.

9. <u>The Commission recommends an accelerated program for use of the simplified method for eligibility determination; it also recommends that the State not expand its role in eligibility validation, to the extent possible leaving this function to the Counties</u>.

Until very recently, all Welfare Departments in New Jersey have been required to investigate every applicant for welfare to determine eligibility. At first, the investigation was required to be made before welfare moneys could be paid to any applicant. Delays caused much hardship and resulted in a system of "presumptive eligibility" which permitted the payment of moneys immediately with investigation to follow.

It has become increasingly apparent that the investigation of every welfare recipient is an unnecessary burden and expense. The Federal government has effectively mandated a requirement that every State abandon the total investigatory technique and employ a random sampling method instead. Under "random sampling", a statistically appropriate percentage of welfare applications and no others would be investigated. Experience has shown this approach to be valid. The incidence of fraud has not increased, and, in fact, seems to be lower. Additional checks can be provided by occasional total investigations and by investigation of all cases which any welfare worker considers to be suspicious. New Jersey has commenced a program in obedience to the Federal mandate. The Commission considers the random sampling technique to be one which should be pursued and one which should save considerable administrative expense. There are obvious dangers in reducing the extent of eligibility validation and the effects of this change should be closely monitored.

The Commission is advised that the random sampling investigation for eligibility validation commenced in New Jersey, is being conducted at the State level and has required an increase in personnel in the Division of Public Welfare. It questions this method and recommends that all random sampling investigations be conducted at the County level, the State to supervise and establish statistically valid sampling techniques. The Counties would make the investigations of the selected sample. The State would make checks on the Counties, as has been done in the past. We see no reason to have the State expand its quality control efforts as a result of the simplified eligibility procedures. In fact, this seems a contradiction of the basic purpose of simplified eligibility which, as we understand it, is primarily to reduce administrative expense.

CONCLUSION

As expected, the Commission's review of welfare programs in New Jersey revealed areas of abuse.

Welfare is not and should not be intended for certain purposes. When this happens, the welfare system is abused, its image defaced. Image is important. A bad one causes the denial of public support without which there can be no effective welfare program.

Specific areas of abuse, by no means all-inclusive are:

1. Attending colleges and graduate schools on welfare or related programs such as WIN. Students at these schools are there voluntarily. If they cannot afford to attend through scholarships, or otherwise, they should be obliged to seek employment.

2. The State through its welfare program could be regarded as supporting one side in labor disputes by paying benefits to strikers. It has not been the policy of the State to give financial support to either side in a labor dispute. It should not do so through its welfare program.

3. Payment of mortgages or other liens with welfare monies. Though the Commission recognizes that in many instances home ownership is beneficial to the client and economically so the welfare program, it has never been intended that recipients should use welfare monies to acquire assets. The recommended reimbursement agreements would partially coorect this practice.

4. The charging of exorbitant rents by landlords to welfare tenants. The flat grant recommended will be helpful in correcting this situation. Additional measures will be needed.

Time has prevented this Commission from making detailed recommendations concerning the imposition of liens through reimbursement agreements, the use of private social service agencies, and the establishment of programs for the rehabilitation of welfare recipients. It is, therefore, recommended that the life of the Commission be extended for a reasonable period of time within which it can supply these details.

The Commission is pleased and considers it important to note that its recommendations for a research group, random sampling of eligibility,

separation of services, and improvement of social work have the support of the Governor's Task Force on Welfare Management as evidenced in its reports.

Three other matters, among many, not studied by the Commission deserve brief comment:

1. Education.

Much of our concern must center itself upon the next generation. Many people have expressed a fear that we are constructing a welfare society. The facts seem to support this fear. Education represents our most significant tool for breaking the welfare cycle. Children in disadvantaged areas are not obtaining adequate educations. Educational programs for these children remain largely the same as they have always been, with no real hope for valuable innovation in sight. These children are most likely to graduate to the welfare rolls. Meaningful attention must be directed to this problem.

2. Welfare in the Cities.

In the final analysis, when work is needed for those who can work, and private employment is not available, techniques more imaginative than public assistance should be considered. Many of the cities in New Jersey have seen the emigration from the cities of the middle class and a resultant decline in the tax base. To some extent, this emigration has been caused by the inability of cities to provide necessary services such as police protection, adequate staffing for schools, housing and properly staffed hospitals, to name a few. At the same time, there has been a dramatic increase in the number of welfare recipients in our urban areas, further compounding the problems of the cities. Perhaps a partial solution to these problems might be the development of a program wherein cities would be encouraged to create new jobs to provide necessary services. To the extent that these new jobs were filled by welfare recipients, the cities might be compensated under some formula by the State, and possibly even by the Federal government. This approach is at least worth further study.

3. Rules and Regulations of Welfare

The rules and regulations for welfare administration in New Jersey have grown well beyond the point of no return. They are voluminous, overlapping, ambiguous, contradictory, interpreted differently in different areas of the State, subject to frequent misunderstanding and to abuse. No welfare worker can be expected to master them in a short time, and none can follow them with assurance. The fault is not only with the Division of Public Welfare; Federal law, United States Department of Health, Education and Welfare regulations, and a variety of court decisions also add complexity. Whatever effort is necessary should be made to simplify, improve and consolidate these rules and regulations. The rules of our courts have been revised numerous times since 1947. They involve problems at least as intricate and acute as those involved in the administration of welfare.

The work of this Commission has been as fascinating as it has been difficult. Its members have enjoyed the sharing of a valuable experience, and an opportunity to serve their State. It would have been helpful if more time had been allowed for more in depth study and the examination of more facets of the problem. Like the Governor, however, we are faced with time limitations, which are not mutable. Like him, we are obliged to do our best with what is available to us. We are confident that time limitations have not affected the validity of our recommendations.

Respectfully submitted,

Martin L. Haines, Chairman
Richard J. Vander Plaat, Vice Chairman

Frank H. Blatz, Jr.
Arthur J. Holland
Brian T. Kennedy
Lawrence F. Kramer
William D. McDowell
Ray J. Marini
William V. Musto
Ronald Owens
Samuel D. Proctor
James P. Vreeland

Thomas E. Hitselberger, Executive Secretary

EXHIBIT "A"

OUTLINE OF STUDY AREAS

GOVERNOR'S WELFARE STUDY COMMISSION

1. Continuation of the State program of aid to the under-employed.

2. Increase, decrease or retention at the same level of cash grants to welfare recipients.

3. Inclusion in the basic grant of all items now awarded as special grants; specifically, rent, furniture, clothing, etc.

4. Placing liens on real property for all recipients under all State welfare programs.

5. Encouragement of separation of eligibility determination from Social Services.

6. Advisability of having the State take over the entire administration of all categorical assistance programs.

7. Random post audit of eligibility as opposed to complete audit of eligibility.

8. Amount of assets to be retained by recipients when they become eligible for cash grants; e.g., automobiles, insurance policies, cash, personal effects.

9. Authority of welfare offices to review an initial grant request based upon their subjective interpretation of facts presented to them by the applicant.

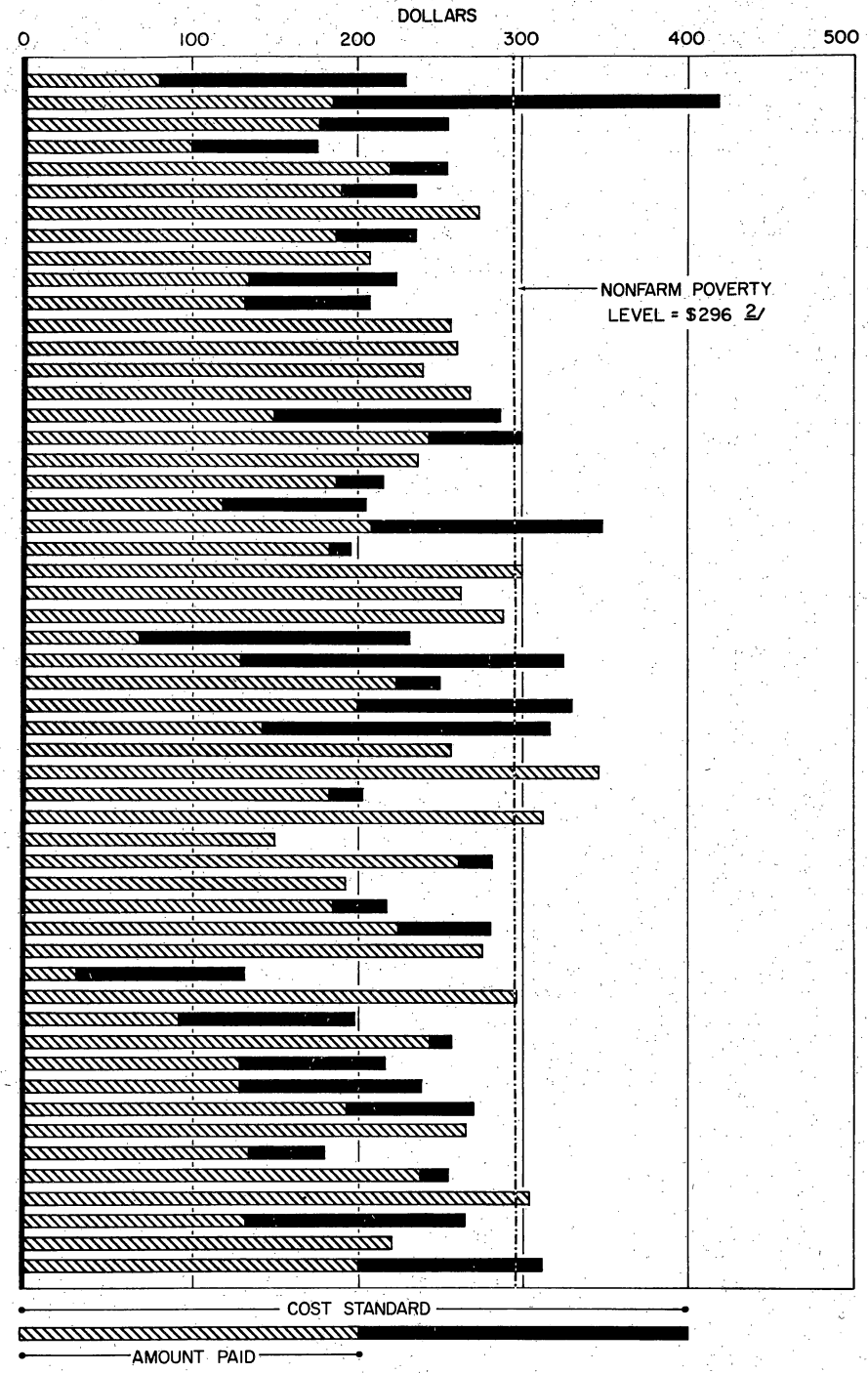
10. Programs to encourage people to leave welfare, such as job training programs.

EXHIBIT "B"

CHART 2.

AID TO FAMILIES WITH DEPENDENT CHILDREN: MONTHLY COST STANDARD FOR BASIC NEEDS OF A FAMILY CONSISTING OF FOUR RECIPIENTS AND AMOUNT PAID TO SUCH FAMILY, BY STATE, JULY 1969 1/

	COST STANDARD	AMOUNT PAID
ALA.	$230	$81
ALASKA	419	185
ARIZ.	256	177
ARK.	176	100
CALIF.	255	221
COLO.	236	191
CONN.	274	274
DEL.	236	187
D. C.	208	208
FLA.	224	135
GA.	208	133
GUAM	257	257
HAWAII	261	261
IDAHO	240	240
ILL.	269	269
IND.	287	150
IOWA	300	244
KANS.	237	237
KY.	216	187
LA.	205	119
MAINE	349	209
MD.	196	183
MASS.	300	300
MICH.	263	263
MINN.	289	289
MISS.	232	69
MO.	325	130
MONT.	250	224
NEBR.	330	200
NEV.	317	143
N. H.	257	257
N. J.	347	347
N. MEX.	203	183
N. Y.	313	313
N. C.	150	150
N. DAK.	282	262
OHIO	193	193
OKLA.	218	185
OREG.	281	225
PA.	276	276
P. R.	132	53
R. I.	297	297
S. C.	198	93
S. DAK.	257	244
TENN.	217	129
TEX.	239	129
UTAH	271	194
VT.	266	266
V. I.	180	135
VA.	255	238
WASH.	304	304
W. VA.	265	138
WIS.	221	221
WYO.	312	200



1/ DATA BASED ON ASSUMPTIONS THAT THE FAMILY: (1) IS LIVING BY ITSELF IN RENTED QUARTERS; (2) NEEDS AN AMOUNT FOR RENT THAT IS AT LEAST AS LARGE AS THE MAXIMUM AMOUNT ALLOWED BY THE STATE FOR THIS ITEM; AND (3) HAS NO INCOME OTHER THAN ASSISTANCE.

2/ FOR A FOUR-MEMBER FAMILY IN CALENDAR YEAR 1968. SOURCE: BUREAU OF THE CENSUS, CURRENT POPULATION REPORTS, SERIES P-60, NO. 68, POVERTY IN THE UNITED STATES, 1959 TO 1968.

HEW-SRS-NCSS No. 369
(REVISED 2/70)

"EXHIBIT B"

ADC Families of Two Recipients

Table 3.--Aid to families with dependent children: Monthly cost standard for basic needs of a family consisting of two recipients and percent that amount paid represents of such cost standard, by State, July 1969

State	Monthly cost standard for basic needs 1/			Amount paid for basic needs under State program is lowest of:			Percent amount paid represents of cost standard for basic needs
	Total	Other than rent	Rent 2/	Maximum on money payment 3/	Amount paid under reduction formula	Amount of cost standard for basic needs	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Alabama	$148	$103	$45	(3/)	$52	---	35
Alaska	315	190	125	$105	---	---	33
Arizona	164	114	50	---	113	---	69
Arkansas	122	87	35	80	---	---	66
California	4/ 155	4/ 98	4/ 57	148	---	---	96
Colorado	153	94	59	---	129	---	84
Connecticut	160	102	58	---	---	$160	100
Delaware	149	109	40	125	---	---	84
District of Columbia	173	131	42	---	---	173	100
Florida	142	92	50	---	85	---	60
Georgia	148	113	35	71	---	---	48
Guam	161	101	60	---	---	161	100
Hawaii	183	114	69	---	---	183	100
Idaho	183	118	65	---	---	183	100
Illinois	218	128	90	---	---	218	100
Indiana	183	133	4/ 50	100	---	---	55
Iowa	186	138	48	---	152	---	82
Kansas	159	114	45	---	---	159	100
Kentucky	128	98	30	(3/)	111	---	87
Louisiana	133	83	50	(3/)	77	---	58
Maine	205	137	5/ 68	---	124	---	60
Maryland	128	88	40	(3/)	124	---	97
Massachusetts	201	126	75	---	---	200	100
Michigan	181	96	85	---	---	181	100
Minnesota	193	127	4/ 66	---	---	193	100
Mississippi	168	128	40	48	---	---	29
Missouri	230	180	50	80	---	---	35
Montana	143	106	37	130	---	---	91
Nebraska	235	135	100	140	---	---	60
Nevada	220	135	85	84	---	---	38
New Hampshire	231	161	70	---	---	231	100
New Jersey	234	144	4/ 90	---	---	234	100
New Mexico	135	98	37	(3/)	122	---	90
New York	201	116	5/ 85	---	---	201	100
North Carolina	120	60	5/ 60	---	---	120	100
North Dakota	190	130	60	---	177	---	93
Ohio	135	60	75	---	---	135	100
Oklahoma	141	111	30	---	120	---	85
Oregon	180	130	50	---	144	---	80
Pennsylvania	193	123	70	---	---	193	100
Puerto Rico	78	58	4/ 20	---	32	---	41
Rhode Island	209	129	80	---	---	209	100
South Carolina	123	83	40	51	---	---	41
South Dakota	181	115	66	---	172	---	95
Tennessee	142	109	33	97	---	---	68
Texas	150	117	33	---	81	---	54
Utah	182	134	48	144	---	---	79
Vermont	176	124	4/ 52	---	---	176	100
Virgin Islands	97	84	13	---	73	---	75
Virginia	179	108	72	(3/)	170	---	95
Washington	230	130	100	(3/)	---	230	100
West Virginia	186	121	65	(3/)	97	---	52
Wisconsin	164	99	4/ 65	---	---	164	100
Wyoming	182	137	45	170	---	---	93

1/ The specified type of family is assumed to be living by itself in rented quarters and to need an amount for rent that is at least as large as the maximum amount allowed by the State for this item. The family also is assumed to have no income other than assistance.
2/ Represents maximum or fixed amount, unless otherwise indicated.
3/ Some States had money payment maximums that were higher than the amount of the cost standard for basic needs or the amount paid under a reduction formula. These States and their applicable maximums were: Alabama, $80; Kentucky, $220; Louisiana, $99; Maryland, $250; New Mexico, $200; Virginia, $280; Washington, $350; and West Virginia, $182.
4/ Estimated average.
5/ Utilities included in rent.

"EXHIBIT B"

ADC Families of Four Recipients

Table 4.--Aid to families with dependent children: Monthly cost standard for basic needs of a family consisting of four recipients and percent that amount paid represents of such cost standard, by State, July 1969

State	Monthly cost standard for basic needs 1/			Amount paid for basic needs under State program is lowest of:			Percent amount paid represents of cost standard for basic needs
	Total	Other than rent	Rent 2/	Maximum on money payment 3/	Amount paid under reduction formula	Amount of cost standard for basic needs	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Alabama	$230	$185	$45	(3/)	$81	---	35
Alaska	419	294	125	$185	---	---	44
Arizona	256	186	70	---	177	---	69
Arkansas	176	141	35	100	---	---	57
California	4/ 255	4/ 190	4/ 65	221	---	---	87
Colorado	236	167	69	---	191	---	81
Connecticut	274	176	98	---	---	$274	100
Delaware	236	186	50	187	---	---	79
District of Columbia	208	162	46	---	---	208	100
Florida	224	159	65	---	135	---	60
Georgia	208	168	40	133	---	---	64
Guam	257	182	75	---	---	257	100
Hawaii	261	176	85	---	---	261	100
Idaho	240	175	65	---	---	240	100
Illinois	269	179	90	---	---	269	100
Indiana	287	237	4/ 50	150	---	---	52
Iowa	300	232	68	---	244	---	81
Kansas	237	187	50	---	---	237	100
Kentucky	216	176	40	(3/)	187	---	87
Louisiana	205	155	50	(3/)	119	---	58
Maine	349	234	5/ 115	---	209	---	60
Maryland	196	156	40	(3/)	183	---	93
Massachusetts	300	225	75	---	---	300	100
Michigan	263	178	85	---	---	263	100
Minnesota	289	209	4/ 80	---	---	289	100
Mississippi	232	192	40	(3/)	69	---	30
Missouri	325	260	65	130	---	---	40
Montana	250	192	58	224	---	---	90
Nebraska	330	230	100	200	---	---	61
Nevada	317	212	105	143	---	---	45
New Hampshire	257	187	70	---	---	257	100
New Jersey	347	247	4/ 100	---	---	347	100
New Mexico	203	156	47	(3/)	183	---	90
New York	313	208	5/ 105	---	---	313	100
North Carolina	150	90	5/ 60	---	---	150	100
North Dakota	282	212	70	---	262	---	93
Ohio	193	103	90	---	---	193	100
Oklahoma	218	178	40	---	185	---	85
Oregon	281	219	62	---	225	---	80
Pennsylvania	276	200	76	---	---	276	100
Puerto Rico	132	112	4/ 20	---	53	---	40
Rhode Island	297	217	80	---	---	297	100
South Carolina	198	158	40	93	---	---	47
South Dakota	257	191	66	---	244	---	95
Tennessee	217	184	33	129	---	---	59
Texas	239	195	44	---	129	---	54
Utah	271	205	66	194	---	---	72
Vermont	266	199	4/ 67	---	---	266	100
Virgin Islands	180	162	18	---	135	---	75
Virginia	255	184	72	(3/)	238	---	93
Washington	304	204	100	(3/)	---	304	100
West Virginia	265	195	70	(3/)	138	---	52
Wisconsin	221	149	4/ 72	---	---	221	100
Wyoming	312	247	65	200	---	---	64

1/ The specified type of family is assumed to be living by itself in rented quarters and to need an amount for rent that is at least as large as the maximum amount allowed by the State for this item. The family also is assumed to have no income other than assistance.
2/ Represents maximum or fixed amount, unless otherwise indicated.
3/ Some States had money payment maximums that were higher than the amount of the cost standard for basic needs or the amount paid under a reduction formula. These States and their applicable maximums were: Alabama, $140; Kentucky, $220; Louisiana, $133; Maryland, $250; Mississippi, $72; New Mexico, $200; Virginia, $280; Washington, $350; and West Virginia, $182.
4/ Estimated average.
5/ Utilities included in rent.

EXHIBIT "C"

Table 7.--Aid to families with dependent children: Recipients of money payments and amount of payments, by State, April 1970 1/

/Excludes vendor payments for institutional services in intermediate care facilities and for medical care and cases receiving only such payments/

State	Number of families	Number of recipients		Payments to recipients			Percentage change from--			
					Average per--		March 1970 in--		April 1969 in--	
		Total 2/	Children	Total amount	Family	Recipient	Number of recipients	Amount	Number of recipients	Amount
Total 3/...	2,069,000	8,001,000	5,892,000	$370,384,000	$179.00	$46.30	+1.8	+1.7	+22.1	+30.5
Ala.....	32,400	132,000	102,000	2,033,000	62.75	15.40	+1.7	+1.1	+26.2	+25.5
Alaska.....	2,600	8,400	6,400	399,000	153.65	47.40	+1.8	+1.0	+23.0	+22.0
Ariz.....	13,100	53,200	40,900	1,640,000	125.45	30.80	+.9	+.4	+20.1	+31.2
Ark.....	12,500	48,700	36,900	1,106,000	88.20	22.70	+3.1	+3.3	+20.9	+40.2
Calif. 3/.....	345,000	1,261,000	889,000	67,666,000	196.35	53.65	+2.0	+3.7	+24.7	+38.3
Colo. 3/.....	20,100	72,200	53,400	2,975,000	147.90	41.25	+1.9	+2.3	+25.3	+31.0
Conn.....	23,200	86,900	64,900	5,586,000	240.75	64.25	+.9	+3.5	+13.3	+15.9
Del. 3/.....	5,500	21,000	15,700	4/ 721,000	130.45	34.35	+1.5	---	+15.0	---
D. C.....	11,200	43,700	34,000	2,379,000	213.15	54.50	+3.5	+2.9	+35.4	+77.5
Fla.....	56,100	217,000	169,000	4,916,000	87.55	22.60	+1.8	+1.4	+24.3	+37.6
Ga.....	58,200	214,000	162,000	6,037,000	103.75	28.20	+1.9	+1.9	+37.9	+58.5
Guam.....	380	1,800	1,500	62,700	166.65	34.75	+2.3	+3.0	+22.3	+24.4
Hawaii 3/.....	6,700	26,400	18,900	1,557,000	231.70	59.10	+.5	+2.0	+23.1	+52.5
Idaho.....	4,700	17,200	12,100	849,000	179.40	49.45	+.4	+1.8	+34.0	+38.6
Ill. 3/.....	91,900	391,000	299,000	21,073,000	229.30	53.95	+1.6	+2.6	+16.9	+30.5
Ind.....	20,500	81,900	61,000	2,917,000	142.05	35.65	+1.6	-1.9	+40.4	+53.8
Iowa.....	18,300	67,100	48,000	3,465,000	189.80	51.65	+1.2	+1.9	+15.4	+19.9
Kans. 3/.....	15,400	56,600	43,300	2,889,000	187.60	51.05	+1.5	+2.5	+22.2	+32.7
Ky.....	35,300	132,000	95,100	3,989,000	112.90	30.20	-.1	-.2	+9.0	+13.2
La.....	51,300	216,000	167,000	4,257,000	82.90	19.70	+1.6	+1.5	+25.0	+3.4
Maine 3/.....	11,200	40,200	29,900	1,756,000	156.40	43.65	+3.8	-5.2	+42.5	+107.8
Md. 3/.....	36,600	139,000	106,000	5,815,000	158.75	41.80	+1.6	+2.0	+18.4	+25.9
Mass. 3/.....	60,800	222,000	162,000	15,300,000	251.55	68.90	+1.7	+2.1	+23.4	+39.9
Mich. 3/.....	72,300	280,000	210,000	14,818,000	205.10	52.85	+3.1	+4.9	+32.5	+44.3
Minn.....	25,000	82,300	63,000	5,809,000	232.40	70.60	+3.1	+5.2	+25.6	+58.1
Miss. 5/.....	30,400	119,000	96,700	1,438,000	47.30	12.10	---	---	---	---
Mo. 3/.....	38,700	149,000	114,000	4,443,000	114.70	29.75	+1.9	+2.2	+20.8	+34.5
Mont.....	4,200	14,700	11,000	577,000	136.75	39.35	+1.4	-9.4	+30.1	+36.8
Nebr. 3/.....	8,400	31,500	23,800	1,269,000	150.75	40.30	+7.3	+11.6	+18.1	+27.1
Nev.....	4,100	13,300	10,000	425,000	104.75	32.00	+4.8	+7.7	+38.5	+47.5
N. H.....	2,500	9,900	7,300	479,000	188.80	48.55	+3.7	+4.2	+32.8	+45.1
N. J. 3/ 4/...	83,000	348,000	250,000	20,000,000	240.95	57.50	---	---	---	---
N. Mex.....	14,500	54,600	41,400	1,765,000	121.60	32.30	+1.5	+1.3	+21.9	+28.6
N. Y. 3/.....	284,000	1,083,000	781,000	69,913,000	246.20	64.55	+.5	-1.4	+6.7	+6.6
N. C.....	34,400	132,000	99,300	3,978,000	115.55	30.15	-.8	-2.0	+16.2	+24.0
N. Dak.....	3,000	11,200	8,500	589,000	196.20	52.65	+.7	+2.3	+7.8	+16.6
Ohio 3/.....	72,600	281,000	208,000	11,595,000	159.80	41.30	+1.4	+1.7	+12.7	+17.7
Okla. 3/.....	26,700	98,000	73,400	3,584,000	134.30	36.60	-.3	-.5	+9.0	+17.5
Oreg. 3/.....	23,200	89,300	60,700	4,219,000	181.60	47.25	+.1	+.8	+72.6	+89.4
Pa. 3/.....	116,000	460,000	329,000	27,804,000	240.10	60.50	+2.6	+1.7	+23.7	+51.9
P. R.....	47,100	235,000	176,000	2,162,000	45.90	9.20	+2.4	+.6	+21.5	+32.4
R. I. 3/.....	10,400	39,300	28,400	2,242,000	215.70	57.10	+1.5	+5.7	+11.2	+28.3
S. C.....	14,600	58,600	44,800	1,153,000	78.80	19.65	+3.4	+3.5	+44.9	+54.7
S. Dak.....	4,700	16,900	12,500	796,000	170.60	47.15	+.8	+1.3	+15.5	+19.4
Tenn.....	37,800	142,000	109,000	4,140,000	109.65	29.10	+5.1	+4.0	+26.1	+39.8
Tex.....	57,600	248,000	187,000	6,854,000	118.95	27.70	+3.9	+3.9	+42.8	+109.4
Utah 3/.....	10,100	35,300	24,300	1,556,000	154.20	44.10	+2.3	+2.6	+16.8	+33.5
Vt. 3/.....	3,500	12,600	9,000	673,000	193.50	53.55	+2.2	+1.2	+6.2	+15.6
V. I.....	490	1,900	1,600	54,700	112.30	28.15	+1.6	+.2	+17.6	+16.0
Va.....	24,700	96,100	72,100	4,121,000	167.15	42.90	+2.5	+2.3	+40.5	+62.1
Wash. 3/.....	35,300	126,000	86,800	7,146,000	202.25	56.90	+.1	+3.6	+53.7	+82.6
W. Va. 3/.....	23,400	97,800	68,700	2,704,000	115.65	27.65	-.2	-.1	+9.5	+18.4
Wis.....	22,500	80,700	61,200	4,444,000	197.40	55.05	+1.1	+1.2	-1.7	-2.9
Wyo.....	1,600	5,600	4,300	246,000	154.45	43.60	+.9	+4.2	+21.9	+36.3

1/ All data subject to revision. Data include nonmedical vendor payments other than those for institutional services in intermediate care facilities. Data also include AFDC-foster care; separate data for foster care appear in releases for February, May, August, and November.
2/ Includes as recipients the children and 1 or both parents or 1 caretaker relative other than a parent in families in which the requirements of such adults were considered in determining the amount of assistance.
3/ Includes data on unemployed-parents segment; see table 8.
4/ Estimated.
5/ Represents data for March; April data not reported.

EXHIBIT "D"

COMPARATIVE MONTHLY INCOME
WELFARE AND NON-WELFARE INCOME

WELFARE INCOME		NON-WELFARE	
(Family of 4--2 adults, 2 children--without income and receiving public assistance)			
Personal and household grant	$ 247	Gross Salary	$ 515
Shelter Cost	100 (1)	Payroll Deductions	45
Value of Medicaid	47 (2)	Employment Expenses	50 (4)
Value of Food Stamps	26 (3)		
Total	$ 420	Total	$ 420
(Family of 7--2 adults, 5 children--without income and receiving public assistance)			
Personal and household grant	$ 358	Gross Salary	$ 773
Shelter Cost	150 (1)	Payroll Deductions	90
Value of Medicaid	83 (2)	Employment Expenses	50 (4)
Value of Food Stamps	42 (3)		
Total	$ 633	Total	$ 633

(1) - Estimated average for families of this size. No actual current data available

(2) - Based on current MEDICAID expenses for ADC recipients.

(3) - The net value of Food Stamps; i.e., the market value of the Food Stamps, less the amount paid by welfare family.

(4) - Based on current Divisionof Public Welfare estimates which are used as a guide line in establishing wage disregards.

EXHIBIT "E"

1. Number of persons in "U" and "N" segments rehabilitated by welfare programs.

Assuming that persons in these segments may be considered as having been rehabilitated when they are no longer eligible for public assistance because of increased earnings, we may advise that such information has been and is being routinely gathered for the total ADC program and fed into the Department's computers. Retrieval of such data, however, is dependent upon the ability of Departmental staff to program for such retrieval and upon the availability of sufficient computer time.

(a) Number rehabilitated by money without social improvement attributable to welfare social work.

Data not available.

(b) Number rehabilitated by welfare social work without money.

Data not available.

(c) Number rehabilitated by money and social work.

Data not immediately available.

(d) Cost of rehabilitation for each sub-category:

(i) Cost of social work.

Data not available.

(ii) Cost of money.

Data not immediately available.

(e) Definition of "rehabilitation."

(i) Time (duration of recovery).

Accepting the notion that rehabilitation is partially measured by the period of time that public assistance is not required, such data are available in the Department's EDP files and could be retrieved dependent upon the availability of programming staff and machine time.

(ii) Social change.

Data not available.

With specific reference to (a),(b) and (c) above, such data could be obtained from staff responsible for individual cases, or from former recipients of assistance or from both. It is obvious, however, that the responses would be totally subjective and the reliability of any conclusions drawn from such data would be questionable.

2. Number of persons on welfare.

(a) Socially improved by welfare money.

Data not immediately available. It must be assumed, however, that if essential finances are made available to needy people, the social situation for the overwhelming majority of them immediately improves.

(b) Socially deteriorated by welfare money.

Data not available. It is difficult for us to conceive that any significant number of needy families become "socially deteriorated" solely because funds presumably required for basic maintenance are made available.

(c) Rehabilitated by welfare money.

(See 1. above)

(d) Rehabilitation prevented by welfare money.

Data not immediately available.

Again, subjective and unreliable data related to (a),(b) and (d) above could be obtained from staff and/or current and former recipients of public assistance. To the best of our knowledge, a suitable research design has never yet been developed and successfully carried out in this area of inquiry.

3. Number of self-sustaining persons who become welfare recipients because they could achieve a nearly equivalent income without working.

Provided that the attached regulations (M.A. 2281.4 and M.A. 2281.5) issued by this Division are being correctly observed by the local administering agencies, there should be no such persons eligible to receive public assistance.

4. Value of work as rehabilitation factor.

The specific data desired is obscure. We submit, however, that public assistance programs in New Jersey have not overlooked the traditionally accepted value of employment, even prior to and apart from the special impact this factor has in the "unemployed" and "underemployed" segments of our ADC program. The significance and value of employment are specifically dealt with in M.A. 2286, copy of which is attached.

5. Money as incentive to rehabilitation.

Data not available.

We suggest that this issue has been debated pro and con for many years and we would be surprised if any State has ever been able to secure "hard" data. The Federal government is also very much interested in this matter and, through its Office of Economic Opportunity, provided Mathamatica, Inc. of Princeton, with approximately $4,000,000 in order to obtain hard data. Results to date, we understand, are still inconclusive.

6. Number of illegitimates produced as a result of welfare grants.

With respect to this issue, we must assume that the information desired is related to determining the number of children born to single, divorced or separated women, who become added to the assistance rolls subsequent to the family's otherwise becoming eligible for public assistance. (Only in rare instances would we find that such issue would have any significant impact on our "unemployed" and "underemployed" ADC segments since all children born to such families are in fact or are legally presumed to be legitimate.)

(a) Cost of illegitimates to welfare program.

Although data relating to the cost of such persons to the welfare program are not cumulatively and specifically recorded, such data could be obtained within a reasonable period of time from the County Welfare Boards. As a matter of fact, several County Welfare Boards have made independent studies of the issue and, accordingly, we may advise as follows:

During 1966, the Somerset County Welfare Board added 17 children to its ADC rolls who were born out of wedlock to active recipients. During 1967, 22 such children were added. During 1968, 20 such children were added.

On January 1, 1967, the Atlantic County Welfare Board reported that it, at that point in time, had a total of 283 such children on its rolls who had been born to active recipients of public assistance since January 1, 1960.

In addition, since January 1, 1970, Medicaid routinely obtains and records information on all children added to the eligibility file which, at any point in time as required, could be retrieved from our hardware. The County Welfare Boards, from their records, could easily supply information concerning the birth status of such children against which costs could be computed. Such specific additional costs are identifiable through application of Schedule II of our Categorical Assistance Budget

Manual. The average monthly increase in a family's assistance grant that results from the addition of another child can be estimated as approximately $35 per child.

(b) Number of illegitimates who become self-sustaining.

Data not available. Considering the fact, however, that families remain on ADC for an average of only 20 months, and since children in such families do not normally become self-sustaining until they have completed their secondary school education, the collection of such data would have little significance for current policy determinations.

7. Effectiveness of social work.

(a) How much expended on recipients not capable of improvement?

Data not available. We do not, however, assume that any ADC recipients are incapable of improvement.

(b) How many workers are capable of providing real social assistance?

Data not immediately available. It could presumably be obtained by requesting individual evaluations from the respective County Welfare Boards who are the appointing and supervising authorities. We must assume, however, that all persons officially employed as Case Workers, by virtue of their education, experience, training and qualification under the Civil Service system, are capable of providing real social assistance.

(c) How many social workers should be replaced by less qualified personnel performing routine chores?

On the basis of the active caseload as of July 1, 1970, amounting to 123,924 families in all categories, and estimating that one caseworker is required to serve 60 families, 2065 caseworkers were required. Of this number, it is currently estimated that 40%, or 826, are required to provide services exclusively. Since only 1648 caseworker positions were actually filled by the County Welfare Boards as of July 1970, 822 caseworkers could, in relation to the caseload that existed at that time, have been replaced by personnel with lesser educational attainment.

8. How much money is spent on:

(a) Highly skilled welfare social work?

(b) Moderately skilled welfare social work?

(c) Routine welfare social work?

Data routinely available. For the calendar quarter ending September 30, 1970, $218,000 was spent by the County Welfare Boards for highly skilled social work; $2,840,000 was spent for moderately skilled social work; and $214,000 was spent for routine social work by the County Welfare Boards.

9. What are the comparative effects of New Jersey Welfare payments and the lesser payments made by other states?

Considerable interstate comparison data are available, which would be susceptible of correlation with the amounts of New Jersey welfare payments and the lesser or greater payments made by other states. Whether we would be in a position to determine whether data desired by the Commission are currently available, or might be obtained within a reasonable period of time, would be dependent upon identification of the specific characteristics of the particular comparisons desired.

10. Liens.

(a) How much is collected on them in each category?

Although data on gross collections are not available by category, they are available for all categorical assistance programs combined.

(See attached three tables entitled "Total Collections from Clients' Resources by County Welfare Boards - Amount and Percentage of Collections, by Source for Fiscal Years...")

(b) How much does it cost to collect in each category?

Data not available. However, we believe it to be a relatively minor fraction of the total amount now being expended for administration.

(c) What is the experience with them in other states?

Although hard data related to (a) and (b) above are not immediately available to us from the other states, we know that as of December 31, 1967, provisions for Recoveries, Liens and Assignments were in effect in the 54 States and Territories as follows:

OAA	AB	DA	ADC
32	22	26	9

With specific reference to ADC, the nine states having such provisions, and the general nature of the provisions, were:

Connecticut	-	Lien against real property - for equity paid by state.
Florida	-	Claim against estate of parent payee.
Hawaii	-	Claim against estate of recipient.
Illinois	-	Claim upon personal injury damages.
Kansas	-	Claim against estate.
New Jersey	-	Claim against estate of deceased minor. Claim against identified funds, the receipt of which by the family is pending.
New York	-	Permissive lien on real property, unenforceable during occupancy.
Pennsylvania	-	Lien against real property, unenforceable during occupancy.
Utah	-	Lien against real property, other than occupied home.

(d) How do they affect welfare recipients?

Data not available.

11. How much welfare money is being spent in New Jersey to:

(a) Support persons in college?

(b) Support persons in graduate school?

Such data are not available. It may be collected by review of each case at any point in time.

(c) Pay mortgages?

Data are not routinely gathered. The Division of Public Welfare is, however, currently engaged in a sample study of this item, the results of which can be made available to the Commission in the near future.

(d) Support strikers?

Data not available. It could be obtained within a reasonable period of time from the County Welfare Boards with respect to a specific point in time.

(e) Support marginal employees?

Lacking a specific definition of "marginal," we assume that information desired relates to the ADC-"N" segment. If our assumption is correct, such data have already been supplied to the Commission.

12. How many able-bodied persons in New Jersey have rejected employment because it was not "suitable"?

With respect to able-bodied persons referred for employment by the County Welfare Boards to the Department of Labor, such data may be available from that Department. We know that the Department of Labor does have such data on all persons referred to them for the WIN program.

Data with respect to persons not referred to the Department of Labor are not readily available. Such data would be available in the County Welfare Boards' records and could be laboriously gathered.

GTR:DIA

2281. Deprivation of Parental Support or Care (Cont'd)

.4 Unemployment

a. The Eligibility Factor

For purposes of public assistance in New Jersey an eligible child, when living with both natural or adoptive parents, may be found to be deprived of parental support or care by reason of the unemployment of his father.

b. Unemployment Defined

"Unemployment" is defined as being employed less than 35 hours a week, or less than the number of hours considered by the industry to be full time for the job, whichever is less.

c. Procedures for Determination of Unemployment

1) Determining Eligibility

In determining eligibility for assistance or continuance of assistance, it must be established that the father:

a) has been unemployed within the definition set forth for "Unemployment";

b) is actively seeking full employment;

c) is currently registered or, will register with the Division of Employment Security within five (5) days of date of application;

d) will, if appropriate, within 30 days after the receipt of assistance, be referred for participation in the Work Incentive Program; and

e) has not, without good cause, refused a bona fide offer of employment or training for employment.

(1) Before it is determined that a father has refused a bona fide offer of employment or training for employment without good cause, CWB must establish that such an offer was actually made. The father shall be given an opportunity to explain why such an offer was not accepted. Questions with respect to the following factors must be resolved:

2281. Deprivation of Parental Support or Care (Cont'd)

.4 c. 1) e) (1) (a) that there was a definite offer of employment at wages, meeting any applicable minimum wage requirements and which are customary for such work in the community;

(b) the father's inability to engage in such employment for physical reasons or because he has no way to get to or from the particular job; and

(c) working conditions, such as risks to health, safety, or lack of workmen's compensation protection.

(2) In the case of offers of employment made through the public employment or Manpower agencies, the determination as to whether the offer was bona fide, or whether there was good cause to refuse it, will be made by that office or agency.

2) Client Refusal of Employment or Training

When it has been determined that an applicant or a recipient has refused to seek employment or has refused to accept a bona fide offer of employment or training for employment, the needs of such father shall not be included in the grant.

d. Special Criteria for Federal Recipient Count

For purposes of Federal matching of assistance payments based on "Unemployment," the following criteria must be met:

1) The father has been unemployed (See 2281.4 b. for definition) for at least 30 days prior to the receipt of public assistance and is currently registered with the Division of Employment Security.

2) The father has not, without good cause, within such 30-day period prior to the receipt of public assistance, refused a bona fide offer of employment or training for employment. [See 2281.4 c. 1) e)]

3) The father has (i) six or more quarters of work* (see note below) within any 13-calendar-quarter period ending within one year prior to the application for such aid, or (ii) within such one-year period, received unemployment compensation under an unemployment compensation law of a State or of the United States, or was qualified** (see note below) for such compensation under the State's unemployment compensation law.

2281. Deprivation of Parental Support or Care (Cont'd)

.4 d. 4) The father has not received unemployment compensation under an unemployment compensation law of a State or of the United States for any week for which he has also received a grant of assistance.

5) The father will, within 30 days after the receipt of assistance, be referred for participation in the Work Incentive Program; or, if he resides in a county that does not have such a program, will be referred to the local office of the Division of Employment Security for participation in a manpower training program.

6) If an application is made within six months after the effective date of this program (January 1, 1969) in accordance with the provisions set forth above, [1) through 5)] the father will be considered to have met the requirements of d. 3) above, if he met such requirements at any time after April 1961 and prior to the date of such application.

Notes: * A "quarter of work" with respect to any individual means a period (of three consecutive calendar months ending on March 31, June 30, September 30, or December 31) in which he received earned income of not less than $50, or in which he participated in a community work and training program under section 409 of the Act or any other work and training program subject to the limitations in such section 409, (Title V projects) or the Work Incentive Program established under Part C of Title IV of the Act.

** An individual shall be deemed "qualified" for unemployment compensation under the State's unemployment compensation law if he would have been eligible to receive such benefits upon filing application, or he performed work not covered by such law which, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such benefits upon filing application.

2281. Deprivation of Parental Support or Care (Cont'd)

.5 Insufficient Earnings of Both Natural or Adoptive Parents

a. The Eligibility Factor

For purposes of public assistance in New Jersey a child, when living with both natural or adoptive parents, may be found to be deprived of parental support or care by reason of insufficient earnings of his parents. [Assistance granted in such cases is not subject to Federal matching.]

b. Insufficient Earnings Defined

"Insufficient earnings" is defined as the father being employed that number of hours considered by the industry to be full time for the job and his earnings combined with the earnings, if any, of the mother is less than the amount necessary to meet the needs of the family in accordance with standards set forth in the Categorical Assistance Budget Manual.

c. Procedures for Determination of Insufficient Earnings

1) Determining Eligibility

In determining eligibility for assistance or continuance of assistance, it must be established that the father:

a) comes within the definition of "Insufficient Earnings";

b) if employed in an occupation in which his earnings are not equal to his potential, is or will be registered with the Division of Employment Security; and

c) has not without good cause refused a bona fide offer of employment with increased earnings or training for employment which may lead to increased earnings. [See 2281.4 c. 1) e)]

2) Client Refusal of Employment or Training

The needs of the father shall not be included in the assistance grant when:

a) it has been determined that he has refused to seek employment or has refused to accept a bona fide offer of employment or training for employment; or

b) if employed in an occupation in which his earnings are not equal to his potential, refuses to register with the Division of Employment Security.

2286. Employment and Training

One of the goals of public assistance is to help the client realize his full potential and make use of his own capacities for self-support. Therefore, appropriate individuals must be promptly referred to the State Employment Service for job or training referral.

[Policy accordingly is as defined below and is as contained in 2200 Appendix XIII which defines the policy and procedure of the Work Incentive Program.]*

.1 Employment for Father

Since in our society the father is accepted as the primary breadwinner, family life will be greatly strengthened if he can become a self-supporting head of the household. Every available resource must be utilized to realize this goal.

a. When the mother is in the home, and the father is incapacitated, or unemployed, or there is insufficient income of the parents, the policy shall be as in 2281.3, 2281.4 and 2281.5, respectively. However, when the mother is so seriously incapacitated that she cannot function as a homemaker, the policy shall be the same as in b. below.

b. When the mother is not in the home, because of death or continued absence, the father may be needed at home to provide care and protection for the child. However, it shall be the affirmative policy of CWB to help the father arrange for necessary care of the home and child through the services of other persons or agencies so that he may retain or obtain gainful employment.

.2 Employment or Training for Mother

a. Since it is a basic principle to strengthen family life, a mother's first responsibility is the care and protection of her child and/or incapacitated husband. However, self-support, by all reasonable means, should at all times be actively encouraged. Consistent with this principle, total or partial self-support through employment or training for employment of the mother shall be encouraged provided such employment or training is not contraindicated after careful evaluation of the following criteria:

1) The need for the mother's services at home depends upon the number, age and special needs of the children (see 2200 Appendix on WIN program for guidelines)*; incapacity of the father; the mother's acceptance of the homemaking responsibility; and the availability of a mother-substitute to assure the adequate care and supervision of the children at home or child care setting.

* when issued - meanwhile refer to Circular Letters #547 and #677.

2286. Employment and Training (Cont'd)

.2 a. 2) Her potential for employment or training depends upon her capacity for employment or training, the economic feasibility, the job availability, and her physical and emotional ability to assume the dual responsibility of mother and breadwinner.

b. If, in the finding of the agency, the employment or training of the mother is not contraindicated, she may be required to show that she is actively seeking employment, and may be required to accept employment or training when suitable employment or training opportunity can be identified as available to her. Under such circumstances, failure or refusal to seek employment or to accept available employment or training, shall be just cause to delete the needs of the mother from the grant.

.3 Employment for Children

The State affirms the concept that all children receiving public assistance should be afforded services which will enable them to become responsible citizens and attain a level of financial independence which is consistent with the capacities of the individual child. Such services should be directed toward providing the opportunity to ADC children for further education or work training which offer a potential for employment not available to the unskilled.

a. Educational Opportunity

Primary emphasis shall be placed upon providing an opportunity for an education that will help these children realize their capabilities and develop into independent adults, able to share in the life of their neighborhood and community.

1) The decision as to the course of study or training to be taken should be primarily the responsibility of the child and his parents. This does not preclude the recommendations of educational authorities as to the program best suited to the child's capacities. Counselling should be afforded by age 16 or the second year of high school, whichever is earlier, so that the child will be prepared to continue his education or to select vocational training.

2286. Employment Policy (Cont'd)

.3 a. 2) CWB should maintain information concerning availability of scholarship and loan funds, particularly those available through State sources, and use this information for counselling of children who show potential for further education.

3) During the summer months, particularly after completion of secondary school, a child should be encouraged to obtain employment, and monies earned should be made subject to the established plan for conservation of income for purposes of further education.

b. Work/Training Opportunities

Under the provisions of the Economic Opportunity Act of 1964 and other sponsorship there is a widespread progressive development of various programs affording work and training opportunities for youth. Since these programs are intended to help economically deprived families, and have the basic purpose of overcoming poverty by enabling individuals to obtain financial independence, it is reasonable to expect that children receiving ADC should take maximum advantage of these opportunities. Where any child between the ages of 16 and 18 who is not attending school and is not employed refuses, without good cause, to participate in an available work/training program, such child shall be considered ineligible for further assistance through the ADC program.

1) A finding that a work/training program is available shall be supported by information in the case record which identifies the program and its sponsorship, and which shows that such program was known to the recipient-child and that he was eligible for participation.

2) Refusal for good cause includes such situations as:

a) lack of capacity or ability to perform the work/training;

b) return to school or beginning of employment at an early date so that participation in work/training is not feasible;

c) obviously unsuitable work or training assignment;

d) assignment to a hazardous job, or one excessively distant, or one requiring extended travel time from the home.

2286. Employment Policy (Cont'd)

.3 b. 3) When refusal to participate is based upon physical or mental incapacity, and doubt exists as to good cause, opportunity for a medical examination should be offered as an assistance cost.

c. Employment

Children should be encouraged to work and handle money as part of their "growing up" process, provided it

1) does not interfere with school attendance, and

2) is not in conflict with State and Federal child labor laws, and

3) is within the physical and mental capacity of the child.

If at any time prior to his 18th birthday, the child withdraws or is expelled from school, immediate arrangements should be made with the New Jersey State Employment Service both for aptitude testing and job placement.

EXHIBIT "E"

TOTAL COLLECTIONS FROM CLIENTS' RESOURCES BY COUNTY WELFARE BOARDS 1]
AMOUNT AND PERCENTAGE OF COLLECTIONS BY SOURCE
FOR THE TWELVE MONTH PERIODS ENDING 1958 — 1961

SOURCE	JUNE 30, 1961		JUNE 30, 1960		JUNE 30, 1959		JUNE 30, 1958	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
TOTAL COLLECTIONS	$1,922,400.	100.0	$1,901,573.	100.0	$1,781,347.	100.0	$1,709,315.	100.0
FRATERNAL INSURANCE	40,895.	2.1	40,035.	2.1	51,704.	2.9	44,470.	2.6
OTHER LIFE INSURANCE	742,919.	38.7	684,872.	36.0	672,989.	37.8	688,342.	40.3
OLD AGE & SURVIVORS INS.	288,303.	15.0	254,262.	13.4	210,031.	11.8	138,186.	8.1
REAL ESTATE	363,136.	18.9	409,300.	21.5	473,858.	26.6	465,705.	27.3
CLIENT'S INHERITANCE	43,983.	2.3	91,824.	4.8	87,978.	4.9	77,517.	4.5
CASH & BANK ACCOUNTS	90,959.	4.7	142,817.	7.5	155,578.	8.7	174,803.	10.2
CONT. BY REL. & FRIENDS	290,562.	15.1	171,573.	9.0	81,137.	4.6	78,751.	4.6
SECURITIES	8,177.	.4	18,754.	1.0	22,135.	1.2	12,575.	.7
ACCIDENT RECOVERIES	53,466.	2.8	88,136.	4.7	25,937.	1.5	28,966.	1.7

DISBURSEMENTS OF FUNDS REALIZED FROM CLIENTS' RESOURCES BY COUNTY WELFARE BOARDS 1]
AMOUNT AND PERCENTAGE OF DISBURSEMENTS BY OBJECT OF DISBURSEMENTS

OBJECT OF DISBURSEMENT	JUNE 30, 1961		JUNE 30, 1960		JUNE 30, 1959		JUNE 30, 1958	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
TOTAL DISBURSEMENTS	$1,844,071.	100.0	$1,814,845.	100.0	$1,909,583.	100.0	$1,650,966.	100.0
CASH TO CLIENT	167,989.	9.1	169,891.	9.4	130,538.	6.8	93,494.	5.7
MEDICAL	56,193.	3.0	49,093.	2.7	54,457.	2.9	52,154.	3.2
OTHER BILLS	16,579.	.9	19,493.	1.1	23,705.	1.2	20,564.	1.2
BURIAL	298,843.	16.2	287,631.	15.9	239,984.	12.6	249,670.	15.1
CASH TO SURVIVORS	37,075.	2.0	32,839.	1.8	43,668.	2.3	27,301.	1.7
OTHER	84,495.	4.6	54,981.	3.0	76,978.	4.0	69,977.	4.2
NET REIMBURSEMENTS	1,182,897.	64.2	1,200,917.	66.1	1,340,253.	70.2	1,137,806.	68.9
REIMBURSEMENT RATE 2]								
OAA	$4.06		$4.64		$5.52		$5.04	
DA	3.37		3.75		4.37		3.99	
ADC	.27		.08		- 3]		- 3]	

1] AMOUNTS SHOWN INCLUDE FOLLOWING PROGRAMS FOR DATES INDICATED:

1958 AND 1959 - OAA AND APTD PROGRAMS ONLY.

1960 - OAA AND APTD PROGRAMS; ALSO AMOUNTS ON BEHALF OF ADC PROGRAM FROM 1/1/60 TO 6/30/60.

1961 - OAA, APTD, AND ADC PROGRAMS.

2] RATE OF NET OAA, DA, AND ADC REIMBURSEMENTS TO EACH $100. OF NET ASSISTANCE EXPENDITURES FOR THE RESPECTIVE PROGRAM.

3] NOT AVAILABLE; PROGRAM UNDER ADMINISTRATION OF STATE BOARD OF CHILD WELFARE.

EXHIBIT "E"

TOTAL COLLECTIONS FROM CLIENTS' RESOURCES BY COUNTY WELFARE BOARDS
AMOUNT AND PERCENTAGE OF COLLECTIONS BY SOURCE FOR FISCAL YEARS 1962-1965

Source	1964-1965		1963-1964 1/		1962-1963		1961-1962	
	Amount	%	Amount	%	Amount	%	Amount	%
Total Collections	$2,393,314.	100.0	$2,337,141.	100.0	$2,440,489.	100.0	$2,338,524.	100.0
Fraternal Insurance	28,973.	1.2	28,347.	1.2	37,312.	1.5	47,494.	2.0
Other Life Insurance	792,176.	33.1	746,263.	31.9	799,845.	32.8	813,231.	34.8
Old Age Survivors & Disability Insurance	225,391.	9.4	307,762.	13.2	353,252.	14.5	469,110.	20.1
Real Estate	371,129.	15.5	387,752.	16.6	478,496.	19.6	363,112.	15.5
Clients' Inheritance	106,049.	4.4	111,226.	4.8	131,559.	5.4	106,334.	4.5
Cash and Bank Accounts	130,498.	5.5	95,897.	4.1	53,428.	2.2	72,188.	3.1
Contributions by Relatives & Friends	633,141.	26.5	568,936.	24.3	482,440.	19.7	362,481.	15.5
Securities	14,190.	0.6	7,628.	0.3	9,484.	.4	43,961.	1.9
Accident Recoveries	91,767.	3.8	83,330.	3.6	94,673.	3.9	60,633.	2.6

DISBURSEMENTS OF FUNDS REALIZED FROM CLIENTS' RESOURCES BY COUNTY WELFARE BOARDS
AMOUNT AND PERCENTAGE OF DISBURSEMENTS BY OBJECT OF DISBURSEMENT

Object of Disbursement	1964-1965		1963-1964 1/		1962-1963		1961-1962	
	Amount	%	Amount	%	Amount	%	Amount	%
Total Disbursement	$2,388,473.	100.0	$2,120,828.	100.0	$2,407,657.	100.0	$2,159,032.	100.0
Cash to Client	267,881.	11.2	223,406.	10.5	169,898.	7.0	155,297.	7.2
Medical	19,297.	0.8	16,247.	0.8	17,007.	0.7	44,642.	2.1
Other Bills	17,050.	0.7	17,010.	0.8	22,656.	0.9	15,889.	0.7
Burial	233,516.	9.8	220,531.	10.4	283,353.	11.8	294,173.	13.6
Cash to Survivors	30,136.	1.3	36,312.	1.7	41,088.	1.7	47,657.	2.2
Other	60,736.	2.5	46,476.	2.2	56,650.	2.4	66,296.	3.1
Net Reimbursements	1,759,857.	73.7	1,560,846.	73.6	1,817,005.	75.5	1,535,078.	71.1
Reimbursement Rate 2/								
OAA	$5.54		$6.70		$5.55		$4.90	
DA	3.27		3.32		4.47		5.31	
ADC	0.50		0.50		.61		.54	
AB	0.36		0.07		- 3/		- 3/	
MAA	2.37		0.99		- 4/		- 4/	

1/ AMOUNTS SHOWN INCLUDE DATA FOR ELEVEN MONTHS ONLY BECAUSE OF CHANGE IN CLOSING DATE FOR MONTHLY REPORTING EFFECTIVE JULY 1, 1963.

2/ RATE OF NET OAA, APTD, ADC, AB, AND MAA REIMBURSEMENTS TO EACH $100. OF NET ASSISTANCE EXPENDITURES IN THE RESPECTIVE PROGRAMS.

3/ ASSISTANCE FOR THE BLIND WAS ADMINISTERED BY THE COMMISSION FOR THE BLIND PRIOR TO JULY 1, 1963.

4/ MEDICAL ASSISTANCE FOR THE AGED BECAME EFFECTIVE JULY 1, 1963.

Comparison of collections, receipts and disbursements for the fiscal years ended June 30, 1966 through 1969 is shown in the following analysis:

TOTAL COLLECTIONS FROM CLIENTS' RESOURCES BY COUNTY WELFARE BOARDS
AMOUNT AND PERCENTAGE OF COLLECTIONS, BY SOURCE FOR FISCAL YEARS 1966-1969

Source	1968-1969		1967-1968		1966-1967		1965-1966	
	Amount	%	Amount	%	Amount	%	Amount	%
Total Collections	$3,866,244.	100.0	$3,123,100.	100.0	$2,400,082.	100.0	$2,608,219.	100.0
Fraternal Insurance	24,239.	0.6	24,664.	0.8	23,369.	1.0	23,533.	0.9
Other Life Insurance	691,339.	17.9	778,180.	24.9	732,537.	30.5	778,662.	29.9
Old Age Survivors & Disability Insurance	333,681.	8.6	290,582.	9.3	320,584.	13.4	251,155.	9.6
Real Estate	343,907.	8.9	382,732.	12.3	357,694.	14.9	393,666.	15.1
Clients' Inheritance	104,174.	2.7	71,717.	2.3	73,971.	3.1	78,309.	3.0
Cash and Bank Accounts	81,036.	2.1	178,019.	5.7	101,899.	4.2	194,792.	7.5
Contributions by Relatives & Friends 1/	2,169,472.	56.1	1,260,560.	40.3	668,627.	27.9	710,507.	27.2
Securities	3,008.	0.1	16,336.	0.5	3,510.	0.1	6,087.	0.2
Accident Recoveries	115,388.	3.0	120,310.	3.9	117,891.	4.9	171,508.	6.6

DISBURSEMENTS OF FUNDS REALIZED FROM CLIENTS' RESOURCES BY COUNTY WELFARE BOARDS
AMOUNT AND PERCENTAGE OF DISBURSEMENTS BY OBJECT OF DISBURSEMENT

Object of Disbursement	1968-1969		1967-1968		1966-1967		1965-1966	
	Amount	%	Amount	%	Amount	%	Amount	%
Total Disbursement	$3,535,127.	100.0	$3,097,460.	100.0	$2,568,123.	100.0	$2,440,571.	100.0
Cash to Client	289,628.	8.2	304,976.	9.9	263,485.	10.3	266,535.	10.9
Medical	9,846.	0.3	9,407.	0.3	16,879.	0.7	14,374.	0.6
Other Bills	20,358.	0.6	16,805.	0.5	22,391.	0.9	18,575.	0.8
Burial	175,072.	5.0	163,809.	5.3	165,399.	6.4	187,070.	7.7
Cash to Survivors	40,534.	1.1	29,201.	0.9	26,379.	1.0	27,489.	1.1
Other	49,633.	1.4	47,778.	1.5	88,519.	3.4	65,231.	2.7
Net Reimbursements 1/	2,950,056.	83.4	2,525,484.	81.6	1,985,071.	77.3	1,861,297.	76.2
Reimbursement Rate 2/								
OAA	$3.10		$4.30		$5.11		$4.41	
DA	2.36		2.64		3.56		3.94	
ADC	0.24		0.35		0.39		0.54	
AB	0.80		1.21		0.69		0.52	
MAA	4.66		3.26		3.04		2.38	

1/ Includes collections and reimbursements for care received in hospitals for mental diseases by recipients of MAA; $1,001,592. in 1968-69 and $530,193. in 1967-68.

2/ Rate of net OAA, APTD, ADC, AB, and MAA reimbursements to each $100. of net assistance expenditures in the respective programs.

EXHIBIT "E"

EXHIBIT "F"

SPECIAL CIRCUMSTANCE GRANTS

The following list represents a summary of special circumstance grants as described in the Categorical Assistance Budget Manual (Sec. 300). According to the Manual, the State allows special circumstance grants in 26 categories, ranging from indebtedness to diet services.

1. Extermination
2. Deposits for meters, keys, breakage and losses
3. Rental Deposit (Precondition)
4. Utility Deposit (Precondition)
5. Garbage Collection
6. Essential Home Repairs (ownership)
7. Sewer charges
8. Telephone for (a) health (b) earnings (c) blind or handicapped
9. Water
10. Storage
11. Moving
12. Insurance Costs for personal property
13. Personal Property taxes
14. Catastrophe (fire, flood, etc.)
15. Indebtedness on essential and irreplaceable property after efforts to defer, reduce payment (up to 3 months back rent in case of eviction) (utility debts)
16. Life insurance premiums for policies under $1,000 face value/person covered which is assigned to Welfare Board.
17. Allowances for chronically ill; including special clothing allowances
18. Blue Cross and Blue Shield insurance premiums
19. Restaurant allowances (for those without cooking facilities)

20. Transportation (for health reasons only)

21. Homemaker expenses

22. Child Care

23. Training expenses

24. Errand service (for shut-ins)

25. Guide service (for blind)

26. Therapeutic diet

EXHIBIT "G"

STATE OF NEW JERSEY
DEPT. INSTITUTIONS & AGENCIES
DIVISION OF PUBLIC WELFARE

SELECTED COMPARATIVE STATISTICS FOR ALL ADC PROGRAM SEGMENTS

	UNDEREMPLOYED PARENTS							UNEMPLOYED FATHER		PARENTAL DEATH, DISABILITY OR ABSENCE	
	NUMBER OF CASES AND PERSONS RECEIVING ASSISTANCE					AVERAGE 1) ASSISTANCE PAYMENT		AVERAGE 1) ASSISTANCE PAYMENT		AVERAGE 1) ASSISTANCE PAYMENTS	
		PERSONS			ASSISTANCE						
	CASES	ADULTS	CHILDREN	TOTAL	PAYMENTS 1)	PER CASE	PER PERSON	PER CASE	PER PERSON	PER CASE	PER PERSON
JAN. 1969	264	519	1,654	2,173	$ 49,315.	$186.80	$22.69	$330.92	$52.02	$249.56	$63.33
FEB.	1,851	3,745	9,954	13,699	341,917.	184.72	24.96	282.54	47.82	253.66	64.80
MAR. *	1,722	3,573	9,048	12,621	406,067.	235.81	32.17	292.57	49.81	272.97	69.76
APR.	2,660	5,514	13,856	19,370	682,242.	256.48	35.22	317.97	54.14	276.22	70.53
MAY	3,024	6,384	16,878	23,262	769,368.	254.42	33.07	315.84	55.13	270.69	69.30
JUNE	3,376	7,139	17,436	24,575	896,609.	265.58	36.48	320.51	56.88	269.24	68.96
JULY	3,526	7,494	18,326	25,820	882,052.	250.16	34.16	317.38	56.37	263.94	67.69
AUG.	3,847	8,229	19,932	28,161	968,954.	251.87	34.41	310.78	56.06	268.57	69.16
SEPT.	4,131	8,828	21,412	30,240	1,052,528.	254.79	34.81	317.10	57.64	269.95	69.54
OCT.	4,475	9,600	23,077	32,677	1,140,365.	254.83	34.90	325.52	58.31	270.25	69.29
NOV.	4,687	10,054	24,096	34,150	1,129,269.	240.94	33.07	317.90	57.36	269.86	69.67
DEC.	5,048	10,824	25,767	36,591	1,311,210.	259.75	35.83	322.12	58.57	269.08	69.60
JAN. 1970	5,235	11,232	26,616	37,848	1,317,884.	251.74	34.82	313.50	56.81	244.12	63.67
FEB.	6,142	12,614	28,944	41,558	1,462,023.	238.04	35.18	303.72	56.37	244.22	63.24
MAR.	6,135	13,087	29,926	43,013	1,513,580.	246.71	35.19	317.11	57.99	244.13	63.65
APR	6,527	13,920	31,706	45,626	1,619,943.	248.19	35.50	319.40	52.88	249.66	65.79
MAY	6,962	14,835	33,412	48,247	1,768,964.	254.09	36.66	315.12	52.10	246.87	65.12
JUNE	7,467	15,896	35,629	51,525	1,906,396.	255.31	37.00	316.19	54.19	248.13	65.47
JULY	7,823	16,630	36,840	53,470	1,989,747.	254.35	37.21	312.41	54.03	247.43	65.54
AUG.	8,369	17,808	38,947	56,755	2,149,553.	256.85	37.87	311.19	54.87	247.75	66.12
SEPT.	9,695	18,415	40,182	58,597	2,244,915.	231.55	38.31	273.16	55.93	255.93	66.80
OCT.	9,258	19,634	42,323	61,957	2,367,620.	255.74	38.21	316.65	56.73	250.71	67.03

* ASSISTANCE STANDARDS UPDATED AS REQUIRED BY U. S. DEPARTMENT OF HEALTH, EDUCATION AND WELFARE.

1) INCLUDES MEDICAL VENDOR PAYMENTS UNTIL JANUARY 1970.

EXHIBIT "H"

EXCERPTED FROM:

REPORT OF THE GOVERNOR'S TASK FORCE ON WELFARE MANAGEMENT,

JANUARY 15, 1970

The Dual Role of the Caseworker and Administrative Efficiency

At the level of client-agency contact, public welfare is administered on a non-specialized basis; both relief payments and rehabilitative services are provided to a recipient by a single "Caseworker I." These two functions obviously involve quite different kinds of tasks. Disbursing monetary payments requires that initial eligibility be determined, magnitude of grant be established, and continuing eligibility be verified. These tasks are to a large extent clerical in nature; they involve forms, regulations, and investigations. The function of rehabilitation, on the other hand, requires the diagnosis of needs, personal skills and strengths; knowledge of effective remedies; and provision of a range of social services. These tasks are essentially professional in nature; they involve counselling, referral, and, on occasion, skilled psychotherapy. It should be apparent that putting responsibility for both of these highly dissimilar functions in the hands of the same generalist caseworkers can endanger the efficiency and effectiveness of their execution. A major consequence of the dual role of the caseworker is inefficient use of personnel by welfare agencies, because workers are inappropriately prepared for either role, and because functional conflicts cause high staff turnover.

Caseworkers are frequently overqualified for their assistance payments function and underqualified for the social service function. Following federal requirements, New Jersey now requires a bachelor's degree for caseworker recruitment, but no particular field of study is specified. The essentially clerical tasks involved in computing budgets and grants clearly do not require the skills of a college graduate, but sensitive and understanding casework clearly demands more than a B.S. in chemistry and a few weeks of training in bare fundamentals.

With the routine functions of benefit computation and eligibility determination carried out by college graduates, administrative costs are doubtless higher than they would be if these tasks were assigned to a special clerical staff backed up by appropriate resources for machine computation. In Fiscal 1968, expenditures in this State for administration, services, and staff training averaged approximately $275 for every categorical welfare case. The national ratio of the cost of administration and services to the cost of benefits is roughly .20; that is, for every $5 expended for benefits, $1 is expended for administration. In New Jersey, the ratio is lower (about .10), partly due to higher levels of benefits. This compares, however, with a ratio of about .05 for health insurance such as Blue Cross, and even less for Social Security. Much of the high cost of welfare administration can be ascribed to

the expensive process of eligibility determination as well as the provision of a range of ancillary services to recipients. But it is likely that the use of college-trained staff for routine tasks related to monetary payments is a significant factor in this high cost.

The use of college-trained caseworkers for essentially clerical tasks is also an important factor in excessive turnover of personnel in this category. High turnover, of course, raises administrative costs and hinders development of an experienced staff. At the end of fiscal year 1968, 47.4% of all caseworkers in New Jersey had been hired within the previous twelve months; 29% had resigned during that same period. Even these statistics represent an improvement over the previous year, when the accession rate for caseworkers was 59.2% and the separation rate was 38.5%. These figues can be regarded as a symptom of a structural problem in welfare administration. They also indicate that there are serious difficulties in providing any services which depend on a stable relationship between the caseworker and recipient.

The Dual Role of the Caseworker and the Caseworker-Recipient Relationship

The placement of reponsibility for providing both services and payments to a given recipient in the hands of a single caseworker is not only administratively inefficient, but it also introduces certain strains into the caseworker-recipient relationship.

First, just as caseworkers tend to be overqualified for disbursing payments, they tend to be underqualified to administer the skilled and sensitive social services which they are supposed to offer to each recipient. Professional social work degrees are rare among staff members who have contact with recipients on a rountine basis. Nor are in-service training programs of sufficient intensity or duration to fill this gap. Generalized counselling and referral can be offered by caseworkers even within those limitations, but intensive casework (in the professional sense) would seem to require a relationship of a stability and a quality precluded by the rapid turnover and inadequate skills of welfare caseworkers.

Second, social services with a strong counselling component are jeopardized in many cases by the conflict between the investigative aspect of the caseworker role and the necessity for establishing a relationship of trust as a prerequisite for successful counselling. The obligation of the caseworker to persistently investigate all aspects of the recipient's financial situation can engender sufficient hostility to undermine any possibility for a successful counselling relationship. Surveys of AFDC recipients in other states have concluded that substantial proportions of clients are humiliated by eligibility investigations to an extent which has negative effects on service aspects of the client-agency relationship.

Third, the assignment of responsibility for relief and rehabilitative aspects of public welfare to the same staff member can in some cases lead the recipient to perceive the offer of certain services as manipulative in intent. The caseworker has the power of the purse: a client may fear to refuse to follow his suggestions, even if unsound, in the belief that his grant will be reduced or terminated. Since many services offered depend on truly voluntary participation for success, the preception of a veiled threat -- even though the perception is inaccurate -- can defeat the rehabilitation effort. Futhermore, when social services are accepted under these circumstances, the attendant investigation of personal matters can be felt as an unwarranted intrusion into private life, rather than an understanding and sympathetic response to expressed needs.

In searching for administrative alternatives to resolve some of the role conflicts inherent in the present arrangement, the Task Force has centered its attention on the possibility of structurally spearating the two functions of disbursing payments and providing services. A trend in this direction is apparent in other states, and such a plan has been successfully implemented in Monmouth County. Under such a plan, personnel in one administrative unit of a local welfare office would have responsibility for determining eligibility and distributing checks while the personnel of a separate unit would make available the entire range of special services provided by the agency. This would contrast with the present organization, through which unspecialized caseworkers make payments and provide services. This alteration of administrative structure is being encouraged by the federal government, not only by admonishment in HEW's regulatory guidlines,[9] but also in a funding arrangement which will reimburse at a progressively lower rate those states which fail to administratively separate service personnel from assistance payments personnel. The social work profession also advocates this approach.

Because the Task Force recognizes that any administrative change must be well-planned, it believes that further study should be given to this concept in order to formulate detailed plans. The overall advantages of separation, however, seem to be clear. Separation of the service function would allow a more specialized and efficient use of personnel. Welfare aides, including specially trained former recipients, could be used for the clerical tasks associated with the payments function (extensive use of computers for these tasks is also a possibility), while better-trained staff members would focus on services. This should lower costs, raise the quality of services, and improve staff morale (thereby reducing turnover). Service unit workers would gain more readily the trust and confidence of recipients since they would not be involved in the investigation of financial status. Conversely, investigators from the assistance unit could objectively probe the financial status of recipients without fear of damaging a future therapeutic relationship. Services would be accepted by recipients on a truly voluntary basis, and there would be less likelihood that the recipient would look on the offer of sensitive services as an implied threat to cut off assistance payments if he did not accept. Thus, while the Task Force is not prepared -- due to limitations of time -- to offer specific recommendations in this area, it has concluded that a system with separate administration of payments and services would represent a significant improvement over the present arrangement.

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9. II C.F.R. 45 - pt. 220.3

GLOSSARY

ADMINISTRATIVE CEILING Administratively prescribed ceilings limiting the amount of money payments made to an ADC family in any one month. These prescribed ceilings are established at approximately 33 1/3% more than the average budgeted needs for a particular family size. All income, including net earned income, is considered in determining the ceiling in each case.

BASIC ASSISTANCE GRANT The money payment to a welfare recipient which includes allowances for personal and household needs, shelter, and any recognized special circumstance items less the total budgetable income (The sum of all budgetable earned income and unearned income).

BASIC STANDARD The amount of money necessary to provide basic requirements for physical health and safety of individuals and families as determined by the Division of Public Welfare. These requirements include personal and household needs and shelter.

BUDGET DISREGARDS In the ADC program, the first $30. plus 1/3 of the remainder of the total gross earned income of all members of regular and (U) segment families is disregarded. For example, from a monthly gross earned income of $450., $30. plus $140. is disregarded before any further calculations are made.

BUDGETABLE EARNED INCOME The amount of earned income to be applied against the total needs of a family. The budgetable earned income is determined by first subtracting the disregards, if applicable, from the gross income and then deducting mandatory payroll deductions, expenses of employment, and in appropriate situations, certain other items such as child care.

CATEGORICAL ASSISTANCE Public assistance programs administered by the County Welfare Boards under the supervision of the State with Federal and State and County funds. In order to qualify for assistance under these programs an individual or family must fit into a category, i.e., OAA, DA, AB, ADC in addition to being needy.

> OLD AGE ASSISTANCE (OAA) Categorical assistance program for needy individuals 65 years of age or older.
> Funded: 50% Federal, 37 1/2% State, 12 1/2% County.

> AID TO THE BLIND (AB) Categorical assistance program for needy individuals over the age of 18 who are legally blind.
> Funded: 50% Federal, 37 1/2% State, 12 1/2% County

DISABILITY ASSISTANCE (DA) Categorical assistance program for needy individuals between the ages of 18 and 65 who are determined to be permanently and totally disabled.
Funded: 50% Federal, 37 1/2% State, 12 1/2% County

ASSISTANCE TO DEPENDENT CHILDREN (ADC) Categorical assistance program for needy families with dependent children. This program is divided into three segments based on the following eligibility criteria:

a. ADC - Regular - One-parent family with eligibility based on the death, incapacity or continuous absence from the home of a parent (consists primarily of female-headed households).
Funded: 50% Federal, 37 1/2% State, 12 1/2% County

b. ADC - U Two-parent family (neither incapacitated) where the father is totally unemployed or is employed less than 35 hours per week and meets the Federal definition of "unemployment".
Funded: 50% Federal, 37 1/2% State, 12 1/2% County

c. ADC - N Two-parent family (neither incapacitated) where the father is usually fully employed or is unemployed and receives UCC benefits and does not meet all the technical Federal criteria for "unemployment".
Funded: 75% State, 25% County

GENERAL ASSISTANCE A public assistance program administered by the municipalities under the supervision of the State for those needy persons who are not eligible for the categorical assistance programs.
Funded: 75% State, 25% Municipal

HEW The United States Department of Health, Education and Welfare.

MEDICAID The State administered New Jersey Health Services Program which provides payment for health care services for families and individuals who qualify on the basis of insufficient income and who also meet the eligibility criteria for categorical assistance.
Funded: 50% Federal, 50% State

SHELTER COSTS Cost of rental or home ownership for the eligible family members. The actual, reasonable amount is recognized in the grant; no standard has been established.

UCC Unemployment compensation commission which makes payments to eligible persons during specified periods of unemployment. (Persons receiving

such benefits are ineligible for inclusion in the "Unemployed Segment" for Federal matching purposes in ADC).

WAGE INCENTIVES Incentive to employment whereby a welfare recipient's grant is not reduced dollar for dollar of income earned. The incentive applied in the ADC program specifies the first $30. plus 1/3 of the remainder of total gross earned income of regular and (U) segment families is to be disregarded. There are currently no wage incentives applicable to the (N) segment, but this is being challenged in court.