DEPOSITORY COPY
DO NOT REMOVE

P U B L I C H E A R I N G

before

SUBCOMMITTEE ON FEDERAL AID OF THE JOINT APPROPRIATIONS COMMITTEE

on

FEDERAL BLOCK GRANTS

ATTORNEY GENERAL'S LIBRARY

MAR 9 - 1982

Held:
December 8, 1981
Assembly Chamber
State House
Trenton, New Jersey

MEMBER OF COMMITTEE PRESENT:

Assemblywoman Barbara Faith Kalik (Chairperson)

ALSO:

Jay Hershberg, Legislative Analyst
Office of Legislative Services
Aide to Subcommittee on Federal Aid

Peter McHugh, Legislative Analyst
Office of Legislative Services

PROPERTY OF
NEW JERSEY STATE LIBRARY
JUL 2021
185 W. STATE ST. PO BOX 520
TRENTON, NJ 08625-0520

* * * * * *

974.90
F491
1981f

I N D E X

	Page
Timothy Carden Commissioner Department of Human Services	1 & 74X
Joe Masciandaro President New Jersey Association of Mental Health Agencies	4
George Halpin Director Parental and Child Health Services	7
Kathleen Ross Co-Director Children's Services of Morris County	9
Jim Walsh Coordinator, Human Services Coalation of Cape May County	10
Melville Miller Executive Director, Legal Services of New Jersey	11 & 86X
John Scagnelli Executive Director, Association for Retarded Children	12
Linda Wood Association for Children of New Jersey	14
Dr. Anna Mayer Governor's Commission on Children's Services	17
Sister Estelle Bobrowski Executive Secretary of Mount Carmel Guild	20
Diana Bella CAPEDA of New Jersey	21
Shari Weiner Social Policy Director, League of Women Voters of New Jersey	23
Ellen Keyser Family Services of Burlington	25
Mary Jane Ward Executive Director, Association for Retarded Citizens	26
Ann Levine New Jersey Family Planning Forum	27
Cecile Dickey New Jersey Head Start Directors' Association	29

INDEX (Continued)

	Page
Fred G. Burke Commissioner of Education State of New Jersey	1A
Loren Marlowe Division of Community Health Services Essex County Department of Health and Rehabilitation	7A
Hugh Kilmer Statewide Protection Services Coalition	10A
Rev. Glenn Druce Human Services Council of Atlantic County	12A
Pamela C. Christopher Community Planning and Advocacy Council of Camden County	13A
Ann M. Miner Mercer County Department of Human Services	18A & 79X
Barbara W. Wright Executive Director New Jersey State Nurses Association	19A & 77X
John J. Donoghue Association for Retarded Citizens of Monmouth County	20A
Regina Marshall Emergency Committee to Save Child Care	21A
Pat Harper Burlington County Community Action Program	23A & 80X
Carol Ann Kane New Jersey Association for the Prevention and Treatment of Substance Control	25A
Richard Diehl Executive Director New Jersey Alcoholism Association	27A
Milton Feinberg New Jersey Federation of Senior Citizens	29A
Joanne Chasnow Chairperson, New Jersey Medically Needy Coalition	30A
Walt Trommelen President, New Jersey Public Health Association and Public Health Coordinator, Burlington County Health Department	31A

Page

Cynthia Walker 34A
New Jersey Common Cause

- - - -

ALSO:

Letters or statements from the following:

Clara L. Allen 1X
Director, Division on Women
Department of Community Affairs

Ann Bozarth 14X
Member, Association for Retarded Citizens

Dennis G. Cherot 15X
Director, Department of Health and Welfare, City of Newark

June M. Clark 23X
Director, Bergen County Department of Community Services

Hugh S. Dunlop, Volunteer Director 26X
Northside Forces, Ecumenical Association of Urban Concerns

Theodore Hinson, Project Director 35X
Urban Rodent and Insect Control Project, City of Camden

Michael A. Leggiero, Executive Director 51X
North Hudson Community Action Corporation

Linda Newman and Teresa Marsico 69X
Division of Nurse-Midwifery, School of Allied Health Professions
College of Medicine and Dentistry of New Jersey

Ruth Gleeson and Christine Carmody-Arey 71X
National Organization for Women of New Jersey

- - - -

1-31 :IV
1A-22A:I
23A-35A:III

ASSEMBLYWOMAN BARBARA F. KALIK (Chairperson): Good morning, ladies and gentlemen. I would like to begin as quickly as possible. We have had many responses for this hearing and we will probably be here until 5 p.m.; therefore, I would ask you to keep your remarks down to a minimum. If you have prepared testimony, please hand it to us so we can hand it to the recording clerk and it will be made part of the written testimony.

For quite some time, I have had requests for this meeting; as a matter of fact, they started coming in, I believe in May or June. They came from all of you as well as -- I said it has been a while since the idea for a public hearing on Federal Aid and Block Grants first surfaced, and the requests for a public hearing have come from several different sources. With all the changes that have occurred, if we had this hearing six months ago, we would have heard one story; if we had it five months ago, we would have heard another story; if we had it four months ago, we would have heard yet another. So I am kind of glad that we waited until now. I think the dust has settled sufficiently for us to at least have some direction and to know where we are going.

I would ask those who are testifying if you could possibly hang around and hear some of the other people testify as well. I know you want to tell your story; however, sometimes it is good for you to hear somebody else's story so that you know you are not alone in what you need, but you also know that there are other people with needs as pressing as yours.

The legislation that passed through the Federal government calls for legislative hearings in 1983. Whether they will take this form or not, I do not know, but this certainly can be put on the record as a precursor of the public hearings that will be required in 1983.

This is a fact-finding and opinion-gathering hearing, and no conclusions will come out of it. However, I am hoping that it will provide a direction for those who will have to make the decisions in the next legislative session as to where the decreased money goes, how it goes, to whom it goes, and how more efficiently we can spread that pie to cover as many, if not more, of those people who require the services that this money is for.

I am going to begin now, and I see Commissioner Carden is here, so I am going to ask if he would please be our first speaker.

T I M O T H Y C A R D E N: Thank you, Assemblywoman Kalik, for this opportunity to appear before you and your Subcommittee, and let me also thank you for your continued support of Human Service issues and concerns.

I am pleased to have this opportunity to speak to the Subcommittee this morning about the impact of cuts in Federal Aid for Human Services and the Block Grant programs. I would like to present to you an overview of the reductions in Human Services and this Department's response, and how future actions by the Department can help protect those in need from bearing the full brunt of this reduction in resources.

Table 1 in the materials I have submitted shows the current status of federal funding for programs administered by the Department of Human Services. The continuing resolution, vetoed recently by the President which is the latest information available, effects a loss of $161 million for New Jersey Human Service programs. Three quarters of the loss in funding is taken from entitlement programs; primarily, Aid to Families with Dependent Children and food stamps. The state must implement the federal regulations in these areas. It has no administrative flexibility or financial capacity to soften the blow to the families affected.

Approximately 7,000 people have lost food stamp benefits and the remainder will get reduced benefits. A 30 million dollar "savings" in the Aid to Families with Dependent Children Program is being achieved partly by eliminating benefits for 30,000 people who are also losing Medicaid coverage. Eighteen thousand of these individuals are children.

It is the working poor who are most affected. For many people, food stamps, training opportunities, and a minimal cash benefit are eliminated, but perhaps most important of all, is that their medical coverage is also gone.

In addition to the cuts in income and medical assistance, virtually every federally funded program area in Human Services is affected by reductions. Some of the categorical services that are hurt most are the Title 20 Social Services Block Grant, which was reduced 22 million dollars in the federal fiscal year of 1982; Community Mental Health, which was reduced by 2 million dollars and the Work Incentive Program, which was reduced by 4.3 million dollars.

In August of this year, I outlined a series of actions to address the Department's projected 33 million dollar deficit. There have been some changes in revenue estimates in the nature and size of our cost saving measures.

Table 2 in the materials I gave you gives a profile of this deficit and updates the Department's original projections of savings in each area. My highest priority in this effort was to streamline our administrative costs and to preserve direct services. None of these reductions were achieved without some pain. However, I feel we have been successful to date in our objective of preserving direct care as much as possible.

The final step in the reduction process I outlined at that time, was a proposed 5.6 million dollar reduction in services at the local level by county welfare agencies, district offices of the Division of Youth and Family Services within the Department of Human Services, and contract agencies. I have deferred this cut because I believe we have achieved sufficient savings in other areas to eliminate the deficit this year.

Resolution of the Federal budget may impose additional reductions, which could force up the size of the deficit we now anticipate. In that event, a reassessment of these cuts and other actions may be necessary. At the moment, however, I am confident that we will be able to sustain the Department without having to make those reductions.

The negotiating process that was used in achieving these reductions did produce some good ideas for cuts in some areas where our resources could be better utilized regardless of budget shortfalls. I will recommend and seek to act in ways that will implement these cuts where possible, and a reallocation of those resources to programs where they can be better utilized.

In examining the impact of these federal reductions, the greatest risks to all human service programs would be a significant retreat from federal participation in Medicaid. The state must advocate that the federal government remain a full partner in the Medicaid program. If we are successful in retaining federal participation in this area, it will allow the state to broaden community services which is the expressed intent of the new Medicaid regulations. At the same time, the anticipated further cuts in federal support demand that New Jersey examine its own financial commitment to Human Services.

In the Social Service area, those programs covered under the Block Grant, additional funding may not be available, but a reallocation of existing resources will be necessary. The preventative social services delivered in our communities will no longer exist without a state government committed to their survival.

It is very difficult to ask or even suggest the implementations of new programs in these times. However, the elimination of Medicaid coverage for thousands of working poor and the evidence supporting preventive community programs again illustratesthe need for a medically needy program. This would untie the knot that links Medicaid eligibility strictly to eligibility for AFDC or SSI.

I would like to make several points about the future direction of Human Services in New Jersey:

It is painfully clear that resources will continue to shrink as a result of inflation and waning federal support. The costs of operating state institutions and supporting those in nursing homes consumed a hugh proportion of this Department's budget. We cannot continually accept escalating expenditures in this area as unavoidable, and at the same time maintain a system to meet real needs in the community. The Department's policy of supporting at-home or community care must be reflected more clearly in resource allocations; the reduction process just completed, did identify service priorities and target populations. This process can and should be even further refined. It also should be strengthened by making the evaluation of program performance an essential component. This will require us to develop a clear set of agreed upon standards specifying what a service program should accomplish. We will then have a basis on which to judge how well a program is succeeding, and how to make more informed allocation decisions. The Department must take the lead in uniting the human service community - providers, consumers, and concerned advocates. In this way, our best collective intelligence can be applied to solving human service problems. We can no longer afford duplications or any other inefficiencies just to continue things as they have been done in the past. This process will involve settling jurisdictional issues, but it can be done in a cooperative, constructive manner.

I believe these challenges must be faced with creativity and determination. The alternative is not just a smaller service program, but the gradual dismantling of our human service system.

I would like to thank the Subcommittee for this opportunity and I would be happy to answer any questions you may have. (Tables submitted by Comm'r Carden are in appendix.)

ASSEMBLYWOMAN KALIK: Fortunately or unfortunately, Commissioner, I am the only one here to ask questions. I would like to state that the other members of the Committee-- Mr. Caufield has another hearing and said he would attempt to be here, I know Mr. Hardwick is in Israel-- Mr. Hardwick's aide said he would be here. Those are the two that I did hear from.

I do have a couple questions if you do not mind. The first is where you talk about the Department's policy of supporting at-home or community care and say it must be reflected more clearly in resource allocations, do you want to tell me what that means?

MR. CARDEN: Yes. We have had a policy identifiable through division policies, but collectively accepted within the Department that I have tried to emphasize, that in mental health and mental retardation, and in the Division of Youth and Family Services, and even in Medicaid, there has been an effort to increase the amount of community care involved in providing the service and treatment to individuals.

As an example: homemaker service as an alternative to nursing home placement for the elderly, companionship programs in the community to prevent institutionalization of an individual who may have a mental health problem. Another example, the Permanency Planning effort in the Division of Youth and Family Services to resolve the placement of an individual who may have a mental health problem. Another example, the to determine within a specified period of time whether the person will return to their natural family or be adopted into another family.

These initiatives have been existing in the Department for a long time and yet, if you were to look at where we spend our money, there has been only a nominal increase in the amount of investment in these areas and at this point, the balance of expenditures is heavily weighted to the institutional side. A summary example would be that our long term care expenditures in Medicaid, which is the biggest piece of the Department's budget, represents 40 percent of the Medicaid expenditures. That goes to serve 10 percent of the eligible population. I believe we have to make concerted efforts to get more people served in more cost effective and I think in more humane ways.

ASSEMBLYWOMAN KALIK: We do have a program for the medically needy, vis-a-vis the rate setting program. What you are talking about is a supplement to that or in addition to that?

MR. CARDEN: My principal concern in the medically needy area is that those whose incomes are low and who would, with a further reduction in income or possibly by leaving their job, become eligible for aid to families with dependent children grants, or welfare grants, should be supported if possible--and I footnoted that because of the cost -- by maintenance of health care benefits while they seek independence through the work force. I think there is generally little disagreement that this is a worthy objective. It has to be measured against the available resources. To me, it is one of the areas that if parts of the casino revenues could be made available to either offset other Medicaid costs or to offset some of these costs, that would be a legitimate area to explore.

ASSEMBLYWOMAN KALIK: Just one more question. With the passage of the Constitutional Amendment permitting us to expend the Casino Control Fund for expanded or new health benefit programs, do you have any suggestions in that area?

MR. CARDEN: Yes. I have a developing list of suggestions which I would like to submit to this Committee, and I can't really highlight it or footnote it today, but I would like to work together in going over where our priorities are and where we think our resources fall short.

ASSEMBLYWOMAN KALIK: By the way, that wasn't planned, it was just a question that has been bothering me for a while. Thank you, Commissioner.

MR. CARDEN: Thank you.

ASSEMBLYWOMAN KALIK: The next speaker will be Joe Masciandaro from the New Jersey Association of Mental Health.

J O S E P H M A S C I A N D A R O: Good morning and thank you for this opportunity. I am the President of the New Jersey Association of Mental Health Agencies. My colleague, Al Renna, who has a gift for words, recently voiced his confusion about block grants. He mused, "Is the word 'Block' in the Block Grant a verb or a noun? Is it the federal intent to give the states the power to block grants, or is it the state's role to distribute the block grant?" In New Jersey, it is yet too early to make this important semantic distinction. I am here to testify on the concerns that mental health agencies, as provider entities, are beginning to consider.

The most essential change mandated by the Reagan Administration and confirmed by the Omnibus Reconciliation Bill, is not, as we may hear on the news, a shift from Federal government to State government in the administration of these programs, but a legislative shift of the private non-profit grantees of the Federal government to as yet an undefined relationship to the State government.

It is important to clarify that I am discussing the Community Mental Health Center Operations Grant, Distress Grant, Consultation and Education Grant, and other grants mandated under Public Law 94-63, which were earned by and earmarked to individual

grantees as opposed to the Title 20 fund, which in essence has always been a block grant to the state. It is important to recognize and to value the initiative and know-how of twenty-two such organizations throughout this state that collectively earned 12 million dollars in Fiscal Years 1980 and 1981. The past criticisms of the lack of coordination and lack of mutuality of goals with state plans, are largely made moot by the change in Federal policy. The question as to whether the state has gained or lost - and how much - in this process is still to be answered. As a provider representative, I am here to ask for joint decision-making in the resolution to these problems, and not just input in the process.

If I am permitted to conjecture, I would say that the effect of the cutbacks by the Federal government in reducing the total of the individual grants to this state by 25 percent is mitigated by the fact that all the grants involved would have declined with the passage of each subsequent fiscal year by automatic reductions in the formula which provided these funds. It is a significant problem that anticipated start-ups for new Community Mental Health Centers in New Jersey will not be discretely funded as in the past, and this poses hardships in areas where these services were planned for. The severity of the problem will be exacerbated, however, if the following alternatives which are permitted by law, are implemented:

1. If the number of potential grantees are increased to significantly more than 22; and

2. If New Jersey exercises its option and retains 10 percent of the Block Grant for administrative purposes.

The latter would signal that a significant proportion of the grants will not be available to provide direct services; the former will simply be the "rob Peter to pay Paul" economic theory. In the degree to which these options are exercised in the state, we may see the real future of the Mental Health delivery system in New Jersey.

Those who may think that hard times are coming, may not have been recent participants in the mental health system in New Jersey; the hard times have been recent all along. I make yearly pilgrimages to this Assembly House asking for increases in the Per Capita Bill, which is an essential bill and probably more essential even now. It is essential to note that the state has not undertaken a massive deinstitutionalization effort as to its public policy for the past eight years. It is a concept that I personally support and I professionally implemented it for the past four years. The criticism of this policy on a national level is the truism that money doesn't follow the patient. Put another way, the states have not been able to realize savings from their institutional services and shift these funds to a system of community care.

It is for this population that the impact of the potential federal reductions may be most severe.

Mental illness is real - it is not just an economic problem; it is not caused by the lack of social services; it is not treated by generalists; it will not disappear if you chose to disregard it as a problem. Mental illness is an expensive disease to manage and to treat. It is not a second priority to physical ailments, but often the cause of them. Mental patients are not from outside our society, but part of it. It is -- as the song says -- "you and me brother, you and me sister". They are our family, our friends, our loved ones, and our co-workers. We must continue to commit our resources to it. We must not use the Federal reductions as an excuse to return to methods that have failed in the past. We need to strongly support our community-based programs and increase the quality of programs offered in our state hospitals. We, in the community sector, need a strong, high quality state hospital system as much as the state hospitals need a viable community sector. One cannot fulfill its mission without the other.

The following is a list of thoughts or recommendations to minimize the impact of the new federal policies in New Jersey:

1. Providers should be viewed as equal partners in the triad of planners, consumer, and provider;

2. Mechanisms for joint decision-making must be a part of New Jersey's emerging policies in mental health;

3. Current grantees should be kept harmless from the impact of reductions resulting from distributing the block grant to more than the current grantees;

4. Per capita aid to increase for mental health must be passed and funded this year;

5. Free standing clinics must be reimbursed for the cost of their services;

6. Hospital-based mental health programs must be protected from the negative impact of DRG's;

7. The state hospital programs must be improved; and

8. Mental health practitioners need your recognition and support in their specialties.

If I may, just one dilemma that I possibly face, which is that in the way some of the legislation is written in the State of New Jersey, we have a situation where certain services are mandated on a private non-profit sector and are made elective by the municipalities. For instance, in the Department of Health, the Municipal Department of Health, elective mental health services, one of the services that is elective, is a type of service that assists people in leaving hospitals -- it is called the "liaison service". This is elective by the municipality, but is a mandated service for the community agency, the non-profit sector. Unfortunately, it is not a reimburseable service, and there is a myriad of these types of regulations which I think interfere with the avoidance of duplication, if you will a more effective provision of services.

I would be glad to work with the staff of this subcommittee to point some of these things out. If you have any questions, I will be glad to answer them. Thank you.

ASSEMBLYWOMAN KALIK: Yes, and I appreciate that comment. If, in fact, there are specific areas where you see a definite correlation in a rule, and where that rule can be changed to provide a better service, by all means you should bring that information to somebody. You are the expert; we are the legislators. We can only come back and say, "What is that you want"? I have a specific question: In the appropriation meetings, when we go over the institutions' budgets, we are always amazed at the fact that although the patient number is declining, the cost either remains the same or continues to escalate. Of course, you bear that out in your testimony that we are really not accomplishing any cost saving by doing that, it is a better way, but we are not accomplishing any cost savings. Sometime in the future, I would appreciate from you-- I understand your list of recommendations, however, you are not dealing with reality. You are not dealing with the fact that there really is going to be less money. You are saying, "spend more, use more, get more". I think we have to turn around and look at reality and say there is no more, this is what we got, now what are we going to do with it? But, when you say hospital-based mental health programs must be protected from the negative impact from DRG's, what impact are you referring to?

MR. MASCIANDARO: In preparing the testimony, I tried not to get too technical because I have been told in the past that this is one of the problems in these types of hearings. As opposed to a physical disease, where the main portion of the care or treatment takes place in the hospital, and hence the effort is to regulate the

cost of providing care for that disease -- providing care for that disease by reducing the length of hospital stay - that can be viewed as a cost saving measurement in treatment of medical diseases or physical diseases - in mental health, the treatment that takes place in the hospital is really the shortest or the least of the effort involved. Now, the problem with the DRG situation in mental health is that the profit-making entity in mental health, for hospitals, is the in-patient unit, and those in-patient unit resources are utilized to support, for many hospitals, the community or the out-patient services. If the hospitals are restricted in the amount of days that they can be reimbursed for mental health care in the in-patient unit, they will lose the profit margin that they utilize right now to provide out-patient services.

ASSEMBLYWOMAN KALIK: Thank you.

MR. MASCIANDARO: Thank you very much.

ASSEMBLYWOMAN KALIK: Doctor Halpin is now going to testify on behalf of Commissioner Finley.

G E O R G E H A L P I N: Good morning, Assemblywoman Kalik. I am Doctor George Halpin, Director of Parental and Child Health Services for the Department of Health. I am here this morning representing Doctor Finley, Commissioner of Health. She asked me personally to convey her regrets that she is not able to be here before the Subcommittee this morning; however, she and her senior staff are meeting this morning with the Governor-Elect's Transition Team.

This morning I would like to briefly present information concerning the anticipated changes in the federally funded programs administered by the Department. Because of the time constraints placed by you this morning, a packet of written material has been prepared which contains a listing of the information on the three block grants and the remaining categorical programs now administered by the Department. Otherwise, I will keep my comments to a few general points, and then try to focus briefly on the issues pertaining to the Maternal and Child Health Services Block Grant and its related categorical programs. However, the issues that I will raise concerning these specific programs have a general application to the Department's other grant programs. If you have any specific questions that I do not address or that I cannot answer this morning, the Department will respond to these questions at a later time.

In the material that you have received, on the face behind the letter there is a listing of current figures on funds, and internal to that are graphs of those funds and some descriptive language concerning each of the block grants: the Maternal and Child Health Block Grant, Preventive Health Block Grant, and the summary of the New Jersey Behavioral Health Services Plan, which covers the Drug, Alcohol, and Mental Health Block Grant. These are some of the materials that were presented at the State Health Coordinating Council's public hearing prior to the submission of these block grant requests.

In general, public health activities can be grouped into three broad areas: investigation and analysis, public and professional education and direction, and health services, planning and delivery. Over the last twenty years, the health services planning, and delivery area has grown markedly in response to public needs as the Federal government's basic approach to some chronic public health problems.

The table that is attached to the front of the packet presents the current funding information of the Federal grants administered by the Department. The majority of these funds are used to provide services through local community agencies. It is only in the area of the alcohol and drug abuse that the State Department of Health is involved in the direct provision of services. Because the federal appropriations

for the Fiscal Year 1982 have not been made, the lists shows only tentative funding levels, and you will find that some of these funding levels do not agree with the levels presented on the graphs in the packet. These differences are due to the fact that the entire federal funding process is in the state of flux, and that at different times, different administrative offices have published slightly different funding figures. These variations also apply to Fiscal '81 funding levels as well, since some significant funding decisions were made by the Federal programs during the last days of September as the Federal fiscal year closed, which was after these graphs were prepared.

As a general statement, the President's Budget request of September represents a significant reduction in funding for all program areas. The largest reduction will occur in the area of Maternal and Child Health with a possible reduction of up to $8.6 million. The next major area is the Alcohol and Drug Abuse and Mental Health with a possible reduction between two to three million dollars. Within the Maternal and Child Health group of programs, we anticipate the largest single reduction will occur in the WIC program -- this is the Women, Infant and Children Supplemental Feeding Program -- which provides supplemental nutritious foods and nutrition education to pregnant and nursing mothers, infants and preschool children. The majority of these funds are used to purchase food supplements, much like prescriptions, through a series of about 360 local grocery stores. The WIC program functions as an integral part of the prenatal care and child health supervision services provided by local health care providers. Some of these providers also receive funds through the Department from the Maternal and Child Health Block Grant funds.

Now that this historical approach to health needs by the Federal government is changing, different policies are being tested and implemented, service reductions and the resulting service disruptions are bound to occur. The Department is making every effort to reduce its own operating costs and to allocate funds according to the greatest need. These service reductions will affect some communities and individuals more acutely than others.

In the left hand portion of the packet, there are series of letters which have been, or are now being sent out by the Department to various agencies affected by these reductions. In particular, I would refer to the letter concerning the reductions of services provided to handicapped and other especially at-risk children -- this is the first letter in the packet. This letter indicates that we must not only look at funding reductions in absolute terms, but more realistically in terms of what these reduced funds can purchase in a service area where inflation has been much greater than the general consumer rate of inflation. In certain parts of the health service field, receiving continuation funding from one year to the next actually means a ten to fifteen percent reduction in services. Funding reductions of the magnitude now occurring will require new and creative and cooperative approaches to maintain a basic network of services which can provide a basic degree of access to the citizens of New Jersey. I think the suggested changes that are described in that letter, specifically to hospitals providing services to handicapped children, attempt to outline how the Department is going to attempt to maintain that basic network of services.

In short summary, this is what the Department is attempting to do, not only in the Maternal and Child Health field, but in all areas of health services, and we hope that with close cooperation with other departments of State government and local community agencies, these creative approaches will be developed to meet the challanges that we now face.

ASSEMBLYWOMAN KALIK: Thank you. I have one comment. I have always wondered how you can talk about feeding the poor and not feeding them nutritionally

or separate it into two programs. It seems to me, if you are going to feed people, you are going to feed them nutritionally, and I wonder if sometimes those lines of demarcation that are drawn either by the Federal government, State government, or the various agencies and programs, aren't keeping us from really providing the service. I don't know how you can talk about food without talking about nutritional food.

Dr. HALPIN: Well, if I can make a comparison between the food stamp program and the WIC program, it is somewhat similar to the analogy of going into a drug store for over-the-counter medication where you, with your money or food stamps, can pick any item you wish off the shelves and buy it. Some of it may be very good for you, some of it may not be so good for you, depending on what you purchase. The WIC program on the other hand, has essentially a prescription approach. The people are assisted by a medical professional, whether a physician, a nurse, or a nutritionist, as to what are their specific nutritional needs, and a food prescription is developed. The mother is taught how to use the foods and how to prepare it. The funds she receives come in the form of a check, which is specific to her, specific for the food items and specific to the store that she choses to buy those foods at. So, it is specifically designed much like the prescription approach where a physician prescribes specific medication to correct the specific health program. You can provide food to people and have it not benefit them in terms of overall health. I think this has been shown and in a number of areas in the world, especially in the third world where U.S. aid , in terms of food, has really, in some cases, been shown to be a detriment to the people's health. In this case, the WIC program is specifically targeted to people at nutritional risk and the type of intervention is not directly controlled to that risk.

ASSEMBLYWOMAN KALIK: Next we have Miss Kathleen Ross from the Children's Services of Morris County.

K A T H L E E N R O S S: Good morning. I am Kathy Ross, Co-Director of Children's Services of Morris County and all four cities. I am here today, however, as Vice Chairperson of the New Jersey Family Daycare Organization, and will focus my statement on three vital areas of concern. One, the change in patterns of family structures; two, the unmet needs for child care; and three, the DYFS Daycare relationship.

Regarding change in family patterns, as we all know, today women are entering the labor force far more rapidly than any other time in our history, and they are most often returning to work shortly after the birth of their children. Most woman work for economic reasons: to maintain an acceptable standard of living, or to support the family entirely on their own.

Statistics show that sixty-three percent of employed married woman with children under the age of three work full time. That is an alarming statistic when you consider that here, within New Jersey, there is no legislation or regulation that protects the health and safety of children under the age of two, in care outside of the home. Fifty percent of children do have working mothers in the State of New Jersey. This trend is expected to continue into the eighties, and it is now time for services, and the standards for those services to catch up with demand so that families may have the support services that they need in New Jersey.

The impact of these changing patterns on existing programs for young children show that there are simply not enough to go around. More centers, more spaces, and more options are needed to meet the present need. However, the development of family daycare homes and the expansion of the existing networks where an individual provides care for fewer than six children in the home, including their own children under the age of six, offer the most feasible option for the expansion of child care services in the near future with its lower costs, more flexible hours, and the ability to take

children not eligible or equipped for center care. We urge this subcommittee and the Department of Human Services to plan for the use of Federal funds within the family daycare systems. Approximately one-third or more of the currently served population is income eligible for Federal subsidy. For many parents, family daycare is a more appropriate placement for their children. It better meets the need of the parents in terms of cost, convenience in location and available hours of care, and often means that siblings can be cared for in the same location.

We of the New Jersey Family Daycare Organization, have brought home-base child care out from under the table by using a set of minimum standards by requiring training, and by monitoring on a regular basis to ensure a certain level of quality and reliability which the parent and children of New Jersey need and now demand.

Another area of concern to those of us who sponsored family daycare homes involves our relationship with the Division of Youth and Family Services. Most of our homes are available to the DYFS District Offices for the placement of children identified as abused and neglected. For many of these children, a family daycare placement can be more supportive and beneficial than a center placement. Yet, the maximum fee which can be paid by DYFS for full time care is $22.50 a week. It costs me more to board my dog at the vet for five days. A reasonable increase in that fee requires legislative approval. I understand Mrs. Manchell over the last two years has asked for an increase, and the increase has been denied. Please keep in mind, however, that DYFS can pay the going rate in any private child care center if they find that there is not an available space in the Federally funded center.

Family daycare, under the sponsorship of agencies like mine, is far more than simply babysitting. There is a comprehensive set of services which serves as a backup to each child and family that is placed within our homes. This low reimbursement for services combined with the fact that it takes three months or more to receive payment for such services, threatens the ability of the local district offices to meet their legislative mandate for protective services placement of children identified as abused and neglected.

We, of the New Jersey Family Daycare Organization, request that you seriously study the following concerns that I have brought to your attention today: First, the recognition of changing family patterns with the resulting need for differentiated forms of child care. Federal subsidies should be available to parents who chose family daycare. Also, an increase in the allowable reimbursement rate which DYFS may pay for services purchased within the community, and timely payment for such services.

I am pleased to have had this opportunity to speak with you today and hope that with cooperation and coordination at all levels, our State will begin to move toward the goals of excellence and adequate services for children and families in the coming years. Thank you.

ASSEMBLYWOMAN KALIK: Thank you. It is my hope that as the legislative hearings continue in 1983, that daycare is one of those that has a special hearing all for itself. Thank you.

Next we will have Jim Walsh, Human Services Coalition of Cape May County.

J I M W A L S H: Good morning. My name is Jim Walsh, Coordinator of the Human Services Coalition of Cape May County. We welcome this opportunity to share our local concerns in this public forum. First of all, we are thankful for the good news heralded by the Thanksgiving telegram from Commissioner Carden, "No implementation of cuts until sometime next year". Admittedly, we felt some initial indignation that having been subjected to the arduous and somewhat cruel process of planning for the implementation

of the proposed cuts; however, it is precisely that process that we wish to highlight in our remarks this morning. For the first time, we have witnessed a kind of mutual consultation and cooperation between county, region, and state, which promises a real break-through in facilitating planning and delivery of human services to our needy people. We applaud the mentality which places the responsibility on, and recognizes the ability of the local community, both to access the needs of its people and to create the service network to best meet those needs. For too long, services have been mandated from above without sufficient consideration for the needs, resources, and ability of the local community to comply. May this trend toward strengthing local planning bodies continue.

A comment from Cape May would not be complete without proclaiming our perennial problem; namely, a more equitable distribution of Human Service's monies throughout the state. We pledge not to rest until the now called historical formula indeed becomes history, and the more realistic formula is adopted for the allocation of these funds. We feel that our needy have every right to expect these equal treatments.

Next, we want to encourage our State legislators to beef up their financial commitment to Human Services; Federal cuts demand this. Quite frankly, statistics place us near the top in median income, but our dollar commitment to Human Services is nowhere near that level.

Next, I would like to say a word about what Dr. Halpin mentioned, that he had difficulty in determining figures. We have a lot of difficulty doing that, too. We had several articles in our papers announcing cutbacks in various programs which were very definitely wrong. It was embarrassing. They said they got it from Trenton or from the State, but these statistics were not correct. I would hope that when statistics are given to the local people, that they are the correct ones. Finally, we take this opportunity to commit our support to our new Governor-Elect and his coming Administration. May we continue to move forward in the spirit of mutual respect and cooperation as we meet the challenge of the eighties with the confidence that we do, indeed, have our act together. Thank you.

ASSEMBLYWOMAN KALIK: I just want to say, as applies to the figures, that those were the figures that you got on that particular day, and on that particular day they were correct. However, two hours later they changed, and so they were not the correct figures anymore. We were dealing with the same things during the budget process; attempting to have some figure to work with, because you need some figure to work with, and knowing well that it was not the correct figure. Coming from Burlington County, of course, I echo your concern as to the equitable distribution of monies, and we will continue to echo that concern. I just have to ask you where you think the dollar commitment for increased funding for Human Services is going to come from?

MR. WALSH: I have no idea. As I said --

ASSEMBLYWOMAN KALIK: I just thought maybe you had a magic tree.

MR. WALSH: No, no. But I do hope that we get it down in the counties if there is an increase or not. This is where we would like it. Thank you.

ASSEMBLYWOMAN KALIK: Thank you.

Next, we have Mr. Melville Miller, the Executive Director of Legal Services of New Jersey.

M E L V I L L E D. M I L L E R: Thank you, Assemblywoman Kalik; I am very pleased to have the opportunity to speak to you today on behalf of the Legal Services Programs

in this State; I have given prepared testimony to the staff member at the top of the steps. I will be very brief in my oral comments, and I will not attempt to reiterate all of that.

Let me first preface by saying the Legal Services Program now serves in New Jersey, all twenty-one counties. It is primarily done through local offices in fourteen separate corporations and does only civil cases, such as: tenant cases, matrimonial cases, and consumer cases. There is absolutely no criminal representation. It has a total budget of $8.2 million; $5.9 of that comes in direct federal grants from the National Legal Services Corporation -- so that is the portion I want to focus on today.

We represented 42,000 people in 1980. The cut that we face in federal appropriations by virtue of the workings of the congressional processes during 1981, is in excess of $1.4 million. We anticipate that that will mean because of stagnation in other funding sources and the ravages of inflation that all agencies face, that we will be able to serve some 10,000 fewer clients in 1982, unless relief is forthcoming.

The Federal government still has a huge investment in legal services in this state, and we will have funding in 1982 at the level of $4.5 million. We also get money through the Title 20 Social Services Program. In terms of replacement funding, we will make every effort to cap private sources, such as United Ways Foundation and individuals, and I think the most optimistic expectations in that regard is something in the neighborhood of $100,000. I am happy to say that the private lawyers, through their organizations in the state, are actively planning ways that they can help meet some of those cutbacks, both through direct services and through direct contributions, but here again, I think that a realistic level of funding to be expected from them is not more than $300,000. It still leaves us with a gap of about $1 million in 1982.

Just one footnote on the State Aid to Legal Services, as I indicated in my prepared statement, I think the State Aid began in about 1968; approximately 1970, it reached a mark of $250,000; in 1981, it was only $225,000. So, in real dollars, that aid has decreased by fifty percent over the past ten or eleven years. The aid comes through a line item not for Legal Services, but for economic opportunity programs within the Department of Community Affairs. (See page 86X for written statement.)

Thank you for this opportunity.

ASSEMBLYWOMAN KALIK: Thank you, and I think this suggestion might in fact focus some attention on the fact that that should be a line item by itself so we do know what, in fact, is being funded and by how much. Again, I would ask you if you have any suggestions where the increased dollars come from.

MR. MILLER: I have no crystal ball either.

ASSEMBLYWOMAN KALIK: Thank you.

MR. MILLER: Thank you.

ASSEMBLYWOMAN KALIK: May we hear from Mr. Scagnelli, the Executive Director of the Association for Retarded Citizens?

J O H N S C A G N E L L I: Good morning. Thank you for the opportunity to appear before you. The Association for Retarded Citizens of New Jersey has indeed an abiding interest in social services for the developmentally disabled. We appreciate this opportunity to make our views known. Incidentally, approximately 350,000 of our New Jersey residents fall under this rather broad category, known as developmentally disabled. The mentally retarded represent about 240,000 in the State of New Jersey alone.

The key word in modern social thought for mentally retarded persons is deinstitutionalization. That term, which also includes the prevention of institutionalization, is often mandated by the courts. It is a process beneficial to the State under

the intermediate care facilities for mentally retarded persons. Most importantly, it is a procedure of great potential benefit to mentally retarded persons in providing a more normal atmosphere for growth and development. But the only way deinstitutionalization can work, is for there to be available a network of community services providing the essentials of support and development. Without community services, deinstitutionalization cannot work. Developmentally disabled persons need a program of activity and training to bring out their greatest potential. Local units of the Association for Retarded Citizens, and their sister organizations, operate a large number of community programs of great benefit to several thousands of developmentally disabled persons. These programs funded under Federal-State Social Services Title 20 Block Grants include: adult activities - adult activity programs are geared primarily to train individuals in life skills that they can become more self-sufficient - work activity programs, which again provide the kind of training for individuals to be more productive, so perhaps they could be given an opportunity to work and to also contribute to the general society.

The day care - this provides programs for individuals between the ages of three and five years of age, for which there are no programs available other than what the Department of Education is doing on a very small scale. We are very hopeful, maybe during this legislative year, that it will be mandated in this State. This is a very important program to give the individuals who are developmentally delayed, an opportunity to catch up and fit in to the regular education program.

Likewise, infant simulation programs deal primarily with young infants from the point of birth to the age of three, here again, to provide the kind of simulation that will advance the developmental stages, so they can be able to fit into the educational scheme of things.

Also, in addition to those programs, there are protective services. Individuals could be sure that their rights are protected, and this also includes citizen advocacy programs. Under the same program, the State of New Jersey provides guardianship, social supervision, consultation and information, and referral.

Local organizations, including local units of the Association for Retarded Citizens, are working hard to provide the community residences necessary to house deinstitutionalized persons. Group homes, which are the key element in the program, are springing up all over New Jersey, with the assistance of State and Federal funding.

The theory of the group home is for residents to have extensive services available. Residents should attend day programs, such as sheltered workshops and adult activities centers. Other services are to be provided by consulting professionals. It is hoped that the higher functioning clients will soon be able to live independently as a result of their training in the group home. With such programs, or a reduction in these programs, many hundreds of retarded citizens now productively engaged in these programs, will most definitely need to be institutionalized at a cost which would be considerably higher than what is now being expended in these day programs. We are speaking of a difference of $5,200 a year versus $14,000 a year to adequately care for an individual in an institution. So, it is a very cost effective program that the State, during these certainly eroding income bases, should consider very seriously.

For all these reasons, the Association for Retarded Citizens of New Jersey, strongly supports adequate funding for Social Services in New Jersey. With them, we can be justly proud of our system of community support for the developmentally disabled. Without them, our whole program of deinstitutionalization is in danger of collapsing.

Our Association feels it is the responsibility of the State of New Jersey to maintain the viability of Social Service programs, even if it is necessary for the State to make up for the deficiencies in Federal funding through State appropriations.

I want to compliment Commissioner Carden for the effort he has made in making necessary economies in the Department of Human Services, and directing these savings to maintain the direct services in the community. It is my hope that this process will continue so that the service programs will not be affected. I realize that we are all faced with a problem of recognizing where the resources are going to come from, but I have great faith in New Jersey, in the people, for rising to the challenge, and I am very hopeful that this will take place during this Administration. I wish to thank the Subcommittee on Federal Aid for this opportunity to express ourselves on this vital subject, and certainly if there are any questions, I would be happy to answer them. Thank you:

ASSEMBLYWOMAN KALIK: Certainly, this is not intended to be critical of the program; however, it has come to my attention that there is some question as to the cost of the homes that are being purchased - homes that cost $90,000, $100,000, $120,000. Would you care to comment on that?

MR. SCAGNELLI: Well, these homes that I believe you are alluding to, are those that are specially constructed to house the multiply handicapped individuals, and of which the ICFMR --

ASSEMBLYWOMAN KALIK: Not true, sir. Not true.

MR. SCAGNELLI: To the best of my knowledge, and this was at a most recent meeting that was held on such homes, recognizing that the ICFMR homes, which require special life safety codes, require an additional cost, which -- incidentally, fifty percent of the cost, of course, is borne by the Federal government -- in order for the State of New Jersey to receive fifty percent of the operating costs. This is primarily due to the fact the ICFMR Code specifies additional life safety codes, special kind of accessibility, and so-forth, and this is where the nature of the expense is involved.

ASSEMBLYWOMAN KALIK: Thank you. May we hear from Ms. Linda Wood, Association for Children of New Jersey?

L I N D A W O O D: Good morning. I would like to express our deep appreciation to the Subcommittee for holding this hearing, because it is a very critical issue.

I am here today on behalf of the Association for Children of New Jersey, a state-wide citizen based, non-profit organization, dedicated to insuring the needs of children are met and protects their rights. The Association mobilizes citizens at the state and local level to work toward improving programs and policies affecting children. Let me say that we do not receive any state or federal funding, and that we do not operate any direct services. Our primary goal is to insure the well-being of children in this State.

We are deeply concerned about the sweeping budget cuts and policy changes at the Federal level that have resulted in major reductions within the State of New Jersey. Many children will be deprived, and some will die. I say that not as a matter of rhetoric, but simply because we have been looking for case histories of children who have been affected, and we have been informed of children who are not receiving needed medical care in some cases.

As a result of the first round of federal budget cuts on October 1st, thousands of children have lost all benefits under the AFDC program. Many mothers have lost benefits under the food stamp program and the Medicaid program. Many thousands will have their benefits cut under these programs, and others will have them reduced. These cuts have already hurt many of our children, and more cuts are impending. As the State of New Jersey struggles to offset the impact of the loss in Federal money, ACNJ asks you to remember that most of the cuts in the area of Human Services, are already having a direct impact on the children of the poor - particularly the working poor.

We are particularly concerned about the cumulative impact of the cuts on children in households where the head of household is working, since these families will be removed from the AFDC program, and thus will also lose their Medicaid benefits and food stamp benefits. Without these health benefits, poor families will be forced to choose between a visit to the doctor for one of their children, and food on the table. This is a choice that nobody should have to make. We already know of cases where the cost of medical care is so prohibitive that children literally may dies.

We ask you at this time, for the first time, to make a commitment to the needs of children. The State has really never made this commitment in the past, relying heavily on Federal dollars to provide the bulk of funding for services to children and their families. Many of the departments and divisions which provide these services are comprised of fifty percent or more of Federal funds. In many cases, only a small portion of the total staff positions for a department or a division are paid with state funds. By way of illustration, consider the Division of Youth and Family Services. This agency is mandated by State legislation to preserve family life and protect children from neglect and abuse, yet despite its important function, the State, consistently over the last several years, has provided funding for only ten to fifteen percent of the staff of that agency.

A similar pattern can be found in other departments and divisions relevant to child welfare. New Jersey has also relied heavily on federal dollars to operate the Division of Youth and Family Services, with the Federal government typically providing a larger share of the DYFS budget from the State. It is also true of the AFDC program; this program, which covers over 300,000 children in the poorest of New Jersey families, is the most basic support that the State provides for their survival. Over the past several years, the Federal government has provided as much, or more than, the State for this program.

We urge you to look closely at this program and ensure that it is provided with sufficient resources to provide for these needy children. Over time, the cuts enacted at the Federal level may prove to be extremely costly to the state. Working mothers will be forced to give up their jobs to provide for the survival needs of their family, thereby increasing the welfare burden and decreasing tax revenues. I do not know that anybody has really looked at what that probable impact is going to be over time. We do know that there are working mothers who are in a tremendous bind right now. They haven't quit their jobs, amazingly to me sometimes, but it is going to be a problem in the future. We can see that, especially if there are further cuts made. It is not enough to look at the Department of Human Services. Currently in New Jersey, six separate departments with eight divisions provide services to children and their families. Every one of these departments, as I am sure you are going to hear today, will lose, or has lost, funding because of the Federal budget cuts. With the Federal dollars diminished, we are asking that child services not be allowed to diminish with them. We ask that the State make a commitment to these programs as a matter of public policy, and see that our children, who are our most valuable resource, come first when we reallocate our remaining resources.

In addition, I would like to raise another matter. We think it is very important not to consider these budget cuts in a vacuum. The Senate now has before it, a package of bills revising the Juvenile Code, which would revamp the juvenile justice system and shift the emphasis primarily from rehabilitation of juveniles to punishment of them. If funds are not provided for the alternatives outlined in that legislation, for youth services, for after-school programs, and alternatives to incarceration, we are going to find that many more children are going into lock detention and correctional

facilities, and this has been a theme through the hearing this morning, the fact that we are willing to spend money on institutional care, but are not willing to provide those services in the community. I think there are a lot of good reasons That has happened in the past, but I think we really have to move toward trying to provide services and to prevent the use of very, very costly institutional facilities. For example: in 1977, the cost of one detention bed averaged $58.00 a day, not including rent and capital improvements. That same younster can remain in a community for considerably less than that.

Finally, ACNJ is extremely concerned about the use of the $600,000 grant under Title 4b, for child welfare services. This money came through the Child Welfare Reform Act, which was a piece of legislation at the Federal level. A number of organizations worked very, very hard to get it enacted last year, and then worked very hard to ensure that it was separated out. This money has not really been accounted for, and it would provide the kinds of funding for preventive and supportive services that are needed for our children. These are the kinds of services that many of the people here have discussed. Unfortunately, it has been used as an offset against cuts in Title 20, so many, many people throughout the State are really not aware that this money has even come into the State. At a time when children are suffering from Federal cuts, we want to be sure that these funds, specifically designated for preventive and supportive services to children and their families, are being used appropriately.

In a recent study that we conducted in January of this year, we found that a significant proportion of children remaining in detention or Jins shelters for ninety days or more, had been known to the Division of Youth and Family Services before the age of twelve. If those children had received the kinds of services that are outlined in the law, it is quite likely that these children might not have ever ended up in the juvenile court system - that is a very costly process.

I know there are going to be many special interest groups coming to you, there are going to be tremendous demands and very, very difficult decisions before the Appropriations Committee, but we ask that you give this kind of support to our children. These are, after all, our most important resource in the State of New Jersey. Thank you.

ASSEMBLYWOMAN KALIK: First, we are sitting here trying to determine the $600,000 grant. Was that a "grant", or was that an entitlement?

MS. WOOD: No, that is through the Child Welfare Reform Act, which was enacted last year, and that money has come into the State under Title 4b of the Social Security Act.

ASSEMBLYWOMAN KALIK: That is not a grant. That is an entitlement program.

MS. WOOD: No, it is not. It is an entitlement program.

MR. HERSHBERG: The Appropriations Committee knew that the Division received more Federal 4b monies, and allowed the Department to carry it forward to use it to offset some of the salary costs, and it was done through the Appropriations process.

MS. WOOD: I see. But we are very concerned that some of that money gets diverted into these kinds of services, because much of the money--

MR. HERSHBERG: This year, we only accounted -- we only took part of the increase of 4b funds to use to offset salaries, and the Department had about, in the neighborhood of, $800,000 to do new things in the child welfare area.

MS. WOOD: We have not been able to get hold of any kind of plan for the use of that money.

MR. HERSBERG: They published a 4b plan.

MS. WOOD: There was a 4b plan published, which we reviewed very, very carefully, but with the actual allocation of that money, there is no way that the appropriation that you are talking about could cover all of the things that are outlined in the 4b plan. We would like to know what specific programs are being developed, and is there going to be any citizen input into this process? Because that so often happens?

MR. HERSHBERG: We were also waiting to see the plan, because we wouldn't have allowed the Department to keep that $800,000 if they did not expand some programs.

MS. WOOD: We have had a very difficult time even finding out this much information. I appreciate your letting me know exactly how that process is going.

ASSEMBLYWOMAN KALIK: I am curious about your association. Is it based in Newark, and is it a state-wide organization?

MS. WOOD: We are based in Newark, and we are state-wide. We are basically a volunteer organization. We have a small staff, and it is through private funding.

ASSEMBLYWOMAN KALIK: I agree with you whole-heartedly, that we cannot look at children's services as "in a vacuum"; we have to look at the whole scope of it. I am hoping that the child support enforcement bills that were recently enacted are going to play a big role in helping some of these families, because they will be getting their money, and that will relieve us of some of that problem. It will relieve some of the pressure for money from Aid to Dependent Children funds, so we will be able to spend the money on those who are truely needy. Over and above that, as I told everybody else, with less money and more needs, for children and for anybody else, we have a very difficult problem that we are facing.

MS. WOOD: I realize that.

ASSEMBLYWOMAN KALIK: Thank you.

We will now hear from Doctor Anna Mayer from the Governor's Commission on Children's Services.

D O C T O R A N N A M A Y E R: Chairwoman Kalik, thank you very much for giving me this opportunity to appear before your Committee. My name is Doctor Anna B. Mayer, and I am testifying on behalf of the Governor's Commission on Children's Services, of which I am a member, and of the New Jersey Association of Mental Health, on which I serve as a Board Member and Chairman of their Child Advocacy Committee.

My professional experience includes teaching social policy in the fields of child and family welfare, for many years I was an administrator of children's institutions; I am a lobbyist, an advocate for children since my retirement; and I have worked for many consultation and national organizations, and private voluntary agencies. I have had a broad experience - almost all of it in the field of working with children's services. I now work as a volunteer in many organizations, including the Governor's Commission and the Mental Health Association.

The Governor's Commission was created by the Legislature in 1979, to review services for children and youth, and to identify methods of improving services delivery. We have a mandate to obtain certain specified data, and to use our efforts to promote the development of community-based services for children, which strengthens families, foster cooperation among provider agencies, and promote community involvement in planning services for children.

Based on our review to date, I will cite some results of our findings, based on 1978 figures of 2,200,000 children, and 1,100,000 families that reside in New Jersey: 75,000 families are impoverished; fifty percent of these have working mothers; thirty-six percent are single-parent families -- that is an increase of twenty-two percent over the figures for 1950. The majority of single families are headed by women; fifty-five percent of the impoverished families are female headed; 400,000 youngsters are growing up in poverty.

Governor Byrne, in his fourth annual message, stated that ten New Jersey cities were among the 100 most distressed areas in the United States. Such cities suffer from disproportionately high unemployment, housing stock in dire need of rehabilitation, and urban education in crisis. Our own study indicates a high incidence of reported cases of child abuse and neglect -- an increase of about 1,000 percent during the past decade -- a close correlation between poverty and child abuse; severe behavioral and emotional problems among adolescents; school violence and alcohol and drug abuse on the increase; a shrinking job market for adolescents; an 18 percent unemployment rate; black and Hispanic families getting poorer -- there has been a twenty percent increase in the rate of poverty in these families -- one-third of all minority group children grow up in poverty, this represents more than half of all poor children -- the infant mortality rate for minority children doubling that of white children; and, similarly, a high illness and disability rate -- the death rate is 25 percent higher than for white children.

Our basic social policy in the United States has been to provide a minimum income for families in need, and this has been the Aid to Dependent Children program, with which I am sure you are very familiar. The benefit levels have always been low. Our AFDC monthly cash benefits have been about one-third of the Federal government's minimum adequate budget -- and I will refer to that as MAB. The figures are as follows for a family of four, before cuts: MAB family of four, $1,015 a month. The AFDC cash allowance has been $310 -- this is for a family of four. With food stamps it increases it to $485 a month. Thus, a monthly benefit, with food stamps, represents about 48 percent of the minimum adequate budget. Thus, AFDC families have constantly had to make do with very inadequate expenditures for many necessities.

Also, the AFDC benefit has not been expected to cover medical costs. Medical needs have been met by Medicaid. The heads of welfare families are predominantly women. Fourteen percent of them work, and part of their income is disregarded in determining their grants. As they become more independent, the grant is reduced. These working-poor women have now been made ineligible, and many of them will be forced to become totally dependent on welfare without this partial supplementation. That is another area where costs will increase rather than decrease.

This, of course, will also threaten the status of the working-poor families with both parents in the home. As of October 1st, 18,000 children in these working-poor families have lost their Medicaid coverage. How will the working-poor families pay for medical care for their children?

In addition, 4,000 children have already been removed from the food stamp program.

In the Human Services area, the Federal Title 20 funds to New Jersey will be cut by at least $14 million Federal dollars. These Federal funds make possible support services, like counseling day-care; deinstitutionalization programs; mental health services; and others. Of the $14 million to be cut, $2 million has already been cut in day care programs. Five point six million will be cut in county-based services, delivered through the Division of Youth and Family Services, County Welfare Agencies, Purchase of Service Contracts, and the cost of operating DYFS district offices; one-half million dollars in contracts for alcohol abuse and family planning programs; $2 million in non-mandated Medicaid services, such as podiarty; and, $3.9 million in mental retardation reductions.

Going back one minute to one of the other points about Medicaid, in addition to the cuts for medical care, per se, these cuts also affect children, other than those served in welfare. For example, emotionally and mentally ill children will be affected not only by direct cuts in mental health funds, but by cutbacks in health

and social service funding. In developing community-based care, the State Mental Health Division has been able to tap such Federal resources as HUD, Vocational Rehab, and Medicaid, and there are cuts in all these other programs. If community mental health centers lose their Medicaid sources, children and adolescents will have to be transferred to in-patient care in state hospitals again.

The New Jersey Division of Mental Health has made tremendous progress in its deinstitutionalization programs for mentally ill and emotionally disturbed children, despite the fact that an increase in per capita funds for mental health services has not been increased, the per capita has not been increased, for seven years, despite inflation. An increase in the per capita funding through S-1182, would make it possible to increase the per capita for community mental health services. I am not sure if the bill has been amended, but we have agreed that it could take as much as four years to make this increase gradually. Now this per capita bill has been before the Assembly and the Senate, and you have probably had experience with this a number of times. It was passed by both houses, but it was not signed by the Governor. So this would seriously affect the ability to keep children out of residential care, in home, and in the communities. Here again would be an example of how we would increase costs, because in-patient care is much more expensive than community care.

Now, I would like to just tell you one experience in deinstitutionalization that I think has worked. In January of 1971, there was a capacity for 265 mentally ill children in five state hospitals, at a cost of approximately five and a half million dollars. These five hospitals included Arthur Brisbane, Trenton State, Ancora, Greystone, and Marlboro. Today, there are only two state facilities in use for children: Arthur Brisbane for younger children with a capacity of 70, and Trenton State with a capacity for 70. That is a reduction of twenty children at Trenton State.

As time goes on, it is hoped that some of these children who are still in two state hospitals can be provided for in their communities. Some of the local communities however, feel they need more time to adjust to their new responsibilities for caring for seriously disturbed children, so the State has slowed down its deinstitutionalization processing for the time-being.

The following new resources have been developed. In other words, that same 5 million dollars has been used to upgrade the services at Trenton State and Arthur Brisbane -- they added about 50 percent more staff to care for children, and in addition to that, they have developed local acute care units for twenty-eight children. These units are in community mental health centers and in hospitals, out-patient units serving 163 children. Then there is a screening evaluation and crisis intervention service, which means that children are seen before they are considered for placement. The cutback that we are facing now, and the lack of increasing the per capita, could result in having to return a lot of these children back into the state institutions where they were warehoused. Some of the complaints in communities that the children were back and they had to be cared for locally, were interesting because they didn't worry about these children when they were in the state hospital. Nobody saw them; nobody knew they were there; and nobody was really concerned.

Many of the children, by the way, the 265, returned to their own home; some of them were mentally retarded, not mentally ill, and were served by other agencies. I think this has been a very exciting experience, and I think it shows how much more we can do if we have the money to keep these children at home, and keep them out of institutions, which is a very expensive way.

I am almost finished here, I just have a few more things to say. The lack of effective policies and programs for assuring adequate income in human services, especially the young children in the formative years, will contribute to the ever-growing problems of emotional disturbance, delinquency, health, mental retardation, mental illness, truancy, and drug addiction. My strong conviction is, we are not going to save any money by the cuts in these programs. We are somehow going to have to take care of them, and we will be taking care of them through very expensive crisis-type services.

From these facts, it must be obvious to us that children represent one of the groups most likely to suffer from any reduction in our short supply of available services. We therefore urge the State to take responsibility to attempt to do at least three things -- We do know how difficult this problem is and the demands that are being made on state funds: To assure that State, county, and local bodies maintain their present funding of services - that is maintenance of effort two, to supply through a deficiency appropriation the funds necessary to alleviate the impact of the federal cuts in Human Services; and three, to support an increase in the per capita funding for community mental health projects. Thank you very much. I appreciate your listening to this long report I hadn't heard others testify, and I don't know how much of this has already been brought before you. But, at any rate, I felt it was an obligation I had to present. Thank you very much.

ASSEMBLYWOMAN KALIK: Before you leave, I just want to comment on S-1182 It is still in the Senate, it has not passed the Assembly.

DR. MAYER: It has not this time; it had passed in former years. I don't know whether it was under the same number.

ASSEMBLYWOMAN KALIK: In other words, S-1182 is not the number this year?

DR. MAYER: Yes, that is the number this year. I am not sure that it was the same number in the past.

ASSEMBLYWOMAN KALIK: That is still in the Senate; it has not passed the Senate this year.

DR. MAYER: Yes. So it will not come to you right away?

ASSEMBLYWOMAN KALIK: Well, it will not come to the Assembly until it gets out of the Senate. We have about five legislative sessions left.

DR. MAYER: You don't think there will be any chance that it will come up then?

ASSEMBLYWOMAN KALIK: I am not a Senator, I couldn't answer that question. Thank you very much.

Next we will hear from Sister Estelle Bobrowski, Executive Secretary of Mount Carmel Guild.

E S T E L L E B O B R O W S K I: Good morning. Thank you for the privilege of being here and speaking before you and the rest of the people that are present. As a member of a non-profit, private organization, which has been in existence in Trenton for sixty years, and whose value has been to the City of Trenton, to be able to fill the gaps between existing agencies and existing helping situations, I would like to say very strongly that Mount Carmel Guild will continue to be in the City of Trenton to serve the poor. We are looking for alternative sources of funding for the work that we do.

In my written testimony, I particularly mention children, which has adequately been covered in a few of the speaches that I have heard; so, I am going to divert from my written testimony to tell you a few things I think need to be said.

All of the programs that we are hearing about, are programs that have existed for years, luckily, for the poor people. But there are a number of poor people

that are never served by these programs. We have people who are roaming the streets of the City of Trenton, and every city in this state, that have no place to live; that have no help at all; who live and eat out of garbage cans - it seems impossible in this country, but it does happen, and I see those people increasing. I see the people who are coming to us for emergency food, increasing by at least fifty percent in the past few months. These are people that were on programs and were cut, but we still have a number of people who were never on programs, and I am pleading for them. I am pleading for support, at least, for the agencies and the individuals and the private groups who are trying to do something for these people that have already been left out. I would like to tell you that we have seen an increase in the number of families who have had to come to us to say, "The children do not have shoes; the children do not have clothing". They are people who are not on welfare; they are people who have minimal jobs which are even being threatened.

I would like to say that there are many, many wonderful people in the City of Trenton and all over the State of New Jersey who are very aware of these needs and are working in the private sector to help the poor. Although the State, and the County, and City have done much, there is much being done by people that are not a part of these groups. I hope that the State will use some of these groups. For example, one of the suggestions that I made at a meeting recently for children was that possibly private agencies' personnel could be used as case managers for a family so that the family could be guided through the bureaucracy and the paperwork, and the number of divisions and agencies that it must go through for help. Possibly, that is where some of the private agencies can be of assistance in this time of great need, and in this time of little dollars available. Thank you.

ASSEMBLYWOMAN KALIK: Sister, thank you. I don't think that one can ever speak too much on behalf of the children, nor can they advocate care for the needy too much. I just want to tell you, I sit here and I feel like Scrooge. You know, I hear you, and we all hear you, and we know that the cries for help are numerous, many, and real. I would love to hear suggestions on how to help those who need help. Thank you.

SISTER BOBROWSKI: Thank you.

ASSEMBLYWOMAN KALIK: Next we will hear from Ms. Diana Bella, maybe you can clue us into what those initials stand for, thank you.

D I A N A B E L L A: Hello, I am Diana Bella. I am here on behalf of the Cap Executive Director's Association of New Jersey, which represents the twenty-three community action programs in the State and the low income people they serve. I am here today to speak about the Community Services Block Grant.

For this Federal Fiscal Year, caps are to be funded through the Community Services Block Grant, which is currently being administered in New Jersey through the Department of Community Affairs. These funds are now being distributed nationally, based on an annual allocation of $225,000,000. I want to point out that this figure represents a presidential deferral of $137,000,000 from the $362,000,000 actually contained in the continuing resolution for the Community Services Block Grant. That in itself was a thirty-four percent cut below the FY '81 allocation for community action programs. Based on this $225,000,000 figure, New Jersey is expected to receive an annual allocation of $6,342,327, and I have to say "expected", since the Department of Community Affairs has not yet received any federal funds, either from the first or second continuing resolutions.

This is the State's portion of $225,000,000 minus approximately $19,000, which the Federal Department of Health and Human Services has taken for New Jersey Indian tribes. These funds are almost fifty percent less than the $12,000,000 available to New Jersey Cap in the last fiscal year.

Although we are hoping that the new continuing resolution which Congress and the President must pass next week will provide more money for the Community Services Block Grant, we are expecting another Presidential deferral or recision which would bring us back down to the current allocation. The future looks even bleaker for us - Secretary Schweiker has recommended only $157,000,000 for the Community Services Block Grant in a Fiscal Year '81 budget memo to the Office of Management and Budget. If these figur become a reality, Caps in New Jersey are going to have a difficult time continuing to serve their communities, and I just want to take a few minutes to discuss what Caps do.

Caps in New Jersey have provided a mechanism for the local delivery of social service programs to meet the individual needs of their communities for the past sixteen years. They operate programs such as Head Start, Senior Nutrition, Energy Crisis Intervention and Weatherization, employment and training programs, health clinics, community food and nutrition programs, and numerous other social programs. Caps provide a base in the community that can quickly initiate action when need arises, and I would like to give you a couple of examples: When Cuban refugees began entering North Hudson communities in great numbers last summer, the North Hudson Cap was able to begin a refugee program which served 2,000 entrants who arrived in the community in need of shelter and food, and had nowhere else to turn. Right now, Atlantic Human Resources is serving mothers and children in its health clinic, who have recently been dropped from the Medicaid program because of cutbacks in AFDC. These mothers would not feel comfortable going to the hospital for care, but they do know they can receive help from the Cap clinic.

CAA's plan and work with other agencies in their community, both public and private, to develop programs to meet the long-term needs of their constituants. An example of this is the Middlesex County Cap, which has worked with private industry and public agencies to develop the first jobs transportation program in the State. Three to four thousand clients a year, including handicapped citizens, have been able to work through this Cap program, which recognizes that for many poor people, transportation is the chief barrier to employment.

Caps act as umbrella agencies to provide a number of social service programs and act as referral and information agencies in their communities. As a result, clients receive help with all their needs and do not have to try to work their own way through a maze of social service agencies. In addition, by acting as an umbrella, Caps have been able to cut down on administrative costs. For many programs, such as Head Start, Caps use their own general administrative funds to operate the program, rather than taking a percentage of funds from the program itself. Overall, New Jersey Caps have an average administrative cost of only ten percent.

Finally, Caps are the agencies of the poor which advocate for the needs of the poor. Like other agencies, Caps have already felt the effects of the budget cutbacks. They are being swamped with poor people suffering from food stamp and AFDC cutbacks who need emergency food, health care, and other services. At the same time, many of these agencies have had to lay off as much as half of their staff, close all their neighborhood centers, and severely cut programs so they could be managed by skeletal crews. For some caps, these problems have been compounded by the late arrival of the community service dollars and grants which are still outstanding from the

Community Services Administration, making it almost impossible for the caps to plan at the local level, and causing severe cash flow problems. A couple of examples: one cap had only a director and secretary on staff; another was operating only because its staff was volunteering its time. These problems are not over. CSA money is still owed to many of our agencies, and fiscal problems will only get worse if the Community Services Block Grant dollars come in at the current rate with a deferral.

We are asking your assistance, therefore, to ensure that our agencies do survive. We first are asking for our legislators' help in advocating for sufficient funds for the Community Services Block Grant. We are urging that you speak to our congressional delegation, if, in fact, another presidential deferral should continue to keep funds contained in the continuing resolution from reaching our state.

We also ask that you consider a state appropriation to offset some of the Federal reduction if the CSBG allocation is not adequately raised. We understand that this is a time of "tightening of the fiscal belt," and that all programs are experiencing cutbacks. To our knowledge, however, no other programs are experiencing a cut as deep as ours - almost fifty percent - a cut which threatens the existence of many of our agencies.

We feel that now, in these days of cutbacks, it is more important than ever that Caps survive. Caps can help fill in the gaps that are being left by the Federal cutbacks, continue to help the poor people achieve self-sufficiency that will relieve them of their need for Federal programs, mobilize other community resources to achieve the same, and advocate for the poor whose needs are being so sorely neglected in the budget cutting process.

We ask for your support in helping our agencies continue, and thank you for this opportunity to express our concerns.

ASSEMBLYWOMAN KALIK: I have one specific question. You talk about the AFDC mothers who are coming to you because their benefits have been dropped, it was my understanding that they would be continued on the medical program for a few months after their benefits were cut. That is not occurring?

MS. BELLA: To my knowledge, I know that our Atlantic City Cap has said that they have gotten many more mothers and children this past month, specifically due to the AFDC cutbacks.

ASSEMBLYWOMAN KALIK: We are going to check into that, because it is our understanding that they would maintain those benefits at least three or four months after they had been dropped from the program. Thank you.

May we hear from Ms. Shari Weiner, League of Women Voters of New Jersey?

S H A R I W E I N E R: I am Shari Weiner, Social Policy Director at the League of Women Voters of New Jersey. The League is an organization of 6,000 members throughout the State, which has a long standing concern for the needs of the disadvantaged.

When President Reagan signed into law legislation which initiated a new direction in the allocation of Federal funds, even more than a new economic policy, the result was a shift in domestic policy.

Over the last half century, the view has been that the Federal government has had a special obligation to serve and protect those who are less capable of helping themselves, such as the poor, the handicapped, and the minorities. Federal regulations, policies, standards, protection, and oversight were deemed essential to assure that those entitled to service would be properly served.

Now that the Reagan Administration has deemed that the Federal government has no special obligation to serve and protect those who are less capable of helping

themselves, it is essential then, that to the extent such an obligation exists, it must be defined as the responsibility of the State and local governments; and we urge the State of New Jersey to recognize its obligation.

In the administration's view, the Federal government should ultimately withdraw not only from social programs, but also from its share in funding public assistance, Medicaid, and other income maintenance programs. It is interesting to note, however, that the administration acknowledges that the failure to provide services and discrimination in the provision of services by the states, was the historic cause of Federal intervention. It is due to the reduction in the Federal role, that we come before you today to express our concerns over the deliverance of services to the people of New Jersey, and to ask that priorities be set so that the poor and minority groups of the State will not be ignored.

As New Jersey takes over the management of five federal block grants, which consolidated the funding for social, health and community development programs, we ask that you keep in mind the multiple impact that the 31.6 million dollar budget cuts will have.

The budget cuts significantly reduce the incentive for New Jersey's welfare population to become productive working members of our society, because they propose the elimination of CETA public service jobs, and the reduction in job training. The cutbacks also reduce the incentive for welfare families to find jobs in the private sector, because the income and child disregards utilized to calculate eligibility for supplemental AFDC benefits and Medicaid for working families has been reduced.

The working poor are the hardest hit by the tightened eligibility criteria. The new rules deny welfare aid to anyone with more than 1,000 dollars personal property, excluding items necessary for daily living. As a definition of what is to be considered necessary is being left up to each state, we urge you to adopt a liberal interpretation.

The Medicaid program is the only source of health care for 630,000 New Jersey citizens who are poor, disabled, elderly, or very young. The beneficiaries of this program live at or below the poverty line, and must use Medicaid because they are unable to pay for private health insurance or direct health care services. The Federal government has reduced Medicaid expenditures nationally by placing a cap on Medicaid funds over Fiscal Year '80 expenditures for the next two years.

New Jersey must make some provisions so recipients would not have to use limited income to pay for necessary medical care. Such a situtation can cause choices between obtaining health care and purchasing food or paying rent. Given such choices, foregoing health care and allowing a condition to worsen becomes a real possibility. This could ultimately result in the spending freeze costing more than it saves by making the elderly and disabled more dependent on institutional care.

One of the most far reaching effects of the twenty-five percent reduction in Title 20 funds will be the unavailability of day care. Because this program freezes low income and welfare recipient parents for employment and job training, we fear an increase of those formerly using day care facilities returning to total public support.

The Federally sponsored food programs currently provide services to well over 600,000 households in New Jersey. Food stamp programs would lose almost 64,000,000 dollars in Fiscal Year '82. Budget cuts have led to new food stamp rules with more stringent income requirements for elibility and lower benefits for many participants. The necessity of providing adequate food to the poor must be recognized as a priority by the State.

We are very concerned about the drastic cuts in the broad range of federal housing subsidies and community development programs that have provided thousands of

working poor families in New Jersey with affordable housing. These recipients will not be able to continue living in this housing, and we urge the State to consider the effects of this serious problem.

The Federal budget cut presents a situation where multiple assaults are being made on individuals and families. They are being made from several directions: in preventive health care services, in home energy subsidies, in child care, in housing, in CETA, and other employment.

The cuts in the budget of the Federal programs constitute a severe threat to the quality of life enjoyed by low and moderate income families in New Jersey. As the block grants are only the first step towards total withdraw of the Federal government from education, health, and social service programs, the State of New Jersey must be prepared to assume its share of the obligations.

Thank you for this opportunity. You have been asking other speakers if they have a way for the State to perhaps pay for some of these programs. The League has some suggestions that I can present to you, if you would like to hear our position.

ASSEMBLYWOMAN KALIK: I would love it.

MS. WEINER: This was not part of my prepared testimony, but the League of Women Voters of New Jersey feels in order to maintain this level of services, the Legislature and the Governor should seek additional sources of revenue. The League supports sound fiscal policies through a progressive and equitable tax structure with sufficient revenues to provide services to meet the needs. We support fiscal policies that continue to reduce our dependence on property tax, and reduce disparities in tax rates and services among communities. We oppose a dedication of specific taxes for specific purposes. A more graduated personal income tax would promote a more equitable and progressive tax structure and yield sufficient revenues to permit the Legislature to adequately fund such programs. If the revenues from income tax were not dedicated, or for that matter, if none of the revenue sources were set aside for special uses through special funds, the Governor and the Legislature, working together, could set priorities to meet this State's needs. Clearly, such a change in fiscal policy would necessitate changes in our State constitution and is not easy nor popular.
We feel that it is time for members of the Assembly and its Committee to address the problems of raising more revenue for the State. We hope that will help a little bit.

ASSEMBLYWOMAN KALIK: I think it is wonderful to be a member of the League of Women Voters and not have to worry about partisan politics, or running for election, and to be able to say those kind of things. League of Women Voters also has the ability to reach out to the Federal level, and I am sure you are doing that. We talk about the inequities and distribution on a State level and that there are certain counties that do not get their fair share. I think we have to look in the direction of the fifty states in the United States and wonder if it isn't the responsibility of the entire country to take care of the poor and needy, no matter where they are living. That has been my position, and I think the Federal government is abdicating that responsibility.

MS. WEINER: The League is lobbying on the Federal level also.

ASSEMBLYWOMAN KALIK: Thank you.

Next we will hear from Ms. Ellen Keyser from Family Services for Burlington.

E L L E N K E Y S E R: I am Ellen Keyser from Family Service of Burlington County, a mental health agency. I want to speak about two basic issues. One is preservation of community mental health services. The community mental health system is a fragile network of services which supports large numbers of seriously mentally ill persons in the community. The present policy of providing service in the least restrictive

setting is not only a sound, humanistic position which protects clients' rights, it is also a sound, economic way to deal with the mentally disabled persons in our society, because institutional care is much more costly.

Community mental health services are currently funded, for the most part, directly through several funding channels as well as by third-party liability through Medicaid.

My concern is that as budget cuts are addressed, Medicaid not be forgotten, that it seems to come to us in an indirect way, and I want to be sure that that funding does not disappear without somebody realizing that that would cripple, if not stop, some of the community mental health services entirely.

The other issue which I want to address is, as the decision making process is pursued - and I do not envy anybody who has to make the decisions - that a representative advisory council be included which has a composition of elected and appointed members to make sure that there is a broad base of advice as these decisions are made.

ASSEMBLYWOMAN KALIK: Thank you, Ellen.

May we hear from Ms. Ward, please.

M A R Y J A N E W A R D: I thank you very kindly for this opportunity and express the gratitude that is proper of the occasion, and any occasion for citizens of the State of New Jersey to make known the interests of individual groups.

It is a fact that right and privilege combine to make it possible for me to speak in this Assembly Room this morning, on behalf the interests of the New Jersey mentally retarded citizens, and most especially, the mentally retarded citizens of Burlington County.

Burlington County residents who are mentally retarded, developmentally retarded, or otherwise disadvantaged, are presumably represented in the halls of Congress in Washington, D.C., and in the Assembly Chamber here in Trenton.

Commitment to the needs of this special population is realized in many ways: both Federal and State tax money is collected and distributed for the use of these citizens; influence is exchanged so as to secure their education and training, their continued good health, opportunities to work and to maintain themselves in as much comfort and security as possibly; opportunities to live in the community, to pursue the fun of recreation and a social life as enjoyable as possible; and throughout all these activities runs the philosphy of both right and privilege - the right to opportunities and the privileges of New Jersey citizenship.

Burlington County looks to the State of New Jersey to lead its citizens to a timely and conclusive ending of the handwringing and anguish of the past summer of discontent. Federal aid will be less, we are told; economies must prevail. State aid, however, is not automatically forthcoming as a result of cutbacks at the Federal level, and so state economies must be invoked. Who can argue? What's to do? There is no single answer. There are, however, signs of possibly new and singular commitments to the rights and privileges of New Jersey's disabled populations.

The development of Human Service Coalitions involves citizens who believe that new networks of citizen effort can be developed to link us all together; new alignments of those of us who are privileged with those who still strive to achieve their basic right to live happily in the community; the opportunity to receive early training so that school life can lead to self-help and not early institutionalization; new channels for capturing volunteer expertise and energies; and so on.

Federal aid must not be dropped merely because it must be reallocated to making war. Block grants cannot and must not become new battlegrounds for old partisan enemies. The strategies for redistribution of newly curtailed federal support and

newly defined state support, must rise like a phoenix out of the ashes of our past mistakes - from the past which was wasteful and finally a past which was wasted - a past when Assembly representatives knew too little, cared too little, and did too little for those with both rights and privileges - New Jersey citizens.

On behalf of the Burlington County Developmentally Disabled, and all exceptional citizens from all over the State, I would ask that these times become the "best of times", not the "worst of times". There is leadership enough, more than enough in the Assembly, to promote the rights and privileges for all Jerseyites.

ASSEMBLYWOMAN KALIK: Thank you. Are you a member of the Burlington County Human Services Coalition?

MS. WARD: Yes. I am a member of the steering committee and also the head of the Inter-Agency Cooperation. Thank you for your interest.

ASSEMBLYWOMAN KALIK: Thank you.

I am going to call some of the people who were due to speak this afternoon. If they are here and would like to make their testimony this morning, that is great. May we hear from Ann Levine?

A N N L E V I N E: I am representing the New Jersey Family Planning Forum today. We represent the twenty-five family planning agencies or projects in New Jersey that have been providing free or subsidized contraceptive services to about 130,000 women in the State, most of them from families with incomes of less than 150 percent of the poverty level - that is an income of less than $12,600 a year.

I have included with my testimony a list of these agencies and their various funding sources at the Federal level. That they do depend on; a summary of how the changes in the Federal government programs impact on family planning; and a description of our organization for your convenience.

Seventy-five percent of our funding comes from what had been Federal categorical programs. The major one, Title 10 of the Public Health Services Act, has been preserved as a categorical program; Title 20 is now the Social Services Block Grant, but the only addition there has been training funds so that has not changed markedly in this State; and, Title 5, Maternal and Child Health Grants have been incorporated in a block grant with a number of other services. But that had traditionally been administered by the State Health Department, so there is not a great administrative change there.

About five percent of our funding comes from Medicaid reimbursement, which does not cover the full cost of services to eligible patients. The difference is made up from Title 10 or Title 5, or in some cases, private funding, since those patients cannot be charged fees.

Another ten percent of the agency funds comes from patient fees which are based on a sliding scale according to income and family size; another ten percent from private fundraising, or state or local governments provided as match money for Federal dollars, as well as some in-kind and volunteer services.

We are particularly impacted by cuts in Federal dollars, because the matching ratio has always been very favorable to encourage institution of these programs in the states. It has been a ninety percent Federal to ten percent State or local match.

On the next page, you will see how we are being impacted by cuts. Title 10, as of our latest information - and this is what we understand will be in the continuing resolution that the Senate and the Republican leadership has agreed to - will take about a twenty-three percent cut. In Title 5, the cuts in New Jersey will be about eleven percent to those agencies receiving those funds.

Although the MCH Block Grant funds have been cut at least one third, there have been some monies transferred to the MCH Block Grant from the Preventive Health Block Grant, which is also a preventive service and seemed appropriate. But, all in all, we are facing a cut of at least 1.64 million dollars in Federal funds, and there will be concomitant funds because so much of our other funding is grant-related income - patient fees and match money.

Cuts of this magnitude, we have estimated, will mean we will be able to serve about 30,000 fewer women in the State. Because of the cutoff of Medicaid due to the loss of AFDC eligibility, we will no longer be able to get Medicaid reimbursement for some patients now being served, meaning there will be more demand on our other funds, and we will probably be seeing patients who were receiving Medicaid services from private physicians who must now turn to other sources for service.

We have no quarrel with the method by which the Title 10 cuts were allocated to our agencies by the Department of Health, which receives them from Human Services through interdepartmental agreement. They were simply based on the size of the grant award, which seems fair to us. We are very disappointed, however, that the Department of Human Services did not choose to restore some of the cuts for Title 20 Family Planning Services administered through that agreement, when it saved enough to postpone Title 20 cuts to direct services administered by that department; particularly, since a large part of the savings come from the drop-off in Medicaid eligibles dues to Federal changes in eligibility requirements - that will have an impact on our services.

We are also concerned that the Department is proposing that in 1983, Title 20 funds require a twenty-five percent match for family planning services, without at the same time, allowing us to use patient fees or private in-kind contributions as match - this means 150 percent increase in match requirement that will be difficult for many agencies who are not in the private sector to meet.

We are working very hard to keep operating under these reduced circumstances. Agencies are reducing staff by layoffs and attrition. We are raising our fee scales, and we are working with the Department of Health on revising standards for clinic operation so that we can reduce unnecessarily lengthy informed consent procedures, reduce the frequency at which some tests and revisits are required, and take other steps allowing us to serve more patients for less money without affecting the quality of care we provide.

There is a limit to what we can achieve with that. We anticipate an increasing demand for services, as has been the case in the past, when New Jersey unemployment goes up. We have never come close to serving more than about fifty-five percent of the women estimated to be at-risk of an unwanted pregnancy and in need of free or subsidized services in New Jersey.

I would like to point out that based on recent studies, we estimate that if 30,000 clients were denied services, some 1,800 births that their mothers were trying to prevent would occur; 450 or so of them to women under the age of twenty, many of them from low or marginal income families, increases the likelihood that costs for medical care, for childbirth and maternal and child health care, welfare, and other public sector expenses would increase. I would also add that we estimate that there would be an additional 2,850 abortions, and 670 miscarriages if there were a service cutoff of that magnitude.

The standard conservative estimate of the public sector cost that would be incurred would be about one dollar and a half for every one dollar invested in family planning services that would prevent those costs from occurring. These do not include eventual cost for day care and the economic and social costs to young women and adolescents bearing unwanted and unplanned children.

We think it is time that the State of New Jersey recognizes the effectiveness of providing family planning services and invest more state funds than it is now doing in the program. Thank you, very much. I would be glad to answer any questions.

ASSEMBLYWOMAN KALIK: Thank you. You stated your case so beautifully, so I have no questions. Thank you.

May we hear from Cecile Dickey?

C E C I L E D I C K E Y: Good morning. My name is Cecile Dickey, and I am representing the New Jersey Head Start Director's Association. I would like to begin my presentation by telling you a story about a family that immigrated to this country early in the 1900's. The father and mother were both uneducated and found it very difficult to find work to support themselves and their two children. The father made several attempts at odd jobs, but had a very difficult time making ends meet. However, because of Government Intervention through the W.P.A programs and food coupons called "Scrip", this family did not find themselves on relief. By the way, the family I am speaking about is the family of John and Nelle Reagan, and the two children were Neil and Ronald Reagan. The point of my story is that there are circumstances sometimes beyond control. No one wants to live in poverty and often with a helping hand, will in fact pull themselves up by the bootstrap - if there is a strap to hang on to.

Mr. Reagan's continued proposals cutting social services would in fact, remove that very strap that so many of our country's poor are clinging to.

I would like to talk a little about the impact of these cuts on women. I am particularly concerned about the devastating effect and impact of these cuts on women, especially those in low and middle income families, those who, for the most part, must support their children as single parents either through public assistance or low paying jobs. Large numbers of women, employment programs, training and actual employment, depend on federal funds for their existence. These programs in the past have proved innovative, cost-effective, and have a strong, positive result in moving economically disadvantaged women into the private sector employment. Their cut would represent an insurmountable object to women.

While Reagan's budget cuts are killing programs from the outside, changes in federal policies and regulations are disseminating programs from within. The process is happening without publicity and with little room for public discussion.

On October 1, D.H.S.S. issued regulations that threaten continued Medicaid benefits for nearly 75,000 children in thirty-three states. Most of the regulations are geared toward giving states unfettered flexibility, effectively turning Medicaid into an open-ended block grant.

The figures are staggering. Medicaid losses from all or part of these changes will reach 604 million dollars by Fiscal Year '83. AFDC, I need not dwell on the fact that again and again, helpless victims of the proposed Reagan cuts are innocent women and children. The total proposed budget cuts in AFDC by Fiscal Year '83, represents a sizeable 540,000,000 dollars. S.S.I. cuts come in at minus 230,000,000 dollars in Fiscal Year '82, and a whopping four million by Fiscal Year '83.

May I iullstrate the impact on women with the following two actual case histories of women living in Paterson who are personally known to me:

Case number one: Mrs. C. has two children, Gloria, born in 1974, and Nathan, born in 1977. One year ago, Mrs. C. started working at a school and grossed $273.00 every two weeks. When her income was figured out by her caseworker, she was entitled to $161.00 a month, plus Medicaid for herself and her two children.

Mrs. C. stated that as of September, 1981, her benefits were cut completely and all she received was food stamps and an energy check. Mrs. C. is badly in need of Medicaid benefits because she states her son is being treated for high lead level. On top of this, Mrs. C. was recently burned out and has no place to live. She was suspended from her job for six days due to the fact that she was absent for work for a few days, and sometimes late while trying to locate a place for herself and her children to stay.

Case number 2: Spanish speaking Mrs. Y. Mrs. Y was receiving $123.00 monthly and Medicaid for her son by her former husband. With the recent budget cuts, she is no longer eligible for this supplement, and her present husband must assume the responsibility, even though his gross pay is $150.00 per week. The youngster has prescriptions for over two weeks for which Mrs. Y cannot pay. There is just not enough money to refill them. Out of Mr. Y's gross pay, $150.00 per week, must come rent, gas, electric, food bills, plus other medical expenses. May I say that there are now five people in this family, including a step son. Mr. Y's inclination right now is to leave his wife and children so that they will be eligible for a full welfare grant.

Work Incentive Program: The Work Incentive Program provided training and job placement for AFDC recipients - mothers with minor children. The need for training and job placement is critical for these people if they are ever to become self-supporting, and it provides savings to the government through welfare reduction. The Administration has proposed an expenditure for Fiscal Year '82 of 13 million dollars for New Jersey for the WIN Program. This represents a 1.6 million dollar loss to the State of New Jersey.

Food Stamps: 60 million dollar cut in Fiscal Year '82. Some other figures that I can mention are: low income energy assistance, minus 17 million, Fiscal Year '82; Child Welfare Services, 1.5 million less; Child Abuse and Neglect, .8 million; Community Mental Health Services, 2 million; Medicare, 2,914,000 dollars; Fiscal '83. Can we believe the disaster to the elderly?

Mothers of minor children receiving AFDC aid, recipients of welfare or supplemental security income, are usually eligible for food stamps, as are working families that, because of low wages and large family size, need extra help purchasing sufficient food. New Jersey recipients, as a result of the Administration's proposed changes, will lose many of these services. Almost 12,000 students are no longer eligible for reduced lunches due to proposed changes.

Housing: Mr. Reagan proposes to build 85,000 fewer Section 8 public housing units; eliminate rehabilitation loans; and increase the amount of low income renter's pay. In a city like Paterson, this proposal would be disasterous.

Those least able to afford housing, poverty-level and low-income families, are again headed by single parents, mostly women, and the elderly. Seventy-eight percent of the occupants of federally subsidized public housing are elderly women. Again and again, this Administration shows its contempt for women. It is their intention to wipe out as many of us as possible off the face of the earth to decrease the surplus population.

Sixteen thousand babies and pregnant women and new mothers will lose their high protein food packages so vital to their health. Day care centers, family day care homes, after school programs, recreation centers - all will be affected by these cuts.

Head Start: After promises to leave Head Start intact in the appropriation process, the Reagan Administration is looking at new policies that would gut Head Start

from within. Possibly regulatory and policy changes include: eliminating or reducing funding for health and social services provided under the Head Start program; substantially reducing the number of grantees; limiting the program's length to four hours a day; limiting the program's yearly operations to eight months.

Need I even speak of such subjects as legal aid, mass transportation, emergency assistance to women and children who are victims of domestic violence? I think not. Mr. Reagan has mentioned that these cuts will only trickle down to the poor. We sincerely believe that the trickle has already become a flood - and the dam has burst - and the poor and elderly at this moment are being swept out to sea. I believe as citizens for these great United States, we can draw our own conclusion and determine where our priorities lie. Do they lie with women and children, the poor and the elderly, or do they lie with Mrs. Reagan's dishes and tablecloths at a cost of $250,000?

We, of course, see the need for austerity - austerity, yes - insanity, no. The path our government has chosen is in contrast to every moral and ethical doctrine we have been brought up to believe in.

I ask this committee here today, begin the process of reversing the trend of budgeting out of existence, mothers, innocent children, and the working poor, and the aging. I thank you.

ASSEMBLYWOMAN KALIK: An absolutely chauvinistic statement on my part would be rah-rahed. I don't think anybody is ever going to be able to wipe women off the face of this earth. All you had to do was to be here for this hearing this morning. and you could hear women advocating not only women's needs, children's needs, needs of mental health, mental retardation, etc., but were there in the forefront fighting. I would love to see you write that letter to every Congressman. I think the story that you told is a beautiful story, and one that probably very few people are aware of. Certainly I was not aware of it.

MS. DICKEY: I will be happy to write that to every Congressman.

ASSEMBLYWOMAN KALIK: Thank you.

MS. DICKEY: Thank you.

ASSEMBLYWOMAN KALIK: I am going to adjourn the hearing at this time. We will be back at 2 o'clock. The court reporter is here all by herself, and I know her hands are tired, so we will adjourn until 2 o'clock.

(Recess for Lunch)

AFTERNOON SESSION

ASSEMBLYWOMAN KALIK: We are ready to resume and we are going to start with Commissioner Burke, Department of Education.

F R E D G. B U R K E: Thank you.

First, I would like to express my appreciation for the opportunity to speak to you and the committee. I would like to talk as briefly as possible and answer some questions on federal education aid, the major programs, purposes, and the cuts.

From the very outset, federal dollars for education were targeted for very specific purposes. Generally, they were targeted towards those populations that seemed not to be given a fair shake: minorities, handicapped, migrant children, and women. For example, over the past 15 years federal education legislation has consistently pursued five major goals:

1. The major goal involving the greatest amount of money is equal educational opportunity for all children. The chief instrument here is Title I of the Elementary and Secondary Education Act of 1965. It is allocated to school districts by formula, providing compensatory education services to what are termed educationally disadvantaged children who are attending school in what are termed eligible areas. They are areas that have a high concentration of low-income families.

2. Support of specific programs judged to be in the national interest. Here we have programs for the handicapped, vocational education, and bilingual education. They are designed to meet national priorities as these priorities come down the pike.

3. Educational Research and Innovation. Here we have what we call the Title IV C Program that gives funds to local school districts to support innovative projects that meet local needs. Then those projects are diffused to other districts by our education improvement centers, by the Department and by the County Offices, etc.

4. Improvement of State and local educational practices. It is what we call Title VB. These are funds that are given to departments of education to strengthen their capabilities. These were started when a lot of federal funds came and they discovered years ago that education departments at the state level weren't prepared to handle the moneys. So they started a program. It is worth noting that between 35 and 40 percent of the professional staff of the Department of Education are paid for with federal dollars.

5. Compensation for local revenue losses due to tax exempt federal facilities. You are familiar with this. It is what we call impact aid. It provides general operating funds to local school districts that have large numbers of students whose parents live and/or work on federal facilities.

That is a thumb-nail description of where federal funds have been focussed in education.

Let me bring you up to date on the current federal funding cuts.

The first wave of budget cuts hit our education programs early last summer when rescissions were made in federal fiscal year '81 funds. Those reductions ranged, depending on the program, from around 6 percent to 57 percent, with the largest cuts affecting what I mentioned before, Title IV C, that is competitive grants for local innovative programs. Also large cuts were made in impact aid, bilingual education, civil rights, vocational education, and that part of the federal funds which goes to departments of education to strengthen them. Title I programs, the largest single one, which are for disadvantaged youngsters, were cut by 6 percent. In that rescission process, New Jersey lost $12.2 million in education money, not counting $10 million lost in child nutrition funds. People argue whether the

nutrition funds are in Education or Agriculture. So, when I tell you that in the first round of cuts we lose $12.2 million, that does not include $10 million which were lost in child nutrition moneys. Of the $12.2 million, 96 percent was money that was lost to local districts.

Budget figures for the 1982 federal fiscal year, which fund most of our programs for the school year 1982-83, have not yet been firmly established. The President has vetoed one Appropriations Bill. He has called it a "budget buster." Funding projections based on the President's September budget request show average cuts of more than 20 percent. In federal fiscal year 1982 funding, if you compare it with '81, there is now serious talk in Washington of even more significant cuts in basic programs. If these materialize, we are obviously going to face a catastrophic situation.

For example, in Title I, which is the major program for poor school districts, poor economically, mostly our urban areas, a loss of Title I funding would be from the present $75 million to $58 million. That is a 22 percent loss. If you were to translate that into what happens at the local level, it would mean approximately 850 jobs, mostly all teaching jobs, and, as a consequence, services to about 49,500 children.

In Handicapped, which is the second major federal program for education, the support of the handicapped, presently it is at $33 million. If it were reduced to what was projected by the President recently, to $23 million, it would be a 23 percent loss or an impact on about 550 jobs at the local level. The cost is approximately $7.5 million. Let me add here that one of the problems we have when you cut back on services and money, let us say, in education of the handicapped, you don't do away automatically with State regulations or State law or court decisions which have evolved over the years in conjunction with its expenditure. So we face a very difficult situation where parents, properly so, are expecting the delivery of services to handicapped youngsters not to be curtailed when the funds are curtailed.

A similar statement can be made for Adult Education, Vocational Education, and so on.

The Washington Post this morning in an article you are probably already familiar with - and I can leave this article if you haven't seen it - indicates that in January for the federal '83 budget, which would affect us in the school year '83-'84, the administration will ask for an additional 50 percent cut in Title I and a cut of 40 percent in our Block Grant, and at least 30 percent out of all other programs. If that happens, I can assure you that we would really have a catastrophic situation. It would mean the loss of half the total federal support for education in a three-year period. Some of us find that to be shocking. I won't take the time now, but I was asked to testify for the Coalition of Education in Washington in the spring and suggested that the events in Washington led me to believe that we were facing the possibility of slowly phasing out - not so slowly - federal aid for education.

Much has been said about the Block Grant and I would like to brief you as quickly as I can on the Education Block Grant, which was created by the Education Consolidation Act of 1981. It is different from the Block Grants in the health and human services areas. Most major education programs have not yet been consolidated and remain as separate categorical funds serving particular groups. Title I, the largest that I mentioned which is for disadvantaged youngsters, the Handicapped money, the Bilingual money, the Migrant money and Vocational Education money - these have not been put in the Block Grant. These major programs remain in place as categorical programs.

Chapter Two of the new law consolidates 29 smaller categorical programs into one.

Programs which annually contributed significant resources to the State and local education agencies that have been consolidated include: Title IV B, that is instructional materials and school library resources; Title IV C, which is educational innovation and support services that I mentioned to you earlier; and Title V B, which is the funds which go to departments of education for strengthening their administrative capabilities.

Programs which supported special projects at the State and local levels include: basic skills, special projects in metrics, school arts, preschool programs, consumer education, youth employment, law-related education, environmental education, health, corrections, dissemination, biomedical, ethnic heritage, etc. Also included in this group of consolidated programs is the emergency school aid for desegration, which a number of our districts were fairly large recipients of. Also included which are important to New Jersey are: the funding to community schools, gifted and talented education, follow-through, alcohol and drug abuse education, teacher corps and teacher centers, science teacher training, and career education incentive programs.

The Education Block Grant differs also from other Block Grants because responsibility for administering the program, for assuring its programmatic and fiscal integrity, is given by law to the state education agency.

The federal government will distribute funds to the state agency based on its number of school-aged children. Then the state education agency will, by law, allocate 80 percent of the money it receives to local school districts. According to the law, local school districts will apply to the state agency for money which will be allocated on the basis of public and non-public school enrollments. You can adjust that formula, by the way, for high-cost students, such as children from low-income families and/or students from economically depressed areas, etc. What you must take into consideration is that for the first time these Block Grants will flow to all children, not just children that fell into these programs which are consolidated. Furthermore, the number of nonpublic youngsters that will participate in these programs will probably more than double because now they are all automatically triggered, whereas before, only those who elected to be involved would be involved.

The law provides that an advisory council be appointed by the Governor to advise the state education agency on the formula to be used to distribute those funds and on such things as program planning, evaluation and resource allocation of the funds reserved for the state education agency. That is the 20 percent.

School districts are responsible for designing and implementing their programs. They have complete discretion in using their funds to support activities falling within three broad areas: basic skills development, educational improvement and special projects. As you can see, it is a very broad designation.

New Jersey would receive, depending on how the current budget process in Washington shakes down, somewhere between $9 and $14.5 million. We are speculating, for purposes of calculation in order to have something to deal with, $10 million, depending on which program the Senate or the House of Representatives comes up with. Because New Jersey received approximately $16 million last year for programs that are folded into that Block Grant, funding at even the highest of the proposed levels represents a very large loss for the State of New Jersey.

It is worth noting, for example, that the 20 percent Block Grant moneys for the State, which we calculate if there is to be $10 million would be around $2 million. We now have payroll demands in the department, vis-a-vis that money, that fall into two categories. The first consists of staff for these very small

programs that we are consolidating. The second is the Department's staff that are funded out of what we call Title V B - that is the funds which have been given traditionally to departments of education to support their staff. We have 64 people on the payroll of the Department in key service positions, such as county offices, bookkeeping, print shop, auditing, etc. That Title V payroll alone is $1.5 million. These are not people that are administering these programs that have been collapsed. These are people that essentially do jobs which will continue on. There is also another $500,000 funding for staff in the other antecedent programs. That is about half a million dollars which pays for staff that have been administering programs that have collapsed. Next year these same positions would cost $2.5 million if we assumed the increase in salary that has been negotiated. If we get a national appropriation of $490 million - and that seems to be what is coming - the Department of Education would get about $2.7 million in State funds, leaving us no more than $250,000 to disburse.

So the funds which are block granted at the State level, those which are flexible, assuming the continuation of what has been going on now with programs which are essentially State programs -- there would be very little funds to distribute.

How are we going to implement this Block Grant? The Block Grant takes effect in the year '82-'83. The federal budget line has not yet been set, as I indicated, and federal preliminary regulations are not even due for a few weeks. The Department has begun planning for the administration of the block grants because we simply cannot wait for no other reason than that our local school districts have to have some indication of the kinds of money they are going to receive in order to include them in their current budget cycle.

I have informed all of our District Superintendents about the outlines of the program. The Advisory Council has been appointed and letters have gone out. The Advisory Council consists of members of the State Board of Education, the presidents of major education groups, such as parent and non-public groups, such as the NJEA, the School Boards Association, Secondary and Elementary Principals Association, a member of the State Legislature and a member of the non-public school group. Applications are being drawn up and preliminary computer work for the allocation formula has been completed. This formula -- variations of that formula will be studied by the Advisory Council and the recommendations of that Council will then be considered along with public comment. We hope to send the allocation figures and applications to school districts no later than early February, so that they can make plans for their next school year. Applications would be returned to the State agency by early May and funds would be distributed to school districts by October of '82. This is in place, subject obviously to the Advisory Council's comments.

Accountability for these funds is going to be more difficult, in the sense that they are free-flowing funds to local districts. But a decision to accept federal funds is also a decision to accept fiscal and program accountability measures. There are always federal strings regardless of whether it is a Block Grant or not.

The New Jersey Department of Education will receive over $240 million in federal funds in fiscal '82. Many laws and regulation of the federal government govern the expenditure of these moneys. The Department administers federal funds in accordance with the Education Division General Administrative Regulations (EDGAR) - they are guidelines from Washington that determine how these funds are to be distributed, how they are to be held accountable, etc. They are all subject, of course, to audit. And we are constantly in the process of auditing some of these.

At the State level, there is another layer of accountability measures: State statutes, State regulations, State plans and applications, advisory councils and committees, State audits and monitoring procedures. All these provide further safeguards guaranteeing the responsible management of federal funds. The New Jersey Department of Education reports data on federal fund grant awards through its computerized federal grants information system. In addition, a computerized third-party contract system has been instituted to monitor contracts awarded by the Department. So we can tell you at any moment by various kinds of districts, by congressional districts, and so on, the amount of federal money that has gone out, what the programs are and what their status is. This procedure has been studied by other parts of State government and replicated by some.

Some of the federal regulations will not apply to the Block Grants, but some will.

Thus, while the Education Block Grant will considerably reduce paperwork and lessen a lot of requirements, the Department still bears responsibility for administering the funds, for evaluating the program effectiveness at the local district level, and to conduct financial and compliance audits of Block Grants.

We are sending to local districts forms they may wish to use in order to keep a record of these Block Grant moneys; so, if and when they are audited, we feel they will have a good record.

This whole Act signals changing roles for federal, state and local agencies in education and raises many difficult policy issues. With increased discretion for spending dollars at the State and local levels, there is obviously increased responsibility to insure the funds are allocated wisely. Making this new program work well in New Jersey will be a challenge for all educators.

I think by bringing the key groups in education into the Advisory Council, along with the State Board of Education and members of the Legislature, we might bring together a group of people that can help us transition from what has been the current practices to a new era in federal relationships.

The main story that I leave behind though is that cuts that have occurred plus the cuts that the President at least has indicated he would like to put into place could mean that we will have lost in a three-year period half of the total amount of federal money for education. As that money has been traditionally targeted for those that are most needy, particularly those who are educationally disadvantaged or disadvantaged by reason of handicap or language, the implications to New Jersey unless we are able to find ways ourselves to pick up some of this slack could be to seriously disrupt the education of those whose education is the most difficult to secure.

ASSEMBLYWOMAN KALIK: Commissioner, this is not an appropriations hearing. So we are not at the point where you have to justify your budget, although I know that you are in the process of putting your budget together right now for presentation to us later on in the year. I have heard much criticism that the desire to talk about these cuts is merely a desire to preserve positions, to preserve jobs. When you are engaged in your budget process right now, how, in fact, are you going to cope with those areas that you just described as being the most affected by the lack of funds? Are you going to just cut out the programs?

COMM'R BURKE: First of all, we are waiting to find out what we are dealing with. Are we dealing with a $9 million problem or a $14 million one? We are using $10 million as a figure to work with. We are also distinguishing between those people who are on our payroll who are administering programs which by

consolidation law no longer exist. That is something we can deal with. We have there a human problem of people whose jobs cease because their activities cease. We would like to deal with them in terms of vacancies that come up through attrition.

The other is that for better or for worse the federal government has subsidized state departments of education for some ten years and these positions are scattered throughout the Department. Some are in auditing. Some are in our word processing center. Some are business officials at the county offices. Their jobs - if you go back, you will notice I asked that they be transferred to State accounts some time ago. But because of our own budget problems in the State, the assumption was that we would struggle along another year, which we have done because the federal funds continued. Those are not positions that simply because the funds cease we can do away with. We will have to make radical changes elsewhere.

We have made continual estimates of the demise of federal funds. We have made priorities of programs which, if we have to sacrifice, we are prepared to sacrifice. We know exactly how many federal funds we are carrying and how long we can maintain a payroll where it is. We know exactly how many people are going to be cut at what point in time in order to stay within our budget.

We have some thoughts. We think, for example, that by a better management information system, we will over a period of a few years be able to take activities in the Department, accountability measures, informing the public, informing the Legislature through data, and turn that over to a more computer type operation and be able to cut back on numbers of people.

We are discussing with key educational groups - PTA's, the School Boards Association, which we did today, for example, the NJEA and others - what kinds of voluntary programs we could put in place, such as awards to students, awards to teachers, which will give us some of the innovative things we have. We had a program in New Jersey which no longer exists called the mini grants to teachers, which was very successful. That went out about three or four years ago, in part because we had federal money for innovative programs. That isn't there and I would like to examine the possibility of resurrecting programs like that if we could; or at least give the Legislature an opportunity to make that decision because they would be very worthwhile.

ASSEMBLYWOMAN KALIK: I have sat here all morning and I have heard about all the cuts and the drastic effects. Certainly, I sympathize. But that is living in an unreal world. If you have to live in the real world and there are just so many bucks in the pocket, those are the dollars that you are going to have to spend. When you talk about the people whom we are educating, what is the effect on the end result? I guess that is what I am looking for.

COMM'R BURKE: We can translate these federcal cuts usually into two kinds of activities quite easily. One is jobs that are lost because most of education goes to pay salaries compared to highways, for example. Most of our money doesn't go into materials; it goes to somebody's salary - a teacher. Then you can translate the absence of a teacher to the number of youngsters not getting a program that they would have gotten.

One of the most successful programs we have had in New Jersey was this innovative money which no longer exists. And it has paid off in spades in the sense that it has contributed a great deal to the improvement we have made in basic skills.

We would, for example, decide what a priority was. In the last few years, it has been basic skills. Then we say to local school districts, "Those of you who have some really good ideas on how to improve basic skills teaching, apply for some funds." These were federal funds. And we would give them that. Then they had to

keep a careful record of that. If that program was successful, then we would take that program around to other school districts where they were having trouble with reading, let us say. That has really paid off. Now that will be gone. The mini grant program, for example, might compensate for that.

We can continue through the Educational Improvement Centers to distribute old programs. But we won't be adding to the stock, so to speak. Maybe some other states won't be so hard hit. They might have more state money in innovative programs. We can borrow from them, as we do now.

So we have to do a variety of kinds of things to compensate for the impact. The impact on vocational education can be very serious. Already, for example, we had to cut back on the number of people who work with youngsters in vocational schools, to place them in what we call cooperative education programs. That is when a youngster goes out and works in a shop or workplace part time and goes to school part time. He is paid a bit and then there is a tax advantage for the firm. Every time we lose one of those people, we lose something like 30 or 40 youngsters. So we now have well over 2,500 youngsters who unless we can find another way are not going to have the kind of services to give them on-the-job learning experience. You can push that and say, "What does that translate into their likelihood of getting a good job? What does it mean in terms of future taxes they might pay? What does it mean in terms of cutting back on welfare and unemployment?" It is hard to speculate. We can say exactly what it means if you cut back 23 percent in Title I in Newark next year --- we can tell you exactly what it means in numbers of teachers that are unemployed. Then we could tell you the numbers that have been served by those teachers.

ASSEMBLYWOMAN KALIK: Thank you.

Loren Marlowe.

L O R E N M A R L O W E: Madam Chairperson and members of the committee: Thank you for the opportunity to address you today on behalf of the Essex County Division of Community Health Services and the Department of Health and Rehabilitation, concerning the implementation of federal aid under the Block Grant System of the Omnibus Reconciliation Act of 1981. A half a year ago, it would have been appropriate for this committee to hear testimony as to whether or not a Block Grant System of funding services was an appropriate and effective mechanism to channel monies to local providers and their clientel. Today that issue is mute. Block Grants are here to stay and it is our job to make the best of them for delivering services. That becomes an absolute necessity. Coupled with the inception of the Block Grants is a severe reduction in the federal funding of social and human services. That funding, as projected in the Omnibus Reconciliation Act, will continue to decline in the years ahead, making it all the more important that the greatest amount of service delivery be squeezed out of every possible available dollar.

As the Essex County Mental Health Administrator, within the structure of Essex County government, I am most concerned with the Mental Health Block Grant. However, I believe that my remarks and recommendations can be applied as well to many of the other social service and health block grants that New Jersey must now implement.

In my 9 years of experience as Mental Health Administrator, I have seen the New Jersey Mental Health System develop from a simple model of hospital and community services to a full and sophisticated administrative and service network striving to unite all providers into a unified system. The task is far from complete and much remains to be accomplished. However, just as this transition has required some major jarring changes on the part of all who are involved, so too the current

circumstances of implementing a block grant at a time of substantial funding reduction require major changes and new thinking to salvage the greatest service delivery capability possible in the face of these shrinking resources. There is no question that New Jersey will not be able to do what it was capable of doing a year ago or six months ago in the next few months or in the years ahead. But we must work to preserve every possible dollar of funding resources for services.

To that end we wish to propose a model that we think will go far to assuring that the greatest amount of available monies be directed to those in need in the communities and neighborhoods throughout New Jersey. The counties of New Jersey are a major governmental force and it is upon that structure that the community mental health system has been build. As far back as the original Community Mental Health Services Act, the counties were seen as the major building block for the mental health system. County Mental Health Boards and County Mental Health Administrators were the focus of the local government effort. Local government agencies, as well as non-profit organizations, were the vehicles for establishing a delivery network within the communities to be served. Essentially the same picture pertains today.

State government through the Division of Mental Health and Hospitals has worked mightily to strengthen and solidify that administrative and service network. The most recent rules and regulations that that division has promulgated call for a single County Mental Health Authority to develop and implement a unified County Mental Health System which is based upon county planning and service delivery. County mental health plans now spell out the needs and demands of the local citizenry for mental health services that chart a course of action for the development of those services. They represent the basic framework for the use of all public monies in delivering community mental health services. Based upon the county mental health plan, the Division of Mental Health and Hospitals in its foresight called for Performance Contracts between each of the counties and the central State administration. Through such contracts, it is now possible to have an effective intergovernmental partnership in the administration of all publicly funded mental health services.

We believe the stage is now set for the final major step to give substance and meaning to New Jersey's avowed intention of a locally planned service delivery system that can be most sensitive and responsive to the needs of New Jersey citizens in their local communities. If New Jersey were to take the Mental Health Block Grant Funds that are available and distribute them to each of the counties on an equitable basis for the counties to utilize according to the County Mental Health Plan, we could, in fact, squeeze the greatest service delivery dollar out of our limited resources. We are proposing that New Jersey adopt the concept currently entitled "Pass-Through of Funds" from State to county government. Copies of original letters to this issue to Dr. Rotov and the Mental Health Board Resolution from Essex County are attached for your benefit.

I believe that such a "Pass-Through" of these funds will go far to achieving maximum service delivery. A number of states, including Wisconsin and Minnesota, have developed and implemented "Pass-Through" legislation, providing county government with the authority and responsibility to implement a local system of services and giving them the funds to do so. Other states, such as California, are currently considering similar legislation.

One of the prime benefits of the pass-through method is the reduction of administrative costs at the state level.

As I said earlier, the State Mental Health Authority has gone far to

establish a system of county-based planning, delivery, and monitoring of community services. The block grant legislation provides for a 10 percent administrative cost factor at the state level taken off the top even before these monies reach the communities for services. This is on top of the earlier mentioned 25 percent reduction. I believe those dollars can be saved for the more important purpose of delivering services to those who are desperately in need, particularly in the mental health field. Pass-through can also be applied to all public funding sources, including Title XX, Grant-in-Aid and community care funds that are used for mental health programming.

As state government seeks to streamline its operation and reduce its administrative costs, here is an excellent example of just how that can be accomplished. Limiting its functions to the review and approval of annual County Mental Health Plans, the periodic review and evaluation of programs and to a consultive role to county government, a much reduced State Mental Health Authority at a substantial savings can operate a highly responsive local mental health system.

When this concept was recommended to the Division of Mental Health and Hospitals earlier this year, the recommendation was that the pass-through of the Block Grant funds would "give credence to State government's intent to create and support a county local-based system of mental health service delivery and care."

The Essex County Mental Health Advisory Board, the Essex County Department of Health and Rehabilitation and the Essex County Executive have all adopted and support the implementation of the pass-through concept. A number of other county mental health boards have done the same. We believe that through the pass-through concept, New Jersey will be able to engage in a true state-county partnership in the delivery of mental health services. Once it has been tested and tried in mental health services, its application to other health and human service arenas will, I believe, be seen as commendable.

I urge your active consideration and support for the adoption of the pass-through for public monies for mental health services in New Jersey.

Thank you.

ASSEMBLYWOMAN KALIK: Thank you. My aide just indicated that she sent for the pass-through legislation just recently.

Do you think that all 21 counties at this point are sufficiently ready to accept that kind of pass-through money?

MR. MARLOWE: No, I don't think that that is the case. The degree of capability, of course, is going to vary, as it is in any instance. But very clearly, by now, the majority of counties - in fact, the overwhelming number of counties - are in position to do so. And it is possible to blend together both the utilization of pass-through, and in those instances where the county is not prepared to do that, to have either regional bases where another county works in conjunction with the other county, to develop that, or to utilize a limited number of State personnel to assist that county in developing that system. But I do think, of the 21 counties, an overwhelming majority are now prepared to undertake that responsibility.

ASSEMBLYWOMAN KALIK: Particularly in the field of mental health though, having it on a county basis, does that not open the door for cries of "we can get better mental health care in Essex County than in Hudson County"? And doesn't that involve the Public Advocate and all the rest?

MR. MARLOWE: In fact, the community mental health system in New Jersey is based upon the county - and the county of residence. The attempt is to take each of the counties and divide them into service areas for the delivery of service.

So, for example, a single town or a number of towns form one service area. Those who live in that service area are served by one or more agencies of the service area. There isn't the shopping around or seeking of services across county lines.

ASSEMBLYWOMAN KALIK: But at the moment, the State is doing all that and it is kind of equal. If you put it into 21 counties under 21 separate administrations, under 21 separate Advisory Boards, you are going to have a different quality and kind of service in the 21 different counties. There is no way that they are all going to be the same. They will be equal, but they are not all going to be the same. Is that not going to create those kinds of problems?

MR. MARLOWE: I think to a degree that may be something of a benefit rather than a detriment, as I indicated in my remarks. The idea of developing the county system allows that county system to be more responsive to the needs of the people who reside in those locales. At the present time, it is these very same agencies that the State, through the county mental health administration, looks to - the non-profit and local agencies - to provide services. The counties would develop plans which would be reviewed and approved by the central administration. But the implementation of those plans and the personnel to do that, I think can be reduced substantially. And given the fact that counties are closer to home and work more closely with their local agencies, that reduction of distance allows a more watchful eye, shall we say.

ASSEMBLYWOMAN KALIK: I am not giving you an argument. It is refreshing to hear a recommendation of substance for coping with the very real problem that I have been trying to elicit a solution for and haven't been able to. Again, I am hopeful that it can be worked out. I can see in a particular county - and you say it is a question of need, but I say it is a question of opinion --- in one county's opinion, this is a more critical need and in another county's opinion something else is of more critical need. I see problems in that. But maybe those problems can be worked out through the State and through the various associations. I thank you for your recommendation. I think that is great.

Rev. Glenn Druce. (Not present.)

Mildred Napolitano. (Not present.)

Carol Ann Wilson. (Not present.)

Hugh Kilmer, Statewide Protective Services.

H U G H K I L M E R: When I got back to my office last night from a meeting, I found the original and ten copies of my statement which I brought in this morning, and a note, "Good speech. Hope it works. - Carol McLaughlin." I hope it works.

I am here today in behalf of the Statewide Protection Services Coalition to speak, not for any single service, not for any one needy group, but for firm establishment and maintenance in this State of the full network of services and supports which should belong to each person and each family so that we can achieve our full potential.

I shall begin by bringing up for discussion the doctrine of the survival of the fittest.

Long ago - at least thousands of years ago - evolution took an amazing turn. When we meet people these days, our primary interest is in who they are, not in what they can do. We are introduced to them by name, not by job title. From Ronald Reagan on down, our political leaders declare that they have a fundamental interest in providing for those who are most in need. No society which based itself on the doctrine of "survival of the fittest" could possibly include such a goal anywhere in its agenda. When Charles Darwin published his "Origin of Species," he gave us a valuable reminder that, at one time, survival of the fittest had been the law of evolution. We had forgotten that because it was part of such a distant past.

Some animals still eat their children; most of us do not. Some animals kill their elders; most of us do not. And those of us who do so are considered, not "survivalists," but mad. In a society based on survival of the fittest, that would not be true.

For thousands of years, for people, survival has been our starting point and not our goal. To punish people, we reduce them closer and closer to the level of survival, by depriving them of dignity, of companionship, of moving space, of food and rest. To deprive them of survival is a punishment we reserve for the most terrible of crimes - a punishment that many of us feel should never be assigned at all, by people, to other people.

A person is a being and, as such, has a right to be. A person is a living being and, as such, has a right to live. A person is a moving, growing being and, as such, has a right to the space needed for movement and all he requires for fullness of growth. A person is a dependent being and, as such, has a right to the food, the shelter, and the companionship he needs for full development. A person is a thinking, doing, sharing being and, as such, and only on this level, he has both rights and duties. By reason of what he can do, a person must help to maintain and improve his own life, the life of people around him and the life of the world. It is his obligation to do this whether he receives just payment for doing so or not. The payment is utterly irrelevant to the duty.

On the other hand, a person has rights which are not related essentially to his duties. We have learned, at this point in the evolution of our society, that it is wicked to kill babies, in spite of the fact that they are not now useful and may never be. We feel that it is wicked to abandon old people in the snow even if they are not now useful and, in fact, will never be useful again. In these cases, we are wise enough to recognize that a person's rights are based on what he is: a living, moving, growing member of human society, with amazing varied powers of thought, of action, and of love. Whether the material, educational and social support we need to preserve our full rights comes from our grandfather's millions, from money we receive in exchange for work which allegedly deserves it, or from the society of which we are a part, what we deserve is precisely what we need for a full human life within the society of which we are a part - no more and no less. Anything above this is privilege; anything less is deprivation.

An American writer about one hundred years before Darwin wrote with a simplicity which is perhaps not possible for those who have lived after Darwin. You will easily recognize that I have offered you little or nothing more in one thousand words than was offered in less than fifty by Thomas Jefferson:

"We hold these truths to be self-evident: that all men are created equal; that they are endowed by their Creator with certain inalienable rights, among which are life, liberty, and the pursuit of happiness. That to preserve these rights, governments were instituted among men."

The ladies and gentlemen of this Legislature are the government in New Jersey. We feel that Darwin's magnificent recognition of our very distant past has tended to cloud our recognition of the people closer to our own time described by Mr. Jefferson. Through you, we hope to begin again to fulfill the prophesy of another American writer, writing four score and seven years after the publication of Mr. Jefferson's paper: "That this nation, under God, shall have a new birth of freedom; and that government of the people, by the people, and for the people shall not perish from the earth."

In "Human Services in the Eighties, a white paper for Citizens and Government

Officials," published in June of this year, Jule H. Sugarman presents a table which outlines the contributions made by each state and the District of Columbia to solve the health and human service needs of their people. New Jersey ranks seventh in per capita income. New Jersey ranks sixteenth in number of low-income individuals. New Jersey ranks forty-seventh in its contributions, at less than twenty dollars per person per year. I am ashamed of that figure. The government of New Jersey is hard pressed financially. But I have no doubt that we can do better than that.

The question of precise dollars and cents allocations is a tricky one. I can suggest some guidelines though that could be helpful to you in making your decision. These guidelines were written almost two thousand years before Darwin by St. Paul in his Epistle to the Romans. "Thou shalt do no murders," he says. "Thou shall not commit adultery. And if there be any other law, it is contained in this: Thou shalt love thy neighbor as thyself."

If your decision is born of your love for the people you represent, that decision will be a good one. If your decision moves towards that love, you will be going in the right direction. If your decision works against that love, your decision will be wrong, in the context of the people that we really are, since the time of St. Paul.

ASSEMBLYWOMAN KALIK: Let me say I thank you for your philosophy lesson. If everyone felt as you did, I don't think we would have the problems we have today.

MR. KILMER: Right.

ASSEMBLYWOMAN KALIK: Thank you, sir.

We are going to go back to Rev. Glenn Druce. I think he since walked in.

R E V. G L E N N D R U C E: First, accept my apology for being late. I was engaged in the process of Council business over at the Department of Human Services.

I would like to preface my comments by saying, even though what I am about to say will be brief, I feel it passionately, believe it strongly, and have driven 86 miles to prove it.

The number one concern of the Human Services Council of Atlantic County with reference to present Title XX dollars and future federal Block Grants that impact human services is the manner in which they are distributed throughout the State of New Jersey. This has been our number one concern with reference to these dollars and, at least for the time being, will remain so.

We are committed to the evolution of an allocation process within the State, an allocation process which will seek to deliver services on the basis of the needs of the citizens of the State, and most particularly on the basis of the needs of the neediest.

The present system, we feel, does not address the needs of the citizens of New Jersey in that particular way; and, in fact, is based on a pattern whereby counties which were prepared to put up money were able to draw down more money. While this may seem fair on some counts, it is manifestly unfair to a person of limited and inadequate means who happens to live in a county which drew down rather less than would be appropriate, considering the needs of its poor.

We are committed to an allocation formula based on equity. Equity is a concept which has been battered rather soundly in various forums, but it is a concept which no one so far has ever suggested is less than the right thing: equity which seeks to deliver those dollars in services on the basis of need in an equal fashion throughout the State.

We are committed to delivering these service dollars and services on the basis of equity. We are committed further to an equity formula which has as a major, if not sole component, Medicaid eligibility. We feel all of these concerns are of

particular importance, given the cuts which are being made at the federal level and given the low funding that currently exists in this State for human services.

We also feel that an allocation formula, based on equity, will provide a means of checks and balances when coupled with free-standing, independent Human Services Councils in each county, to assure that the citizens of this State receive fair and equitable treatment as their needs are addressed.

I thank you very much.

ASSEMBLYWOMAN KALIK: Reverend Druce, as you well know, we have been attempting to seek equity. And you are right; nobody has ever said seeking equity was wrong. Just one question to you: Can we really seek equity in reduction of funds? That is what the big hangup is. Do we take away from those agencies that are currently getting more than those of us who are getting less? And I am on the less side, not the more side.

REV. DRUCE: I realize that.

ASSEMBLYWOMAN KALIK: That seems to be the sticky point there.

REV. DRUCE: I think the same sticky point was mentioned when we were not in a situation of reductions. I just don't think that argument holds up. I think it is difficult. I would not like to be sitting where you are sitting confronted with that reality. And I did not stand for office. Nevertheless, that sort of logic simply says that the pattern must be perpetuated. It is a pattern which must be stopped and they are inequities which will be more devastating as the total human services package is contracted to the very poor. For that reason, however unpopular and difficult it may be, it is my opinion a battle which needs to be waged. Perhaps we should recall the advice of Fiorello H. La Guardia, "Be on the side of the angels."

ASSEMBLYWOMAN KALIK: I am getting philosophy, religion and everything else. Thank you.

Regina Marshall,Emergency Committee to Save Child Care. (Not present.)

Pam Christopher.

P A M E L A C. C H R I S T O P H E R: I am speaking to you today as a member of CPAC-HSC, our County Human Services Planning Agency for Camden County, a private non-profit organization. I also serve as their elected delegate to the Southern Region DYFS Human Services Council and am their elected convenor. In both capacities, I am, therefore, a member of the State Title XX Advisory Council, a group which is evolving into the State Human Services Council. South Jersey counties had begun the process of changing their Title XX Advisory groups into human services advisory councils over a year ago, on the basis that good human services planning meant being aware of all service dollars and how to blend them in order to make the best use of resources.

For the last 10 years, I have also been an advocate for development of services to children and their families, with emphasis on day care. I am currently an elected advocate representative to the DYFS Day Care Policy Board, the organization which worked with DYFS to implement a fee system for day care. In addition to these areas, I am a Board member of Camden County United Way, and actively involved in their funds allocation process for human services.

It is my basic philosophy that good service delivery involves a close working relationship between the private and the public sectors. Neither sector can completely fund our human service needs, nor can they plan without knowledge of the whole. Division between the two results in inappropriate use of scarce resources.

Another important feature of human services planning must be an active local human services council which can take general federal or state guidelines and tailor them into a system of services which meets specific local needs. No State

organization can do this because they are not in a position to know local idiosyncrasies which must be dealt with in order to assure local service delivery in a supportive atmosphere. Furthermore, a locally developed service plan results in a sense of local ownership and responsibility. The community becomes more aware of its needs and committed to finding ways of meeting them. The recent thrust toward federal block grants only serves to re-emphasize the need for local involvement.

In the last two or three years I, along with others, have been actively involved in trying to develop a stronger human services system for Camden County. Through our Regional Council, I have helped to build a supportive relationship between the counties in South Jersey. Because South Jersey was so far along in this process when federal cuts came, the DYFS regional leadership was able to identify a council in each county which could act as the leader in negotiating local cuts. We appreciate the fact that Commissioner Cardin stood firm to allow this process to go forward with local leadership, and particularly appreciate the supportive working relationship with the DYFS Southern Regional leadership through this very difficult process. The results, by and large, were that the public and private sector worked cooperatively, recognized each others' service priorities, and made sure that priority services were protected in the public and private sector.

We hope we will be allowed to continue to manage our social service delivery systems, and that the results of these hearings will be that the State Legislature will take whatever steps will be necessary to promote local responsibility. With this in mind, I would like to speak with you about what Camden County believes a good human service planning agency consists of; and then to list some of the factors which should be in place at the State level in order to give county agencies the tools with which to work. Whether block grants are around to stay or not, we feel development of free-standing local leadership is important.

At the outset, you may be interested to know that our county organization, CPAC-HSC, has recently drawn considerable attention from a federation of private funding foundations. They invited our Executive Director, Catherin deCheser, to speak to a foundation's symposium, to outline the design and functions of HSC. They were most impressed by the blending of the public and private sectors in a private non-profit agency. They believe the linkage between United Way and the county and City of Camden, as a cooperative working and funding base, represented the long-range stability needed to carry out the tasks outlined. With this viable base, foundations indicated a willingness to fund special short-term needs of such an agency.

In Camden County, we spent better than a year developing our system. I was one of a group of persons selected from a general plenary session to design a proposed system for community consideration. We had as a basis, a privately done study of our county delivery system. This report recommended the formation of a not-for-profit corporation which would be responsible for human service planning and implementation. Our review of the report and further study showed strong reasons for this approach:

The public sector could not be expected to completely fund the system.

There were two parallel systems, one public and one private, operating with lack of coordination and resultant potential waste of scarce resources.

If the private sector was to become involved, it had to be an equal partner.

Once the public and private sectors became equally involved, they would have joint ownership. This would result in shared responsibility for funding, planning and service.

We therefore designed a private not-for-profit corporation with the following:

1. The components would include needs assessment, planning, and service implementation; technical assistance and training; grantsmanship; information and

referral; communications and public awareness building; monitoring and evaluation, by far the toughest nut to crack.

2. It would not include direct service to clients, except referral, because it should be supportive to the provider community, not competitive.

3. The Board should be largely elected to better ensure a clear responsibility to act on behalf of the total community rather than special interests. It should be representative of the major funding streams, public and private service providers, consumers, business, industry, labor, education, and special service considerations. It should also be representative of the racial, soci-economic, linguistic, cultural, and geographic sectors of the county.

4. Membership should be open to anyone or any agency who would participate through six service sub-coalitions. The sub-coalitions would be organized according to United Way's categorization of services. Each sub-coalition would have elective representation on the Board, thus ensuring a balance of service concerns.

5. The agency roles would be clearly separate from that of the funding sources. The agencies would make recommendations for funding, based on citizen input and monitoring and evaluation. But the decision to fund or not would always be the right of the funding source.

6. The agency should have close working relationships with all levels of government. The DYFS Human Services Coordinator, now the Department of Human Services Coordinator, would be on the Board. We would seek cooperative working relationships with other departments of government as the areas of involvement and responsibility grew. More recently, it was determined that these persons would be ex officio Board members. Local recommendations, while often justifiably influenced by information from State agencies, should be clearly local decisions. Decisions by government would then be clearly delineated also.

Due to funding constraints, we did not expect the whole system to be in place at once, but rather to evolve. We also recognized that some of the work with sub-coalitions could be supported by existing agencies. This would require a working relationship between CPAC-HSC and the agency. For example, the Office on Aging would logically serve as coordinator for the Aging Sub-coalition.

CPAC-HSC has been in place about 9 months. Already it has created an atmosphere within which the public and private sectors can work more productively. This was made especially clear in the process of dealing with federal cuts.

I have already explained to you the link between the county, the region and the State. This type of system to the State level would have to exist in any operable statewide system. I would like to emphasize that, like our Agency Board, delegates to these levels must be elected so they be considered a permanent structure with public responsibility to a community.

While we and other counties are struggling to accept more responsibility for our human services planning, there are tools which we need from the State. Because these tools represent change in the role of the State government and its working relationships with counties, I believe it will take your skills and support to get these things moving.

1. All departments of government should require their units to be involved with county planning agencies. Such units' program plans and budget requests should reflect awareness of local concerns, or they should be able to show why this is not possible. To make such a system truly functional, we need to require the development of regional service boundries which are the same for all services. Current existence of different service or catchment areas makes good planning very

difficult and certainly increases potential for wasted resources. Part of this has been promoted by federal regulation. With the current trend away from federal regulation, we should take this opportunity to design a State system which makes sense for us. For example, in South Jersey, the DYFS Region consists of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem counties. It is the same area for HSA (Health Systems Agency), but different for Mental Health and Hospitals and for Mental Retardation. If the southern region were all the same, the Regional Office could serve as coordinator for all services, working with the Regional Human Services Council.

While you could mandate this change, we must recognize that such a system would take some time to evolve into a competent responsive one. It might be best to begin such a plan in one or more regions. The State could learn from their success and failure before formalizing specific State guidelines. But if this approach is used, there must at least be a mandate that State departments will work with those regions selected in this new approach; otherwise, the system would be doomed to failure, since such a system would not be readily accepted by some State groups who are resistant to change. Also, to make this sytem work, there must be a commitment of public State dollars, as well as local public and private dollars.

2. There should be legislative involvement in establishing an appropriate allocations formula for public funds, in order to assure directing an equal share of resources at target populations, regardless of where they live. There will need to be more than one formula because target populations are different. If we decide that certain resources should be directed at our neediest populations, we must determine the best barometer for this and be sure the data can be updated regularly in order to promote orderly changes. We must also be sure the formula does not reward incompetence. Using a child abuse case load as a basis for distribution of funds to meet these critical needs encourages maintaining high case loads rather than developing permancy plans for children. Whatever the decision on formulas, they need to be made through a public process to which all have access, not by a few people who may be pressured by certain interests.

3. The State can no longer look toward federal funding streams to finance State mandates. The Boarding Home Reform Bill is a good law, but welfare boards have no additional funds to meet this mandate. Child abuse is perhaps another area where federal dollars are insufficient, and I am sure there are others. State aide dollars must be specifically assigned to direct services.

4. Budget information and expense reports for service delivery by county arms of State government must be available at the county level. They should clearly designate administrative charge-back from central government as distinct from dollars available for direct services. A State agency would not consider funding a private not-for-profit agency which could not define their service and unit cost for it. The State should be expected to do the same. The business, labor and industry community, and the taxpayer, cannot be expected to underwrite additional human service costs or become advocates for service when such information is not readily available. Once costs are clearly laid out in both sectors, we can begin to see if costs are higher in one particular service agency. Then we can determine if this is justified by the unique quality of service. A striking example of this is the costs in the State-operated day care centers which can run as much as twice that of the service provided in a not-for-profit agency. If we stop jealously guarding our boundries, then both the public and private sector will recognize that they each have specific portions of a job to do and that they complement each other. There is more than enough need to go around. Only with clear data on both sides, can we begin to

break down these barriers productively without conjuring up suspicions.

5. State human service budgets need to be developed in language we can all understand so that we can all be sure of accountability. I agree that State departments need flexibility to move money from one line to another to meet certain challenges. Why shouldn't private agencies have the same flexibility? Currently, under DYFS contracting, private agencies cannot move a cent without extensive paperwork and State approval. This wastes a lot of resources. The espoused basis for this is accountability. I submit to you that the taxpayer is concerned, as much if not more so, about State agency accountability - that's where the big bucks are.

6. We must find a way of balancing available resources in both the public and private sectors between preventive services and therapeutic services. This is an old hassle, but if we don't come to grips with it, we perpetrate a growing society of persons unable to care for themselves, and resultant expenses.

7. The Legislature should establish a clear definition of direct service, supportive services, and administrative overhead. When such a definition is used in both the public and private sector, we can again have a better way of measuring the use of our resources.

I have tried to identify several areas for your consideration, but have not offered specific recommendations on how to deal with them.

I shall be happy to answer any questions or to provide additional input at a time when you begin to work in any of these areas.

Thank you for your concern. It is a real refreshing breath of spring to have your concern for human services and for the families of New Jersey.

ASSEMBLYWOMAN KALIK: Thank you. I want you to know, as well as a concern for human services, I also have a deep regard for the taxpayers of the State. Many of the things you said happen to meet both needs; and, as you said, there are more than enough needs to go around.

I have just one question. The group that you represent, is that the Human Services Coalition of Camden County?

MS. CHRISTOPHER: Yes.

ASSEMBLYWOMAN KALIK: Oh, it is. For a moment there, I was rather confused.

MS. CHRISTOPHER: We call it a council in Camden County. It is like your Burlington County one that you have just established.

ASSEMBLYWOMAN KALIK: As you were talking, I thought it was. Then you threw that other name at me and I was a little confused.

MS. CHRISTOPHER: It was an agency that evolved from another agency. This is why the CPAC. It is the Community Planning and Advocacy Council of Camden County. It then evolved into the Human Services Council for Camden County. Then all of our counties in South Jersey funnel into the Human Services Council at the regional level where I convene that coming together of councils.

ASSEMBLYWOMAN KALIK: Is my understanding correct that all 21 counties have operating Human Services Coalitions?

MS. CHRISTOPHER: No, I would not say that. I think it is specifically South Jersey and two of the counties in South Jersey are just in the process of finalizing their not-for-profit corporate papers. And not all of them in South Jersey are not-for-profit. Cape May's is a public agency; Atlantic's is at this point, but moving toward a private not-for-profit. Other counties have just begun the process of turning into Human Services Councils. And the State Title XX Advisory Committee has just begun that process.

ASSEMBLYWOMAN KALIK: Thank you very much again.

Anatole Redka. (Not present.)

Miss Ann Miner, Mercer County Department of Human Services.

A N N M. M I N E R: I have three issues to address. I just saw Mr. Marlowe in the hall and I understand one of the issues has been covered.

I am here primarily because I was in Mercer Country trying to establish a rate counselling service within the county. What I discovered was that the money that was appropriated to the State for rape services was missing in terms of providing those direct services. So I tracked it down and determined that the money is going to be used at the State Department of Health level to fund consultation and education, rather than direct services.

My concern is - in 1974 I established one of the forerunners to rape counselling services in the State in Middlesex County - at this point, there are about three very active rape counselling services in the whole State. There were twelve in a coalition that was in 1976 formed to change the State laws. That culminated in Chapter 14 of Title 2C in the legal statutes for criminal justice.

What I am finding is that the Prosecutor's Office who started in '74 providing rape task forces have continued to do that and they are providing investigators to investigate crimes of sexual abuse. However, the need for counselling services to victims and to victims' families has gone by the wayside. The problem with that is that in order for many victims to go to the court and to go through the entire process, they need some assistance. The prosecutors' investigators are already at their wits end in terms of the numbers of cases that they are getting. They cannot provide counselling and investigatory services 24 hours a day. They are trying very hard and I commend the work that they are doing. But there is a need for the money that has been sent to New Jersey to fund counselling services and not to fund a study on whether or not we need those services. To that end, what I am specifically requesting is that we use the moneys that come into the State for direct services and not to fund more studies about where we need to direct services.

I also would like to speak for - and I have this written, so I will hand it in to you - the Association of County Mental Health Administrators of New Jersey. We urge that the New Jersey Legislature press for "pass-through" of Federal Alcohol, Drug Abuse and Mental Health Services Block Grant funds to the County Mental Health Boards for allocation to counties, based on services, in compliance with the requirements of the Omnibus Reconciliation Act of 1981, including the costs of administration.

The Division of Mental Health and Hospitals and the Department of Human Services have endorsed the policy of county-based planning and services delivery under county auspices and have repeatedly enunciated this policy in public documents. Further, the Division of Mental Health and Hospitals has mandated a County Mental Health Plan and that that plan be submitted by the several county mental health authorities as required by the rules and regulations.

Since the county single mental health authority is highly knowledgeable of the problems, the issues, the directions, the service gaps and the workable approaches to the delivery of direct mental health services to each county's population in greatest need of service, the Association of County Mental Health Administrators of New Jersey urges you to implement the pass through of these funds to the several counties. We feel it is important that the dollars follow the planning and the dollars follow the provision of services at the local level.

As you are aware - and this is a second issue --- as you are aware, the State per capita funding (State Grant-in-Aid funding under the Community Mental Health Services Act of 1957) has not been increased for more than seven years. In these days of decreased federal aid to fragile populations, it is imperative that the

Legislature recognize the need for increased per capita funding so that counties, which must now operate under the 5 percent cap law, will have the funds to continue desperately needed services.

In conclusion, I think it is imperative that with the number of dollars dwindling, both state dollars and federal dollars, we provide direct services and not provide funding to determine what services need to be provided. We know where the need is. We need to do it with those dollars that we have available. Thank you. (See appendix for written statement.)

ASSEMBLYWOMAN KALIK: Thank you very much.

Dr. Lucille Joel, President of the New Jersey State Nurses Association.

B A R B A R A W R I G H T: Thank you very much, Assemblywoman Kalik. Dr. Joel is not able to be here. I am Barbara Wright, Executive Director of the State Nurses Association.

Assemblyman Kalik, we have had a very difficult time preparing our response since we just learned of the hearing on Friday. So we don't have a written response at this point in time. But I wanted to take this opportunity to talk to you, particularly to express our appreciation for your having us here and giving us a chance to get the results of it and then be able to review it in further detail.

Obviously, we are extremely concerned about the whole position in terms of federal aid and how it will be cut back in New Jersey and we have several particular areas that concern us greatly. Certainly, as it relates to the community mental health services, we think this will be a very serious problem to the citizens of New Jersey.

In the second area, as it relates to maternal and child health services, as a profesional association for nurses, we certainly feel a great commitment to the State to provide for nursing services for our citizens and we feel the funding is going to heavily impact the kind of services we can provide.

We feel extremely concerned about the fact that because of the cutbacks we and see evidence that it will be increasingly difficult for citizens to have access to nursing services, which you may be aware has been an increasing problem throughout time, with cutbacks in federal aid. I guess that is nothing new.

So we will be ever vigil in our attempts to assure the citizens access to nursing services because we think that our focus on maintaining citizens' health is extremely important and to keep citizens well versus waiting until they are ill and then to treat them.

So, our focus on maintenance of health is really important to us. We will attempt, within the framework of federal money, to address those needs.

Unless you have anything that you would like to ask of us, we would like to thank you for this opportunity.

ASSEMBLYWOMAN KALIK: No, but you did say that you were going to have something further.

MS. WRIGHT: Yes, we will further study the problem and try to come up with some more definitive direction for you if we can.

ASSEMBLYWOMAN KALIK: Do you intend to do that shortly?

MS. WRIGHT: We don't know the time frame of your decisions at this point in time.

ASSEMBLYWOMAN KALIK: I thought if it were in the next few days, we might include it in the transcript.

MS. WRIGHT: All right.

ASSEMBLYWOMAN KALIK: But, if not, just send it on.

MS. WRIGHT: If we can do that within the next few days, we certainly will forward it to you and we appreciate that consideration. (See appendix for statement submitted by New Jersey State Nurses Association.)

ASSEMBLYWOMAN KALIK: Thank you.

Kinaya Mathews from the Newark School. (Not present.)

Christine Carmody-Arez, Coordinator, National Organization for Women. We have the testimony submitted for them. (See page 71X for statement.)

Jack Donoghue, Association for Retarded Citizens of Monmouth County.

J O H N J. D O N O G H U E: I thank you for the opportunity to speak to you today regarding the effects of federal aid cutbacks as it affects the mentally retarded persons in Monmouth County and other areas of New Jersey.

Our Association for Retarded Citizens in Monmouth County serves over 300 persons every day in our programs, which include education programs, sheltered workshop, adult activity centers, special work programs, and residential group homes. In addition, we serve many more persons in recreation programs, summer day camps, and through our transportation services. All these people are subject to being affected by the cutbacks, as I will outline. In addition, there are hundreds of others who are in the community who are being deprived of services at this moment because of lack of funding.

There are three areas of major concern as it pertains to mentally retarded persons in our county. The funding for adult programs has used Title XIX and Title XX for support. It has been estimated that the change to block grants will result in a reduction of $85,000 in funds available to the mentally retarded in Monmouth County.

In the area of vocational rehabilitation where over 50 percent of the people we serve are in programs, the effect has already been felt. The number of referrals to the workshop has been greatly reduced, presenting a problem as to who will serve this population.

It should be noted that New Jersey has not provided vocational rehabilitation services to the mentally retarded at the levels provided in other parts of the United States. New Jersey expends only 23 percent of its funds on case service versus a national average of 34 percent. Nationally, 20 percent of clients received services in rehabilitation facilities while in New Jersey only 12 percent were served in such facilities. With cutbacks of federal funds, already low levels of service will be affected by reductions of federal funds of approximately 2 million dollars. Workshops have needed State support to operate in the past, and if the services are to continue, State government will have to pick up the burden.

Adult activity programs have provided day programs for severely retarded persons in Monmouth County for years. These programs are funded with Title XX funds as well as Title XIX funds. If the State is to lose 1.9 million in Medicaid funds, these programs which provide services to the deinstitutionalized population as well as community programs will be faced with cutbacks. The whole concept of deinstitutionalization is at risk if alternatives are not provided.

The State of New Jersey has approximately 40 group homes in operation. Three of these group homes are in Monmouth County. Our neighbor State of New York has 800 group homes in operation as a comparison. If all our plans for decent residential programs are ever to reach 40 in Monmouth County, we must have the funds to continue HUD construction and operating funds as well as the Medicaid funding.

We are prepared to ask the private sector for support and have done so for over thirty years. But the competition is hugh, the economy is weak, and there

is no rationale to expect that money needed to provide essential services can come from the community.

I thank you for the opportunity of presenting my statement to you. If there are any further questions, we would certainly be pleased to answer them.

ASSEMBLYWOMAN KALIK: I haven't any questions. I understand your situation. Thank you.

Regina Marshall, Emergency Committee to Save Child Care.

R E G I N A M A R S H A L L: Good afternoon. I am sorry to be late, but we ran into some problems in our child care center.

Basically what I would like to say is that the child care centers in Newark, especially, are really suffering under the present and the proposed cutbacks.

Since Reagan has entered the White House and Reaganomics is the theme for today, the Child Care Center Community expect drastic changes in the operations of their programs. In New Jersey, starting September 1, 1981, all Title XX funded centers began to collect fees from their parents. Many of the parents who began to pay fees have received cuts in their AFDC grants, food stamps or Medicaid entitlements and this imposition of fees further reduced their household income.

Further, fees affect enrollments in the center adversely. As the provider, I am told that if the family does not pay the required fee, to terminate the family after following certain procedures. In many cases, non-payment occurred because the working member became one of America's 9 million unemployed. If the child is terminated, his space filled by another child, the parent finds a job, but then has no child care, then what happens? And, as the provider, if I do not collect the fee. and/or terminate the child, then I am in violation of my contract. It certainly seems to be a catch-22 situation.

Even more seriously, the Omnibus Reconciliation Act of 1981 required that Essex County impose budget reductions on its social service programs by approximately 1.3 million dollars. After negotiations, each provider agency was to receive cuts between 5 and 12 percent of its federal budget. Throughout the process, the Emergency Committee and other Essex County providers pleaded that the State fund State mandated services out of money other than Title XX funds. Our feeling clearly is that if the State of New Jersey mandates services to prevent and protect our citizens from abuse and neglect, then these services could and should be paid for by State aid monies.

These 5 to 12 percent cuts in the majority of the centers in Newark would require reduction in services to children. We are already operating on a bare-bones budget, minimally able to cover staff-child required ratios, with most auxiliary services from janitorial to counselling being provided by the director.

Lastly, unit-cost contracting has been proposed. This type of contract comes under the guise of being beneficial, but essentially represents another funding cut for child-care centers. The cost per child per week has been reduced. All of the centers in Newark cannot afford to suffer another budget reduction through unit cost. At that point, one would begin to question life-safety of our children. In essence, this means we will be receiving two cuts in one funding year.

Worst of all, there has been no clarification on these issues from the State level. Set after set of regulations have been proposed only to be withdrawn or revised because of unanswered questions which are raised by the providers. Many of us are waiting to prepare budgets for the next contract year, but since there are no clear regulations from the State, we are left on hold. Businesses cannot operate in this manner.

Our recommendation is that the Joint Appropriations Committee provide additional funds in the budget for child care services and monies for State mandated services.

This statement was supported by 13 different centers in the Newark area. We met yesterday and discussed some of the issues that were of concern to us.

ASSEMBLYWOMAN KALIK: Thank you. I understand you are going through a terrible 6 or 8 months, as is every other provider agency, not knowing how much money or what the rules or regulations are going to be from day to day, because that is where we were coming from. Ours changed as well.

MS. MARSHALL: It makes it very difficult because what they are telling us is that in February we will finally receive the cuts. For many of us that is the last three months of our budget, which means either we take the option of not providing service for part of that period and being in violation of our contract or trying to limp along and provide the services to the same amount of children with less money.

ASSEMBLYWOMAN KALIK: It makes it equally difficult for the legislators to attempt to find out, in fact, what is needed, how much and where, when there is no clear-cut direction. So we have all been laboring under the same kind of difficulties and I hope we are not going to go through the same thing next year.

MS. MARSHALL: Yes, indeed.

ASSEMBLYWOMAN KALIK: Miss Pat Harper, Burlington County Community Action Program.

P A T H A R P E R: I am Pat Harper, from the Burlington County Community Action Program, usually known as BCCAP. You have before you the background of those things I am about to say, and in recognitition of the very long day you have had today and of all of the things you have heard, I am not going to read what you have in front of you.

Essentially, what I am here for today is to do something to ameliorate what I believe is a basic misunderstanding concerning the provisons of S-3165 and A-3261 -- what they do and their impact on the Community Services Block Grants -- and to seek your support for a mutually beneficial and acceptable way to avoid a potentially very damaging situation.

I would like to talk to you about the fiscal soundness and the demonstration of human and social compassion that will come about as a result of passage of these two bills, and an amended version, prior to the close of this legislative session, and the damage that might happen as a result of not doing so.

In background, Burlington County Community Action Program is one of twenty-two community action programs in this State, designed to serve the needs of some 800,000 low-income people in the State of New Jersey. Last year, Burlington County Community Action Program received, and gave assistance to, 32,000 people. From what we see of what is coming about this year -- our fiscal year ends on February 28th -- that figure is going to go up; it is not going to go down. The only thing that is going down is the funds we have to deal with the problems resulting from some of the social and economic occurrences of the last year.

The provisions of S-3165 and A-3261 are essentially this: They are State versions of the Federal Economic Opportunity Act of 1964, and are almost identical to most of those provisions. Some of the language is, indeed, exactly the same. It designates community action agencies currently receiving money under the Federal Community Services Administration as community action agencies under this act, and it makes those agencies eligible to receive Federal funds contained in the Federal block grant, those funds that were previously designated as anti-poverty funds. It does not give any additional funds. In fact, the total amount of money, as we understand it, available under the Community Services Block Grant is approximately 60% of the monies that were available from the Federal government in the past. In short, if 100% of the monies available under that block grant went to community action agencies, we would still have a 40% cut. It is obvious that 100% is not going to go to CAA's.

The Federal block grant provides that until September 30, 1982 -- for the next 10 months -- 90% of those monies go to community action agencies. It is obviously the Federal government's purpose and intent that those monies that were being used in the past to deal with anti-poverty programs continue to be utilized to do that very thing, at least 60% of those monies. In order to make certain that that happens, the Federal government created two block grants, one for Human Services and Social Services, and the other the Community Services block grant.

The two bills in question would add to community action agencies seasonal farm workers and Native American programs. It would also allow designated agencies in the State of New Jersey to add additional agencies, if, indeed, they meet the Federal mandates of the block grant and the State requirements that may be an addition.

Traditionally, within the State of New Jersey, community action agencies have not been able to receive those monies normally called Title 20 coalition monies. There is no intent that in the future community action agencies be able to tap their limited funds. What there is provided for within these two bills is an ability

for currently in-place and existing anti-poverty agencies with some sixteen-plus years of experience to continue to be able to serve the people they were designed to serve, unfortunately with lessened funding, but at least this would be a situation that wouldn't bring about new agencies having to be put in place with no experience in the field, and the higher administrative costs that must result in that situation.

Community action agencies and the other anti-poverty programs designated under these bills are not in any fashion seeking to receive funds from what is commonly known as the human and social services block grant. We understand that we have not tapped those funds in the past and it would be unrealistic to expect to do so in the future.

It is equally unrealistic to expect those programs in existence to combat the problems caused by poverty to be able to exist past this coming September if the State of New Jersey dilutes and defuses the Federal government's intent, and opens the community services block grant to all of the other human and social services agencies.

Community action programs and the other anti-poverty programs are not asking for a head start on anyone. We are not asking for oversight of any other program. What we are asking for is to be considered in the same fashion as we have been considered in the past. We would like to be able to continue offering the services that had been available in the past.

I have provided to a number of members of the committee, and I would be happy to provide any others who would like one, the evaluation of the programs currently in place in the State. As an example, the program that I represent -- BCCAP, Burlington County Community Action Program -- functions with a 6.9% administrative cost. We are allowed up to 15%. I would venture to say there is not in place a state agency that functions with anything less than 6.9%. I suspect that none function with anything that low.

It is unrealistic to expect that a new agency coming in could possibly give the same level of services with the same amount of money that we can give now.

As you go through the material that was provided for you, you will see a number of technical provisions of the bill. They are all straight-forward provisions. They do not in any fashion react adversely to any group, program, or agency that was receiving these funds in the past. They do not give any group, agency, or program that was receiving these funds in the past any additional benefit. What they do is ensure that the mechanism that allowed us to receive funds through the Federal government does, indeed, continue in the future.

I know that there has been a substantial difference of opinion regarding what these bills do. The history of the bills is that they were introduced in March. The Senate version passed the Senate and was sent to the Assembly Municipal Government Committee. The Assembly version introduced in March, resides in the committee that Ms. Kalik is Vice Chairperson of. On November 23rd, the Senate bill was also referred to that committee. What we are asking now is that you not cause us considerable programmatic disruption by allowing the funding years to run out for cap agencies around the State, causing the same additional disruption that you have seen in other programs where this has happened.

Unless these bills do get through prior to the end of this session, it is quite unlikely they are going to make it through until, possibly, sometime next summer -- certainly not prior to the September 30, 1982 deadline that has been indicated.

Programs that are functioning on a less than 7% administrative cost are going to have one, big cash flow problem if, indeed, there isn't some reasonable mechanism to know in advance whether we are going to continue or whether we and the low-income people that we serve are going to fade away. The programs may fade away; the problems of those people certainly are not. We are asking the State of New Jersey, and we are asking specifically that this committee expend all the effort it can to properly amend the two bills which are currently in the committee - they should be able to be easily reached by this committee - and to get them out on the floor of the Assembly, passed, and back through the Senate prior to the end of the session. It is certainly not impossible. It is going to take a great deal of speed.

The legislators in question have extreme capability and influence in those committees and in the Assembly and Senate at large. I do not think that it is something that is beyond the ability of this group to do.

If there are specific questions regarding the amendments which are with the staff member assigned to that committee, or if there are questions regarding the worth and the efficiency of the cap programs at large that I can respond to now, I would be happy to. If there are additional things that we can provide to you in writing -- additional figures or backup that you would like to have -- we will be happy to provide those too.

ASSEMBLYWOMAN KALIK: Pat -- and I can call her Pat since I know her for 15 years and we are personal friends -- I would love to accommodate you; however, this is a Subcommittee of the Appropriations Committee, and you are in the wrong place. It is State Government Committee that you want, and I suggest that you go upstairs to Room 305 and see the staff aide and find out when the next committee meeting is going to be held.

MS. HARPER: As a matter of fact, I spent a good bit of time with the staff aide today, and I know when the next committee meeting is going to be held. I hope that it is held then.

ASSEMBLYWOMAN KALIK: I wear two different hats, and that is not the hat I am wearing today.

MS. HARPER: Our interest in this is, as the Federal block grant for community service appropriation is going to be handled by the State of New Jersey, we are interested in the ways in which this committee may recommend that that handling come about. I hope that you are able to take the background material on what will happen as a result of some projected and proposed handling of those funds, and work well with that information.

In the meantime, I will be happy, Barbara, to go anywhere with you, anytime, to discuss this particular situation.

ASSEMBLYWOMAN KALIK: We have not been authorized to handle Federal funds or block grants yet. This is a factfinding hearing, and that is why I cannot accommodate you on that other thing.

MS. HARPER: Thank you. I think that the facts you will find here will coincide with those things that were announced earlier, and I hope that you are able to do well with them. Thank you. (written statement on page 80x)

ASSEMBLYWOMAN KALIK: Thank you, Pat.

Carol Ann Kane, New Jersey Association for the Prevention and Treatment of Substance Abuse.

C A R O L A N N K A N E: I was going to share my time with the New Jersey Alcoholism Association. Mr. Diehl is in the corridor right now, if that is all right.

Rather than read through the report I just put in front of you, I would

really just like to take a few minutes to talk to you about the impact that the Federal block grants are going to have on the treatment, delivery system for drug abusers.

The system in New Jersey, right now, is funded to handle 7,000 clients. In treatment in New Jersey are 7,800 clients. The system is bursting at the seams. I think if you just look at this mathematically, which is what I did for you, if you bring it down we are talking about a 25% decrease overall, which will exclude 1,950 clients immediately from treatment on July 1st.

The Federal block grant mechanism - the Alcohol and Drug Abuse mini-grant -- also mandates a 20% treatment fund to be switched over to prevention services, prevention activities. What that is going to do is ultimately exclude another 1,170 clients.

So, the bottom line really is that we are talking about 7,800 clients in treatment. We are talking about this amount of clients that have been in treatment for the past two years -- all different people, obviously. But, the system has been bursting at the seams. We are talking about a waiting list of a minimum of 500 people, also for the last 18 months. So, the need for the services has not decreased. The need for the services has increased, particularly in relation to the heroin epidemic. The heroin epidemic in the northeast corridor has not subsided, and there are figures available from the DEA and from the State Lab that I can back up for you in more detail if you would like to see those.

I think it is important also that you realize there is no alternative treatment system for drug abusers. I have read different articles, and I think out of Washington they are talking about mental health services. Mental health services traditionally have not been able to help the drug abuser. They have, in fact, turned them away. This was the system years ago, and was divided up into the National Institute of Drug Abuse and the National Institute of Alcohol and Alcoholism.

My Association represents 35 of the private non-profit drug providers in the State. We basically represent over half of the treatment delivered in the State. I am really not here today to only advocate for our agency, but to advocate also for the State run agencies. I think it is important for you to realize that the direct service delivery is what our constituency is most concerned about. There are a lot of ancillary services that the Department of Health provides, but basically our feeling is that at this point in time, with decreasing amounts of funds, we really have to key in on the community-based treatment services -- treatment agencies -- that are delivering the direct service to the people.

We are, at this point -- our association -- trying to make as many plans as we can for some alternative funding. We wanted to be able to talk to the Legislature and to get passed, via the new administration or a separate bill, some insurance, third-party legislation. We are willing to work on those kinds of alternatives, but I don't think, realistically, that anything can be done by July 1st. We really need for the Appropriations Committee process to be opened and to be opened also to adding more money to the community based services.

I have other back-up material. I apologize that I had to hand-write my phone number on there, but if you have any questions or anything you may want to ask me right now, I could probably do my best to answer your questions.

ASSEMBLYWOMAN KALIK: I have no specific questions. I do know that your specific program is in trouble.

MS. KANE: Yes.

ASSEMBLYWOMAN KALIK: We have been aware that that is one of the areas where the funding cuts not only are taking place, but have taken place, and where

you were not funded in the budget of 1981-'82. So, I am aware of that. During the appropriations process, which starts, I guess, after the Governor delivers his budget message in February, that is where and when we are going to have to consider some kind of funding revenue.

MS. KANE: Okay. One thing before I finish, I just wanted you to know that the prevention service that mandates for the 20% prevention money, is certainly something that our organization supports. We support prevention activities. We do not support them at the expense of the treatment services. So, it is really not a matter of one against the other; it is just that we need both.

ASSEMBLYWOMAN KALIK: If you have heard me all day, you have heard me say that we can't deal in fiction; we are going to have to deal in fact, and those dollars that are available are going to have to be used the best way we can use them. You come to us and tell us how, in fact, those dollars can be best used, and that is how we will try to accommodate. I don't know that there are any additional dollars, is what I am saying. Thank you.

MS. KANE: I appreciate your time. Thank you very much.

ASSEMBLYWOMAN KALIK: Thank you very much.

MS. KANE: This is my colleague from the New Jesey Alcoholism Association.

ASSEMBLYWOMAN KALIK: And his name is?

MS. KANE: Richard Diehl.

R I C H A R D D I E H L: In order to save time, we just split our time, because we are kind of related issues. My name is Dick Diehl. I am Executive Director of the New Jersey Alcoholism Association, and I appreciate the opportunity to testify, briefly, on the impact of Federal budget cuts on alcoholism services in New Jersey. I will be brief.

Basically, where we stand in all of this is, since 1976, State appropriations for alcoholism services increased in New Jersey from a very low $168 thousand to nearly $2 million today. We are very greatful for your support in that area.

In terms of the Federal budget cuts, we are experiencing only a slight decrease to the block grant mechanism for alcoholism services in New Jersey. However, one point that I would like to touch on, very strongly, with the committee, and ask it to consider, is that we are experiencing -- as I am sure many other health and social service programs are -- some rather pervasive ripple effects of cut-backs in other areas that don't even impact at all on our basic line item. I think that is something the Legislature may wish to consider because I know that your State budget really isn't prepared from an impact standpoint; it is prepared from a line item standpoint.

Just to give you a very brief example, we received, roughly, in New Jersey $2 million in State funds for alcoholism services to combat the disease of alcoholism from a treatment standpoint, which is cited by the New Jersey Department of Health as the third most serious public health problem in New Jersey. We will receive, under the block grant, about $3.4 million in Federal funds, which is about what we were receiving before. However, we will be losing $1.2 million in CETA cutbacks that was used primarily to staff our programs, primarily in southern New Jersey and northwestern New Jersey. We will also be losing more than half a million dollars in Title 20 funds, which do not impact on the health budget of the New Jersey Department of Health, but impact on the Human Services budget.

So, I would encourage you, in determining whether or not you were going to reevaluate the whole appropriations process, to consider that each commissioner possibly prepare some sort of an impact budget, as opposed to a line-item type budget,

because many of the programs, particularly alcoholism, are on a piece-meal basis that is made up by several different departments in terms of line items. We would request that if the appropriations process is reopened, we would of course then submit some comprehensive testimony to justify what we would be requesting. We would be requesting the restoration of some of the dollars we have lost in the CETA cutbacks, which, just for the information of the Committee, has already resulted in the loss of 114 full-time positions in our alcoholism treatment programs throughout the State that impact on 28 agencies. We have already experienced four agencies actually closing, and we anticipate six to eight others closing within the next six months as a result of this problem.

I would like to offer one positive recommendation that can be done, really, without the expenditure of any State dollars -- maybe I am a unique witness. What we are interested in is, in New Jersey alcoholism is covered by health insurance. That was mandated by the Legislature in 1977. It is working out very well, according to Commissioner Sheeran. There has been absolutely no cost increase in health insurance premiums in New Jersey attributable to this benefit. We would ask your very serious consideration to extend this coverage to Medicaid coverage for alcoholism services in New Jersey. As a matter of fact, Assemblyman Bornheimer has introduced legislation to this effect. It is Assembly, No. 3583. We understand it could be voted on as early as mid-December. We have a lot of statistics available. We will provide them to you, if you see fit -- statistics from Federal Medicare as well as State Medicaid. They do statistically document that this will result in no significant cost increase.

In closing, I would just like to say that the reason for this is that now, in New Jersey, New Jersey Medicaid pays for alcoholism treatment in medical-surgical beds in the hospitals. They are required to do so by Federal regulation, and the average per diem cost ranges anywhere from $175 to $250 a day for those beds. Our facilities are free-standing programs that are licensed by the New Jersey Department of Health. They average per diem range is about $60 per bed, and they are considered 70% effective for patients that come through the first time. So, we would ask the committee and the full Appropriations to consider not necessarily increasing our budget, but providing some alternative mechanisms that will make it a lot easier for us to do our job.

Thank you very much for the opportunity to testify, and if there are any questions, I would be happy to answer them.

ASSEMBLYWOMAN KALIK: Just before you leave, the staff aide was telling me that the Federal regulations prohibit free standing facilities.

MR. HERSHBERG: For out-patient services.

MR. DIEHL: We are not interested in out-patient services.

MR. HERSHBERG: That is already covered.

MR. DIEHL: No, in-patient services in New Jersey are restricted by Medicaid to medical-surgical beds in general hospitals.

MR. HERSHBERG: In-patient service cannot be provided by a free-standing clinic.

MR. DIEHL. Under the Federal regulations I believe it is discretionary with the States.

MR. HERSHBERG: No, it is only geared to out-patient services that can be provided in that clinic setting.

MR. DIEHL: I am not exactly sure how they do it, but I know that six states actually do it today. I would be happy to find out how they do that.

MR. HERSHBERG: Because I researched that when the law was introduced.

I looked it up.

MR. DIEHL: This particular bill?

MR. HERSHBERG: Yes, and the Federal law would preclude in-patient services provided in a free-standing clinic.

MR. DIEHL: So, in effect what you are saying is this bill would have no effect, even if it passed.

MR. HERSHBERG: At least for in-patient services. For out-patient services it would have an impact, but the Department has always had the discretion to do that anyway.

MR. DIEHL: Well, if that is the case, we would be grateful for any help at all. If we could even get the out-patient, that would help a great deal.

MR. HERSHBERG: Didn't they just award a contract for several counties to do a study?

MR. DIEHL: That's a Federal demonstration project that is limited to roughly 20% of the facilities in New Jersey that are in concentrated areas, and that is for in-patient and out-patient on a demonstration project basis. We have some geographical problems.

MR. HERSHBERG: Okay. So, they waived Federal regulations in order to do in-patient?

MR. DIEHL: Right.

MR. HERSHBERG: Okay. Thank you.

ASSEMBLYWOMAN KALIK: One thing further, the Appropriations Committee does not prepare the budget. The various departments prepare the budget. We review the budget. So, we are sure looking for input during the preparation process. I would suggest you go to the various departments.

MR. DIEHL: The appropriate commissioners -- okay, thank you very much. We appreciate it.

ASSEMBLYWOMAN KALIK: Mr. Milton Feinberg, the New Jersey Federation of Senior Citizens.

M I L T O N F E I N B E R G: Good afternoon. As you can tell, I am a last minute substitute for Edith Edelson, who would have been a much more forceful advocate, much more informed than I am. I was given this assignment rather late. As a matter of fact, we were at a hearing yesterday on the boarding house bill, and also PAA, when she handed me several notes which I have tried to bring up to date.

We are dealing here with a very serious problem, where the cut has already been mandated -- the 25% of all grants. Now we find that categorical grants have been consolidated into block grants, by and large.

So, as far as the effect of these block grants on the seniors, including the 14,000 seniors who are members of the New Jersey Federation of Senior Citizens, they are in five areas.

Food stamps: This is self-evident, because with the cut in food stamps it is going to have a very serious effect on meeting the nutritional needs of the seniors.

Assistance in meeting fuel costs: If there is going to be a cut in that, and there certainly will be, it is going to affect the lives and property of the elderly, since cutting back on helping them meet the increased cost of fuel could affect them adversely. We know about hypothermia. We know the problem of trying to meet their everyday needs, just on a survival basis, is very serious.

Weatherization is another problem that is going to affect the senior citizens, and if there is going to be a cut-back in that, it is going to have an adverse effect.

Rental assistance: The increased cost of maintaining their housing in rental situations, unless they do get rental assistance -- even though the casino funds are providing for rental assistance, it is not going to be enough.

Title 20, the question of home health care for the elderly: We have a problem there in terms of block grants having an adverse effect on the seniors.

Last, Medicaid: Revenue sharing is absolutely essential to the cities and counties.

So, we are dealing with a Federal mandate. We are dealing with a terribly important problem that you are facing as a Subcommittee of one. I don't know where your colleagues are. You are a Subcommittee of one. You will bear the message to the others and to the Legislature with the hope that seniors who have given their lives to make it possible for some of the benefits that they will pass on to future generations, will not lose those benefits in this present generation.

Thank you very much for your time.

ASSEMBLYWOMAN KALIK: Mr. Feinberg, first of all, you have never been known not to be aggressive, nor to be unable to deliver your message--

MR. FEINBERG: I didn't know I was known.

ASSEMBLYWOMAN KALIK: (continuing) --loud and clear. I wish I could say to you, "where are we going to get the money?" but I know you have no answers for me either.

MR. FEINBERG: Thank you very much.

ASSEMBLYWOMAN KALIK: Joanne Chasnow, New Jersey Medically Needy Coalition.

J O A N N E C H A S N O W: Thank you for the opportunity to be here today. My name is Jo-Anne Chasnow, and I am Chairperson of the New Jersey Medically Needy Coalition.

Health Care is one of the most basic needs for survival. I am here today to speak with you about health care in New Jerey for low income people. Let's begin with Medicaid. Medicaid is a Federally subsidized program of health care. Medicaid eligibles include all State residents receiving, or qualified to receive, some form of categorical public assistance through one of the Aid to Families with Dependent Children -- AFDC -- Programs, or the Supplemental Security Income --SSI -- Program for aged, blind, or disabled persons. New Jersey is presently being 48% Federally reimbursed for all Medicaid health services. Present monthly eligibility in New Jersey, both income and otherwise, for AFDC is as follows:

Number in eligible unit, one, $137; two, $273; three, $360, and, four, $414.

Under the new Federal government's AFDC eligibility guidelines, which considers working income to a higher degree, approximately 11,000 New Jersey working families whose income level would continue to indicate that they are still poor, have been taken off of the AFDC program. One of the most disastrous results from losing these benefits is the loss of Medicaid, because the working poor are in no financial position to either buy health insurance or pay out of pocket for their health needs if they have any significant health problems. And, they are much less likely to pay for preventive health care.

The New Jersey Department of Public Welfare reported in 1977 that 78.6% of AFDC population was nonwhite and in 1980, approximately 62% of the Medicaid population was nonwhite, although nonwhites make up only about 18% of New Jersey's population.

New Jersey Department of Health statistics of 1979 indicate, in certain areas, much greater health problems for nonwhites than for whites. For example, infant and fetal death for nonwhites is at least twice what it is for whites.

In addition, low income people have less access to primary, general health care services than others, and one-third of all low income children, under 17, have never seen a dentist. For children, the list does not stop here. And, as formative years pass with inadequate health care, the low-income elderly population suffers in much the same way.

The new Federal guidelines for a 48% Federally funded, Medically Needy Program gives New Jersey the ability to create a flexible program which could target specific groups of people for specific services.

A Medically Needy Program gives New Jersey the ability to provide the working poor and the low income elderly and disabled with health coverage which will help to keep them healthy and out of institutions.

New Jersey already has a hospital reimbursement system which will cover the indigent when they are in the hospital, and we already have Medicaid coverage for nursing homes three times higher than it is for home health.

A Medically Needy Program in New Jersey offers us an opportunity to expand our medical assistance to the working poor in New Jersey. It gives us an opportunity to provide prenatal care to many who are not now receiving it. It gives us an opportunity to help in keeping people out of costly nursing homes and hospitals which now account for approximately 75% of New Jersey's Medicaid expenditures, by providing coverage for home health and community based ambulatory services. And, it gives us an opportunity to receive 48% Federal dollars for providing cost effective health services to a portion of our low-income population.

In addition, with the recent passage of ACR 139, much consideration has been given to a Medically Needy Program as a top priority for any health services for the elderly and disabled under a Medically Needy Program which could now be paid for through casino funds.

But, we need a commitment from the State. The time is right. For the health of its people, New Jersey cannot afford to be without a Medically Needy Program any longer. Thank you.

ASSEMBLYWOMAN KALIK: Thank you. I understand there is legislation being aired at the present time.

MS. CHASNOW: There are two pieces of legislation that have been sitting around for a little while, and we are trying to get them through.

ASSEMBLYWOMAN KALIK: From what I understand, the cost is astronomical.

MS. CHASNOW: Well, for a comprehensive program it is, but with the increased flexibility, as I mentioned, we can pick and choose what services and which populations we want to cover.

ASSEMBLYWOMAN KALIK: Thank you.

MS. CHASNOW: Thank you.

ASSEMBLYWOMAN KALIK: Mr. Trommelen.

W A L T T R O M M E L E N: Thank you very much. Chairwoman Kalik, and representatives of the Subcommittee of the Joint Appropriations Committee, my name is Walt Trommelen. I am President of the New Jersey Public Health Association, and I also serve as Public Health Coordinator for the Burlington County Health Department. But, I am representing the New Jersey Public Health Association today.

Our Association is made up of over 400 members, who are basically health care providers and citizens within New Jersey interested in health services at their community level.

Basically, local health agencies within New Jersey provide a rather broad

range of services that are largely preventative in nature, including certain regulatory programs as well as clinical services directed at the low and moderate income populations in our municipalities and counties.

Our programs fall generally within the following categories: communicable disease control; environment health and pollution control; maternal and child health; and chronic illness control. At the local level we have the dubious distinction -- those of us who are health providers and running local agencies -- of serving at least two masters. Basically, almost all of the programs we provide in these various areas are programs with primary responsibility afforded to at least two different State agencies, the New Jersey State Department of Health in addition to the Department of Environmental Protection. And, at the local level, at the provider end, I think we have an advantage in that these services can be provided, I think, better and cheaper by having them provided by a single agency, which is largely true throughout New Jersey.

There is another connection I would like to touch on with regard to the business at hand, and that is, of course, the cut-back in Federal funds and the impact of the block grant. A majority of the budget of the State Department of Health, as I believe Dr. Halpin even mentioned, is Federal money, and, in turn, a majority of those Federal funds are actually paying for the delivery of services to citizens by the local provider agencies.

Since 1971, there has been an actual dollar decline in State health aid, administered by the State Department of Health for local health departments. I believe in '71 the figure appropriated was in excess of $4 million. This current fiscal year, I believe the sum is $2.4 million. When you take that lesser dollar consideration and combine it with other factors that we are facing day in and day out -- such as the effects of inflation, the phase-out of the CETA program, where many of us were relying on CETA personnel to fill the gaps previously, and the reality of the 5% cap law which has direct bearing on how much funding can be provided for health services among many other services at the local level -- you then see that we were in a severe position already, prior to this next impact of the cut-back in the Federal monies coming to local departments.

While the sums vary from one jurisdiction, locally, to another, using my own county as an example, I would say the proposed cut-backs could comprise as much as 10% of our current operating budget, in addition to the other effects I also noted.

As if that was not enough, within relatively recent years there were two laws with additional regulations adopted by the State. One law I refer to is Chapter 329, Public Law 1975, the "Local Health Services Act." Another law is called the "County Environmental Health Act," namely Chapter 443, P.L. 1977, and requires of local agencies a fairly broad degree of responsibility, not only in various program areas but in particular standards that have to be met with regard to activities provided at the local level. Again, this is largely regulatory, or clinical health promotion and health prevention types of services.

What with the declining sources of revenue, we have been forced -- and I say this perhaps more in a positive way rather than a negative way -- to be innovative and to look under every possible stone for other ways to meet what we know to be essential needs within our communities. I know of many agencies within the State, besides my own, where we have relied increasingly on patient fees -- sliding scale fees -- as one possible alternative source, but that is difficult and doesn't result in very significant dollars through actual experience, mainly because we

are serving largely a low income to moderate income population.

In addition, of course we have had to exhaust our administrative abilities and prioritize like crazy with many programs, and eliminate such things as Outreach, which only a few years ago was considered an essential ingredient in almost any program where we were desiring to reach the disenfranchised, disadvantaged minority populations in the main.

In addition, we relied, increasingly so, on volunteers for various segments of our programs, and that is another example of something that is more positive than negative. However, you can go just so far through these various means. Recognizing the fact that services are required by the State as mandates -- most of the services we provide are mandated, required services -- I feel that the first place to look, and I know you don't want to hear this, is within the State Appropriations Process. When you consider the history of what has happened with State Health Aid over the last ten years, I see no way that we could reasonably shun our responsibility to at least be looking at that area once again. On at least two occasions since 1976, I can recall the Legislature approving increased funding for State health aid, but we at the local level were denied the benefit of those increases by action of the Governor when it came to his final step of red-lining increased appropriations. This has occurred on at least two occasions.

Beyond that, I realize -- and I am trying to be realistic -- that we would need essentially a floor appropriation of $2 million increase within the State Health Department budget, and at least a $1 million increase in the Department of Environmental Protection's budget for the State to at least show, and verify, good faith in carrying out certain provisions of both of those laws with they surely felt were in the best interest of the State at the time those laws were enacted.

Beyond that, being a little bit more realistic, I would hope that through the process that will ensue over this next year in this whole area of meeting community needs in various health and social services areas, emphasis will be placed on -- on the part of all of us, the legislature included in perhaps playing the leadership role -- looking at the matter of casino revenues and the pass-through provisions that I think are part and parcel of all the measures that have been adopted at the Federal level regarding block grants and concomitant 25% cuts in various grant programs.

That would be my last recommendation with regard to -- again, in a positive way -- suggesting that as a reasonable alternative to increased State appropriations. I realize that that is not, perhaps, the area that we would like to see it in, but insofar as saving us from disaster very early on, which is what will occur if some measures are not taken because of the combination of cuts that we have received over the last ten years, it is necessary.

ASSEMBLYWOMAN KALIK: Just one question. The Public Health Association -- to your knowledge, are they members of the Human Services Coalition in the various counties?

MR. TROMMELEN: That would be an individual matter in each area. Speaking for myself, I am a member of the Burlington County Title 20 Coalition, and the process of forming the board is not yet completed for the new Human Services Coalition. I think that whole matter is at least 90% complete now, but I don't know that I will be a member of that at this stage -- as many others are not as yet members at this stage right within our individual counties. But, I presume many in other parts of the State are members.

ASSEMBLYWOMAN KALIK: Because that is probably going to be one of the avenues for divvying up whatever resources are available through the various block grants.

MR. TROMMELEN: Realize too that you are dealing with an extremely complex issue in that pass-through consideration alone because blocks are coming down with different configurations for different purposes, and you have existing at the State level alone different mechanisms, besides having different agencies that have responsibilitie for handling those grants.

ASSEMBLYWOMAN KALIK: Besides having various rules and regulations that may or may not affect one area, and that do not affect another area, which we are now trying to put together.

It is interesting because you have been here all day and you have heard a lot of comment about this pass-through legislation. From what I can gather, that is also in the formation stage of legislation. So, some progress on that end is being made. Thank you for sitting with us all day.

MR. TROMMELEN: Thank you for your patience.

ASSEMBLYWOMAN KALIK: Cynthia Walker. Cynthia, you are our final speaker.

C Y N T H I A W A L K E R: Good afternoon. My name is Cynthia Walker, and I testifying this afternoon on behalf of New Jersey Common Cause. Common Cause, a citizens' lobby, has always worked for a more effective and efficiently run system of government. We are aware that the switch from categorical grants to block grants will require a difficult period of transition for all state governments. Besides the 25% reduction in funds, the states in this nation will be experiencing a new flexibility in the administration and implementation of this grant money.

The entire concept of the "new federalism", of moving government closer to the people, requires public input into the process of allocating funds. Public hearings are the only way to ensure that the state's needs are being met.

The Department of Health and Human Services is responsible for seven of the nine block grants. This agency has issued some regulations governing block grants. Common Cause is disappointed that the agency is not requiring public hearings for this year. We hope New Jersey will take the initiative and require public hearings for these seven grants.

Since most of the Federal regulations and stiff reporting requirements no longer exist, states will have to be prepared to deal with complaints, evaluate programs, and audit finances. Of particular concern is, who will be responsible for enforcing civil rights statutes? It appears that the states will be given this added duty. The Department of Health and Human Services' regulations do not require the specific assurance from the states in their application for funds that they will uphold civil rights laws.

Finally, it is still unclear to the citizens of New Jersey who will have the final responsibility for oversight. A mechanism must be in place to review how the money is received by state agencies, how it is spent, and how it is integrated with state funds appropriated to the same agencies.

California addressed some of these problems by enacting a law which deferred the implementation of most block grants until June of 1982. This law also established a fifteen member advisory task force, with six of the members representing population groups served by the programs. Common Cause recognizes the fact that New Jersey has already accepted the block grant money. We suggest that a similar advisory committee be established to assist the state in determining how the block grants will be implemented, and possibly calling for the reinstatement of some of the protections deleted from the Federal legislation. Thank you.

ASSEMBLYWOMAN KALIK: Thank you. I did want to tell you, if you were

not aware of it, that we accepted the block grant money because not accepting it would have meant a reduction in funds.

MS. WALKER: I only stipulated that to clarify that we weren't suggesting that New Jersey hadn't accepted it.

ASSEMBLYWOMAN KALIK: New Jersey didn't not accept it.

MS. WALKER: Right, just the idea of that committee--

ASSEMBLYWOMAN KALIK: It would have been a disadvantage for us to not accept it at the time. And, I agree with you; we do have to work out those other problems. We, of course, don't know what those problems are yet.

MS. WALKER: Yes. It is tough when you don't know all the regulations and the funding levels.

ASSEMBLYWOMAN KALIK: Thank you.

MS. WALKER: Thank you.

ASSEMBLYWOMAN KALIK: If there are no further speakers, I want to go on record thanking everybody who took the time and the trouble to come and speak. I am a little disappointed that we did not reach out to some of the consumers, or some of those people who get the services, to hear how these budget cuts have affected them particularly. Maybe we can reach out to them at a future date in another form or fashion.

I think it has been an interesting meeting. I think we have gleaned a lot of information and a lot of facts. Certainly, the committee will be reviewing it, and eventually it will get turned over within the legislative and appropriation process. Thank you again.

(hearing concluded)

STATE OF NEW JERSEY

DEPARTMENT OF COMMUNITY AFFAIRS

JOSEPH A. LE FANTE
COMMISSIONER

363 WEST STATE STREET
CN 800
TRENTON, N.J. 08625

DIVISION ON WOMEN

December 7, 1981

Honorable Barbara F. Kalik
Chair, Subcommittee on Federal Aid
Joint Appropriations Committee
State House CN 066
Trenton, N. J. 08625

Dear Chairwoman Kalik:

The Division on Women would like to submit the enclosed testimony for the record relative to the public hearings scheduled for December 8, 1981. This testimony is a review of the Administration's recommended budget cuts as they impact on programs of importance to women. Please note that almost all of the proposed reductions have been enacted into law and have already taken place. Further, the programs have been targeted for even more cuts in fiscal '83.

The National Advisory Council on Economic Opportunity Report points to the "feminization of poverty" as the most compelling social fact of the decade. Statistics show that the poverty segment of the population of the United States is predominantly women - single heads of households and elderly - minor children and minorities. Further, this ominous trend continues. These women and children rely heavily on existing government programs, such as, Aid to Families With Dependent Children, Medicaid, Food Stamps, School Lunch programs, Women, Infants and Children Nutrition Program, the Maternal and Child Health Program, and Legal Services - the very programs which have been targeted for drastic cuts.

As we have reviewed the ramifications of the budget cuts and program eliminations, we have noticed that there is more often than not a double impact on the populations served by these programs.

Example: The CETA Title II-D and Title VI programs have been frozen and are slated for total elimination, resulting in a double loss to Displaced Homemakers. Many of these programs provide needed support services to assist displaced homemakers. The Administration's proposal will eliminate both

NEW JERSEY IS AN EQUAL OPPORTUNITY EMPLOYER

the support services and the jobs.

Example: As people lose jobs because of the budget cuts and program eliminations, they find that Unemployment Insurance benefits have also been earmarked for significant reductions. They are losing jobs and at the same time, are ineligible for extended benefits. These benefits are vital to persons unable to find employment.

Example: Approximately two-thirds of the clients of Legal Services are women, many seeking assistance regarding domestic violence, divorce and housing problems. Legal Services has received no funding and it's areas of activities have been severely curtailed.

We believe that this testimony will underscore for you and the members of the Subcommittee on Federal Aid the disproportionate effect the budget cuts have had on programs servicing women and children. Since our nation's poor are overwhelmingly mothers, minor children and elderly women, programs to assist these people, who comprise the most vulnerable segment of our society, are vitally necessary.

Sincerely,

Clara L. Allen

Clara L. Allen, Director
Division on Women

CLA:GS:par
Enclosures

IMPACT OF ADMINISTRATION'S PROPOSED BUDGET CUTS

ON

PROGRAMS OF IMPORTANCE TO WOMEN

DIVISION ON WOMEN
DEPARTMENT OF COMMUNITY AFFAIRS

MARCH 1980

EDUCATION

Elementary and Secondary Education:

Services to economically disadvantaged and handicapped students, functionally illiterate adults, children in schools undergoing desegration and neglected and delinquent children in State institutions will be cut by 25% under the Administration's budget proposal.

The Administration has proposed consolidating 50 elementary and secondary education programs and funding them at 75% of the fiscal year 1981 level. For fiscal year 1981, New Jersey will receive $124 million--a reduction of $40 million--and in fiscal year 1982, $33 million additional funds will be cut.

Vocational Education:

Programs to provide training in employment skills, employment opportunities and remedial education services through the Vocational Education Act have been targeted for a 25% cut by the Administration. These programs have been beneficial to women breaking into untraditional jobs

New Jersey will lose $5.2 million in fiscal year 1981 and $4.5 million in fiscal year 1982. This cut will cause a decrease in the service provided to students and is particularly significant because these programs have not had a funding increase for several years.

Higher Education Assistance:

Students in need of financial aid will find that the Basic Educational Opportunity Grants have more stringent eligibility requirements, the available student loans have been cut in half and Social Security benefits paid to students have been eliminated if the Administration's proposal takes effect. The end result will be that fewer persons will be able to obtain a higher education.

EDUCATION

The Reagan proposal to tighten eligibility under the Pell Grant program, (Basic Educational Opportunity Grants) would increase the financial burden of needy families by increasing the family contribution at all income levels.

The Reagan proposal would limit the loanable amount available to students under the Guaranteed Student Loan Program and recommend that banks allow in-school interest to accrue on the students' loan and be added to the principal. The proposed limits would reduce New Jersey Guaranteed Student Loan volume by 50%.

The elimination of benefits presently paid to students whose parents are Social Security beneficiaries may cause a financial burden to the entire family. Students are eligible for Social Security benefits because of the death or disability of the primary wage earner. At the same time, other sources of financial aid for higher education are being severely curtailed.

The National Science Foundation:

Women scientists, technicians and science teachers, who currently tend to be disproportionately represented in behaviorial, social and economic sciences will undoubtedly suffer from the drastic cutbacks in NSF funding proposed by the Administration.

Science education programs, funded through NSF grants, predominately benefiting women and minority students, would be completely eliminated under the Reagan plan by fiscal year 1982.

The Foundation as a whole will suffer a $15 million cut by fiscal year 1982. However, funding for research in the physical sciences such as biology, chemistry, physics and the space programs will be maintained.

EMPLOYMENT, TRAINING AND UNEMPLOYMENT PROGRAMS

CETA Public Service Jobs:

The Administration has proposed to phase out by the end of fiscal year 1981 the two CETA programs that provide public service employment--Title II-D jobs for the chronically unemployed and Title VI jobs for those who are unemployed due to downturns in the economy.

The Administration will also request a rescission of unused Title VI funds and excess Title II-D resources will be deferred into 1982. This means essentially that if New Jersey prime sponsors do not use all of their fiscal year 1981 funds for Titles II-D and VI, they will lose them. The Administration intends to use the deferred Title II-D funds in fiscal year 1982 for other CETA programs.

A freeze and phase-out of Public Service Employment jobs would not only have a negative impact on workers in New Jersey who are unable to find jobs in the private sector, but would also have a ripple effect throughout other social programs and services provided by community-based organizations, cities, counties and the State which are staffed by CETA employees.

Impact on Women:

Large numbers of women's employment programs currently depend upon Titles II-D or VI for their existence. Women's employment programs from displaced homemaker programs to nontraditional jobs training--are innovative, cost-effective, and have had strong positive result in moving economically disadvantaged women into private sector employment. The proposed cuts will jeopardize their existence.

It is not only women's employment programs, that will suffer. Most services targeted for women are provided by nonprofit, service-oriented organizations. These organizations have provided the primary Public Service Employment staffers for their existence. Thus, in addition to the threat to women's employment organizations, Public Service Employment cuts will also threaten battered women's crisis shelters, rape crisis projects, hot lines, women's law centers, women's health clinics, and many other such programs.

DISPLACED HOMEMAKER PROJECTS, funded under Title III of CETA, will also be adversely affected by the freeze of Title II-D funds. In December 1980, the Department of Labor indicated that between $1.7 million of 1980 Title II-D carryover funds would be allocated to Displaced Homemaker programs in order to maintain them through the end of fiscal year 1981 which is September 1981. Because of the freeze of Title II-D funds, over half of the 31 programs will be terminated March 31, 1981.

The Administration has proposed to set aside some CETA funds to provide unemployment compensation to the workers laid off as a result of the freeze.

EMPLOYMENT, TRAINING AND UNEMPLOYMENT PROGRAMS

Work Incentive Program (WIN):

The Work Incentive Program provided training and job placements for AFDC recipients--mothers with minor children. The need for training and job placements is critical for these people if they are ever to become self-supporting and it provides savings to the government through welfare grant reductions.

The Administration has proposed a $20 million cut in the WIN Program, which means a $700,000 loss to New Jersey.

Unemployment Insurance:

As more and more people lose positions as a result of the Administration's proposed cuts, they also face cuts in their Unemployment Insurance benefits.

The Administration has proposed several changes to reduce the amount of time persons can receive Unemployment Insurance by significantly reducing the Extended Benefits Program. Further, workers unemployed for three months will be forced to take positions if that job pays $3.35 per hour minimum wage.

Trade Adjustment Assistance (TAA):

The Trade Adjustment Assistance program provides benefits for workers who have lost their jobs as a result of competition from imports in their industry i.e. the automobile industry.

The Administration has proposed a limit on TAA payments and a reduction of benefits.

Employment Service (ES):

The Employment Service program provides job listings and placement services for the unemployed. The Administration has proposed a reduction of $180 million in fiscal year 1982 with comparable reductions in the following years. This is a reduction, nationally, from 30,000 positions to fewer than 25,000. New Jersey would lose apppoximately 200-250 regular Employment Service positions.

As more and more people seek employment as a result of staff cutbacks proposed by the Administration, fewer employment services will be available to assist them. Additionally, the Administration recommends that the Disabled Veteran Outreach Program be absorbed by the ES program. This increased workload, combined with the reduction in staff, will result in a decrease of services.

HEALTH

Health Services:

Community health centers, maternal and child health, mental health, drug and alcohol abuse programs--most of which provide needed health services to women and children--will be slashed 25% and consolidated into a health services block grant. New Jersey will suffer a $9.5 million loss.

Preventative Health Services:

Family planning, immunization, health incentive grants, and venereal disease--programs primarily geared to assist women, children and teenagers--will be reduced by 25% and consolidated into a block grant. New Jersy will lose $1.6 million.

Additionally, as with block grants, the Administration's proposal allows the States to choose to fund--or not to fund--many of the programs and in amounts the elected officials decide. As federal funds dry up in so many human service programs, states will be hard pressed to continue many of these programs.

HOUSING

Subsidized Housing:

Those least able to afford housing, poverty-level and low-income families and individuals--especially mothers with minor children and the elderly poor--will face a significant decrease in rent subsidies as a result of the Administration's proposed cuts.

Further, 78% of the occupants of federal subsidized public housing, are elderly women.

The Administration has proposed major cuts in this program. This would result in a significant number of families unable to obtain such housing and a sharp decline in construction projects.

Comprehensive Planning Grants:

One of the purposed of these grants is to increase housing and employment opportunities and choices, particularly for lower income, minority persons, women and persons with special needs such as the elderly and handicapped. The cost of housing is thereby reduced.

The Administration has proposed the total elimination of the program.

HUMAN SERVICES AND INCOME SECURITY

Aid to Families With Dependent Children (AFDC):

Recipients of AFDC are overwhelmingly mothers with minor children. The standard monthly allowance for a family of four is $414. While this amount can vary according to the special needs of the family, recent studies indicate that the allowances are considered woefully inadequate to maintain a decent standard of living in these inflationary times.

More than 27,000 families presently receiving AFDC aid will be disallowed or have benefits significantly reduced because of the Administration's proposed changes in the determination of eligibility and benefit levels. Families no longer receiving AFDC benefits are also ineligible for Medicaid benefits. This benefit loss will cause severe financial deprivation to these families most of whom have incomes just above the poverty level.

Medicaid:

The aged, blind and disabled whose monthly incomes do not exceed $260 a month for an individual and $368 for a couple and AFDC recipients are eligible for Medicaid benefits. Cuts in the program will limit the services provided to this extremely low-income segment of the population.

The Administration has proposed to cap Medicaid for the first time; this has always been an entitlement program, in which States were reimbursed (New Jersey at 50%) for all eligible expenses. The proposal is to cap Medicaid at $100 million less than the projected fiscal year 1981 level, allowing it to increase only 5% in fiscal year 1982--for a reduction of $1 billion--and then allow spending to rise only with the inflation rate as measured by the gross national product for fiscal year 1983 and beyond.

Food Stamp Program:

Mothers of minor children receiving AFDC aid, recipients of welfare or Supplemental Security Income (SSI) are usually eligible for food stamps, as are working families that, because of low wages or large size, need extra help purchasing sufficient food. New Jersey recipients will lose approximately $44 million in food stamp benefits as a result of the Administration's proposed changes in the determination of benefits and eligibility.

In spite of calling for less government regulations, a number of the Reagan proposals would make administration of the program more complex,

so that these costs would increase in spite of the proposed funding cuts. Some of the major changes include:

- Reducing a family's food stamps by the amount of the free or subsidized lunch received by their children in school. In New Jersey, 160,000 children would be affected by this cut, for a total loss of $18.7 million in food stamps. Policing to disclose which children recieve school lunches, would require greater administrative cost and would be extremely difficult.

- Require food stamp allotments to be calculated on the basis of costs, instead of future projected costs which allow for increases because of inflation. This would mean a loss of $11.5 million to New Jersey recipients.

- Set an income limit above which a family could not receive food stamps, even though its deductions for medical expenses, dependent care, and other allowable costs would otherwise make that family eligible. This would prohibit about 6,000 New Jersey households from receiving food stamps.

- Freeze the standard and shelter deductions, eliminating inflation readjustments. Expenses would increase because of inflation but those increased expenses would not be considered in granting food stamps.

Additionally, other nutrition programs for women and children have been terminated or significantly reduced. These programs are discussed under "NUTRITION."

Emergency Assistance:

Women and children, particularly victims of domestic violence, in need of emergency funds for shelters, food and clothing are served by the Emergency Assistance program. AFDC families, SSI recipients and other low-income and elderly households are served by the low-income energy assistance program. The Administration has proposed a 25% cut in these programs for the "very needy" and merging them into a block grant. New Jersey will lose $18.1 million as a result of the reduction in funding.

Low-Income Weatherization:

Low-income families, the elderly and handicapped persons receive funding for weatherization of their homes through this program. New Jersey served 8,221 people in 1980.

HUMAN SERVICES AND INCOME SECURITY

The Administration has proposed no additional funds for this program and wants to include it in the Community Development Block Grant program. Loss of specific funding will force the program to compete with other needed programs and states will have to make difficult decisions.

Social Security:

The Administration has proposed the elimination of the minimum guaranteed retirement benefit of $122 per month. It would be replaced with a wage-related rate which will result in a lower dollar amount.

The Administration has also proposed a tightening of eligibility requirements for the disability program and a more stringent reevaluation of the disability. Finally, it has proposed the elimination of the $225 payment awarded upon death of the insured worker when there is no surviving spouse or minor children.

Social Service Programs:

The Administration has proposed consolidating 12 social service programs into a block grant and funding them at 75% of the fiscal year 1981 level. New Jersey received about $135 million for these programs and a 25% cut would mean a loss of $34 million.

Programs which service women, children, the elderly poor and the disabled have been earmarked for a 25% cut in funding by the Administration. These programs include child welfare services, foster care, developmental disability rehabilitation services, the Community Services Administration and Title XX. Title XX funds a host of social service programs such as day care, legal services, protection services for victims of domestic violence, family planning, transportation for the disabled and the elderly, homemaker programs, mental health, mental retardation and the Commission for the Blind.

Further, many of the programs have been targeted for double cuts because they fall into both the social services and health services categories.

JUSTICE

Legal Services:

The Legal Services Corporation was established in 1974 as a private, nonprofit corporation to insure the access to justice for the nation's poor. The Administration has totally eliminated funding for this program. Such a loss would be particularly hard on women and children because legal services has been an advocate of the legal rights of victims of domestic violence. In New Jersey, legal services personnel have assisted the drafting of legislation which would provide a comprehensive response to aid victims of domestic violence. Additionally, the National Family Center on Women and Family Law, which addresses women's and children's issues in family law and shares that information nationally, will be also abolished.

The Administration has proposed "zero funding" for fiscal year 1982 for the Legal Services Corporation, which is tantamount to proposing its abolition. Theoretically, funds for legal services would be available to the states through the State Block Grant. In reality, however, the Block Grant will be a consolidation of 12 existing social service programs at 75% of the funding for fiscal year 1981 level. States will have to make critical choices regarding the continuation of these programs at lowered levels of funding. The burden of funding a legal services program, without federal assistance, rests entirely on the State and increases an already over-extended budget. Many states will be forced to choose not to continue these needed legal service programs.

Currently, New Jersey receives $5.2 million of the $300 million allocated nationally to help fund its $7 million program. The State has 15 Legal Service projects, with 33 offices covering all 21 counties. The projects employ 130 lawyers and 270 support personnel and serve an average of more than 40,000 clients a year.

Juvenile Justice Assistance:

Juvenile justice and delinquency programs have also been targeted for elimination by the Administration. The Administration contends that these programs can, if the states choose, be provided for under the Social Services block grant. As with Legal Services, there is no funding provision. The reality is that states will be hard pressed to pick up these programs without federal aid. Children and teenagers will be the victims of the programs' demise.

NUTRITION

Women, Infants and Children Program:

Approximately 16,000 pregnant and lactating women, infants and children will no longer be provided with supplemental milk, cheese, eggs, cereal and juice as a result of the Administration's proposed 30% cut in funding for the WIC Program. Participants must be "needy" in terms of health as well as income.

The proposal would reduce New Jersey's present $20 million allocation to serve 52,000 persons to $15 million to serve only 36,000 persons.

School Lunch and Breakfast Programs:

Almost 12,000 students would no longer be eligible for reduced-lunches due to the proposed changes. Further elimination of 49.5¢ per meal in federal subsidies would cause an increase in the price of meals from 20¢ to 70¢. This increase is expected to force another 50% of the children receiving reduced-price meals out of the program.

The National School Lunch and Breakfast Programs provide financial assistance to schools so that all students can receive a nutritious lunch and/or breakfast. These program enable low-income students to receive meals at no cost or for a nominal charge, and allow the schools to charge other students fairly low prices for the meals.

The federal cuts in reduced-price lunches could account for an additional loss of approximately $5.7 million, totalling a reduction of almost $28 million in cash and commodities for New Jersey.

Child Care Food Program:

Day care centers, family day care homes, before and after-school recreation centers, settlement houses, and Head Start programs are eligible for the Child Care Food Program which provided Federal funds for lunches, suppers and snacks.

It is estimated that 46% of all the meals served in the Child Care Food Program are snacks. These supplements provide an important part of the total nutrients needed by preschoolers each day and are particularly important to young children whose families are unable to supply three full meals.

The Administration has proposed eliminating federal reimbursements for snacks served to children in the Child Care Food Program which means a loss of over $1.6 million in federal reimbursements to New Jersey.

NUTRITION

Summer Food Program:

Since the Summer Food Program is specifically targeted toward low-income areas, the Administration's proposed termination of the Summer Food Program hurts "needy" children particularly. In the summer of 1980, almost 84 thousand New Jersey children were served under the Summer Food Program. The $6.6 million cost was reimbursed by the federal government. These participants represent only 18% of those eligible for summer food, indicating a need for growth rather than severe curtailment.

TRANSPORTATION

Mass Transit Subsidies:

Significant cutbacks in Federal subsidies to transportation programs have been proposed by the Administration. These would affect mass-transit, subways, Amtrak, airports and highways. This translates into a 75% cut in passenger lines. Passenger's share of total Amtrak cost would then increase from 40% to 80% by 1985. Higher fares across the board, will undoubtedly affect lower income persons, predominantely women and children, who depend on public transportation for necessary travel.

The Disabled and Mass Transit:

Equal access to transportation for the handicapped will be limited as a result of the Administration's proposal to repeal present legislation.

NATIONAL ENDOWMENT FOR THE ARTS AND HUMANITIES

Women artists, including painters, photographers, researchers, and museum curators, trying to break into a predominantly male-oriented field, will face even greater difficulty in gaining necessary funding.

The Administration proposes a 50% cut in funding for NEAH. New Jersey will lose $1.6 million by fiscal year 1982. Given this drastic deduction, New Jersey art organizations can only anticipate a total New Jersey funding level of $850,000.

SMALL BUSINESS ADMINISTRATION (SBA)

Women's programs, as separate entities, and all direct loans have been reduced or eliminated as a result of the Administration's 25% cut in the Small Business Administration budget. The one hope is to keep women and minorities as targeted populations for direct loans.

Charles B. Yates, Chairman
Members of the Committee
Subcommittee on Federal Aid
Joint Appropriations Committee
New Jersey State Legislature
Trenton, New Jersey 08625

Ann Bozarth
536 Charleston Rd.
Willingboro, N.J. 08046

December 2, 1981

RE: Federal Aid and Federal Block Grants

Mr. Chairman & Members of the Committee;

How can words express what the heart knows to be true? I will try to be a voice for my two retarded foster adults. I know in my heart, if they could write, they would be asking: "Give us a Chance to be as normal as you".

Although, they can not read, write, and one can not even see, they are not without needs for their emotional well being. Being needed and having the feeling of usefulness is of utmost importance to their welfare. Strength and ability to work are their God given talents. To be a part of a community, to have a job and the opportunity to be the best they can, is their goal. It does not sound too far from my own goals.

Too long the retarded person has been hidden behind the doors of an institution. Now, thank God, we are obtaining a social awareness of their needs to be a part, a contributing part, of this world. We need to supply funds for work shops, schools, and teachers. We found funds for institutions, now let us find funds to free the retarded person from the useless bonds of idleness we have bound them with in the past.

I tell my men retarded just means slow. Slow to learn and comprehend. Let us not be retarded in giving them a chance to be men with a purpose in life.

Search your hearts for the true need our retarded citizens have at present. They are not voters, nor starving refugees. But, let us put our hands into our budget and find funds for our retarded citizens, just as we have done for other needy humans.

We are not asking for a hand out, but a hand up.

14x

Sincerely,
Ann Bozarth
Ann Bozarth

Newark

Kenneth A. Gibson
Mayor

Department of Health and Welfare

2 Cedar Street
Newark, New Jersey 07102
201 733-6430

Dennis G. Cherot
Director

January
19th
1982

Honorable Barbara Kalik, Chairwoman
Subcommittee on Federal Aid
Joint Appropriation Committee
New Jersey State Legislature
State House
Trenton, New Jersey 08625

Re: Subcommittee Hearing
Federal Aid and Block Grants

Dear Assemblywoman Kalik:

The Newark Department of Health and Welfare is deeply concerned about the impact of reduced federal and state aid, on the health and economic well being of the residents of Newark. We are also apprehensive regarding the revised role of the state, in its management and coordination of the programs which have been given block grant status.

The loss of funds for fiscal year 1982 is severely affecting our ability to provide basic health and social services for our residents. This reduction in services has its greatest impact on our medically indigent population. These residents, who rely solely on the services offered by this department, are bearing a disproportionate share of the budget cuts.

In an attempt to ascertain the severity of the impact of the new fiscal policies on our program services, we reviewed all our federally funded or subsidized programs. A copy of our analysis is enclosed for your review.

The City of Newark, unlike many other affected cities in the State, does not have the resources necessary to offset the loss of federal aid. In addition, we must comply with mandatory limitations on spending. The result of these actions is a sharp reduction in services, and the termination of program benefits for many needy families. These devastating actions have already taken place.

Coupled with the loss of federal dollars is our apprehension regarding the new role delegated, by the federal government, to the State. The priorities of municipalities must be seriously considered by the State, prior to their appropriation of funds for block grant programs. It is our hope that the legislative body will ensure that federal dollars appropriated and utilized are in a manner consistent with the needs of municipalities such as Newark.

As we look ahead to future fiscal years, our concern for the health status of our residents is deepened. We can only hope that the positive health trends noted in Newark over the last few years, will not be eroded by the new emphasis on a "balanced budget".

Sincerely,

Dennis G. Cherot, Director
Department of Health and Welfare

DGC:jm

Encl.

cc: Senator Wynona Lipman
Senator John Caufield
Assemblyman Willie Brown

ANALYSIS OF PRESIDENT'S ECONOMIC RECOVERY PLAN

NEWARK DEPARTMENT OF HEALTH AND WELFARE

17x

Dennis G. Cherot, Director
Department of Health and Welfare
2 Cedar Street
Newark, New Jersey

DEPARTMENT OF HEALTH AND WELFARE

NEWARK, NEW JERSEY

ANALYSIS OF PRESIDENT'S ECONOMIC RECOVERY PLAN

PROGRAM	LOSS IN FY '82 FEDERAL FUNDS	IMPACT
Alcoholism Program	$60,000.00	Program was primarily staffed with CETA employees. Budget cuts may cause this residency program to operate at a 50% bed capacity level. One of the few social setting alcoholism detoxification programs in the nation.
Child Care Network	12% reduction in funds is being discussed.	The Child Care Network if cut, depending on the amount, may have to reduce their day care slots, close small centers and reduce staff. This would mean that many parents could no longer work. Because they would have no place to leave their children during the day.
Childhood Lead Poisoning Prevention and Control Program	The total loss has not yet been determined. To date the program is working on a seven month budget.	Newark has the highest percentage of lead burdened children in the nation. Annually 5,000 children are screened for lead toxicity; and approximately 20% require pediatric follow-up. The 25% reduction in funding will severely decrease the number of children screened for lead poisoning. Two staff positions have been cut, anticipating that more cuts will have to be made.

18x

DEPARTMENT OF HEALTH AND WELFARE

NEWARK, NEW JERSEY

ANALYSIS OF PRESIDENT'S ECONOMIC RECOVERY PLAN

PROGRAM	LOSS IN FY '82 FEDERAL FUNDS	IMPACT
Drug Abuse Program	$122,000.00	Despite the increasing drug abuse trends for 1981, this program will have to operate on limited resources and manpower. Furthermore, there has been a reduction in patient slots.
Health Planning		Complete phaseout of Federal support for planning program (HSA'S) by 1985 will result in increased medical costs for Newark residents.
Medical Assistance Cap.		The 15% cap will reduce the number of persons eligible for Medical Assistance, and reduce the types of services available. This will have the effect of increasing those persons classified as medically indigent. The Department of Health and Welfare provides medical services to the medically indigent. Additional eligible residents will increase the client enrollment figures at the Health Division and the North Newark and Dayton Community Health Center

19x

DEPARTMENT OF HEALTH AND WELFARE

NEWARK, NEW JERSEY

ANALYSIS OF PRESIDENT'S ECONOMIC RECOVERY PLAN

PROGRAM	LOSS IN FY '82 FEDERAL FUNDS	IMPACT
National Health Service Corps (NHSC)	Loss of free doctors will result in an eventual $225,000 increase in the overall operating cost of the centers.	Elimination of all new scholarship awards in 1981 and 1982. National Health Service Corps physicians are utilized to staff the Dayton and North Newark Community Health Centers.
Rodent Control Project	$62,000.00	Education and rodent abatement efforts will have to be reduced. A reduction in the current level of funding will cause approximately 40 blocks, 1,000 premises and 2,500 households to be reinfested with disease bearing rats.
Summer Food Program	Anticipated cuts will be based on the target population to be served.	The program may not be serving its present population 6-18 years of age, rather ages 6-12 which means fewer lunches, smaller budget and less staff.
Venereal Disease Clinic	Cuts are anticipated, not yet determined.	A loss of staff will hamper contract follow-up efforts which are essential in controlling the spread of venereal diseases. A morbidity increase of gonococcal PID and syphilis could result in birth defects, infant mortality and cardio-vascular syphilis.
Elderly Nutrition	A reduction of 31,000 meals and $30,000 for salaries has already taken place. More cuts are anticipated.	Fewer elderly are being served nutritious meals yet the elderly population is increasing.

20x

DEPARTMENT OF HEALTH AND WELFARE

NEWARK, NEW JERSEY

ANALYSIS OF PRESIDENT'S ECONOMIC RECOVERY PLAN

PROGRAM	LOSS IN FY '82 FEDERAL FUNDS	IMPACT
WIC	FY '82 reduction in food dollars equal to $195,021.	Participation in the program will have to lessen by exactly 2,900 recipients. This reduction may cause an increase in low birth weight statistics. Also, abnormal growth patterns and anemia will become evident.
CETA		Under Title VI and Title IID there was a loss of 146 CETA employees. Most were employed by Senior Nutrition sites, WIC and the Office on Aging. Virtually every City agency as well as many private, non-profit organizations, will be adversely affected, the services to the community will be drastically curtailed.
HCDA		The Administration has proposed the consolidation of Urban Development Action Grants (UDAG), and Housing and Community Development Act (HCDA) funds, in addition to mandating that HCDA dollars be utilized for other activities. If HCDA social services funds are reduced, in order to enable the City to continue HCDA activities and proceed with UDAG's, we anticipate a reduction in the funds we receive from Newark's HCDA grant. These funds are utilized

21x

DEPARTMENT OF HEALTH AND WELFARE

NEWARK, NEW JERSEY

ANALYSIS OF PRESIDENT'S ECONOMIC RECOVERY PLAN

PROGRAM	LOSS IF FY '82 FEDERAL FUNDS	IMPACT
HCDA (cont'd)		to operate a health center, to match our State Title XX dollars and to ensure adequate code enforcement efforts in designated neighborhood strategy areas.
TOTAL ANTICIPATED LOSS IN FY '82 FEDERAL FUNDS	At least $2.5 million dollars.	

22x

COUNTY OF BERGEN

DEPARTMENT OF COMMUNITY SERVICES

355 MAIN STREET • HACKENSACK, N.J. 07601 • (201) 646-3643

June M. Clark
Director

Date: December 3, 1981

To: Members of Joint Appropriations Committee
Subcommittee on Federal Aid

From: June M. Clark, Director,
Bergen County Department of Community Services

Re: Testimony on Federal Aid and Federal Block Grants

The following testimony represents a consensus of the members of the Bergen County Board of Chosen Freeholders, the Task Force on Social Service Block Grants, the Human Services Advisory Council and its delegates and alternates to the State Advisory Council.

The Bergen County social service community, has for the past year, been concerned with maintaining its quality of services despite the decreasing availability of service dollars. It is aware of the resource constraints now faced by the Department of Human Services as well as on the federal level.

The Bergen County Task Force on Social Service Block Grants was convened in June, 1981, to address this county's concerns regarding the impact of the federal block grants, the 25% reduction in federal funds and state action regarding allocations and administrative issues of social service funds.

(continued)

BOARD OF CHOSEN FREEHOLDERS

Harry J. Gerecke
Director

Charles E. Reid
Deputy Director

Gerald A. Calabrese Joseph Carucci, Jr. John F. Curran Archie F. Hay Doris Mahalick Robert P. Pallotta Joan Steinacker

POSITION

We are in agreement with state policy that reduced service dollars should be allocated on the basis of priority. Our locally determined target population priorities, the most important first, are as follows:

- adults and children in imminent danger of institutionalization;
- child abuse, neglect or abandonment;
- vulnerable adults (mentally and physically handicapped and elderly who are abused or neglected);
- adults who are victims of domestic violence;
- underserved and/or overlooked populations.

Our standard for service priorities were the most basic needs of food, clothing and shelter, and the means to provide them. These were determined as:

- adult and child homemaker services,
- emergency placement,
- adult and child day care,
- permanent or transitional placement,
- adult and child protective services,
- crisis intervention.

All services applied as critical to target population mentioned above.

We in Bergen County agree that a formula for the distribution of social service funds should be adopted. Bergen County, with 12% of the population, now receives approximately 5% of Title XX funds. While we are concerned that need be a factor in any equity formula, we are strongly opposed to a 100% Medicaid standard such as in Resolution 209, passed by your Committee last year. Medicaid as the only standard would reduce Bergen County's percentage to less than 3% and would be devastating on the services we provide

to our poor. Need, as well as cost of service delivery and age dependent population, should be part of any formula. We therefore endorse the formula suggested by the Equity Sub-committee of the N.J. Task Force on Social Service Block Grants of 1/3 Medicaid, 1/3 age dependent population and 1/3 numbers of persons below 80% of the state's median income.

Finally we support the concept of planning and priority setting on the county level. With more local decision making, local accountability is enhanced, thus insuring the quality of services to the residents of each county and thereby to all New Jersey residents.

NORTHSIDE FORCES, E.A.U.C., Inc.

POST OFFICE BOX 8066
HALEDON, NEW JERSEY 07538
Telephone (201) 345-7533 790-1797

NEW JERSEY STATE LEGISLATURE
JOINT APPROPRIATIONS COMMITTEE
(Public Hearing by the Subcommittee on Federal Aid concerning Federal Aid and Federal Block Grants)

We are Northside Forces E.A.U.C. (Ecumenical Association of Urban Concerns) a service mission serving a large poor and blighted area of Paterson, New Jersey. We were founded over a decade ago by concerned church people and neighborhood leaders. We have a large base of support from Suburban churche of all denominations.

In our efforts to serve this area E.A.U.C. has provided seed money, housing and continuing support for seven projects (described in detail in the enclosed Forces In Focus). We are primary providers - where the action is. We feed children - provide a gathering place for Seniors to eat - communicat have Arts & Crafts. We provide Child Care for mothers who want to work rather than be on the "Dole". We educate - feed - and point in the right direction over 100 "Latch Key" youngsters who are part of our After School Program, who would otherwise be running the streets. We provide almost 200 people a month with 2 days food (6 meals) when they are burned out - robbed - their checks are late - they come out of the hospital - they emerge from battered women shelters, you name it we are there. We provide limited shopping facilities under The W.I.C. Program for area mothers who would otherwise have to walk over a mile to get Nutriment Suppliments. Our "shing star" is the Community Health Center, where over a thousand patients monthly are treated, paying only what they can afford.

We are proud of our string of Pearls. Like any other necklace we depend on a thin string of contributions private and government to maintain these seven correlated programs. Cut the string and all fail. Our finances have continued steady from churches and individuals, but government grants have been severely curtailed especially in Child Care and Nutrition. At our level this spells disaster. It will take a long time to restring a set of economical and basic services given by this and similiar Primary Providers. Perhaps costs could be cut by eliminating the tedious regulations and over staffed Regulators, frills and restrictions. We operate with 25% to 50% Volunteers depending on the program. We can not cut Personnel further. Our only alternative is to close.

We, sincerely hope that this legislature and this committee sends forth a message to Agencies and Block Grant dispensers to preserve Primary Providers. Offices can be re-rented and people can be re-hired but it takes years to bring a program on target. Don't break up those winning combinations we have worked so hard to build in this War on Poverty. Give us input into decisions. Preserve the Primary Providers by giving us the dollars to do the job.

26x

Thank you and Blessings,

Hugh S. Dunlop

Hugh S. Dunlop, Volunteer Director

Forces in Focus

VOLUME 13 NORTHSIDE FORCES-EAUC, INC. DECEMBER, 1981
13 N. 1st Street, P.O. Box 8066
Paterson, N. J. 07538

Another year has passed and it is time again for the mailing of our annual fund raiser FORCES in FOCUS. It has been an eventful year! We are confronted with changing public policy and reduced funding from government agencies and have already felt the pinch. Despite this, we are determined at all costs to try to sustain our programs intact.

The following is a summary of each program briefly outlining the work Northside Forces is doing in this most critically poor area in Paterson.

Northside Forces - E.A.U.C., Inc.: This is the legal name of the parent organization responsible for all the programs. The initials are for Ecumenical Association for Urban Concerns. Our by-laws provide for a Board of Trustees of no more than 27 members, two-thirds of whom must live or work in the neighborhood or be served by one of our programs. Mrs. Alice Payne is our current president.

The Board meets monthly at which time each program director - responsible for the day-to-day operation of his/her program - provides a narrative and financial report of their situation. These are reviewed by the Board and other necessary items of business are conducted at these meetings.

At present, business going through the E.A.U.C. office is handled by Mr. Hugh Dunlop, a volunteer coordinator, a member of the Board of Trustees and a member of the Totowa United Methodist Church. We also have a part-time secretary, Miss Linda Davis, who divides her time with the Y.D.P. office. The phone number for the office is 790-1797.

Northside Forces E.A.U.C. is the receiving agency for all private funds contributed to our programs, except fund raisers for a specific program which has been approved by the Board. In addition to the usual office costs such as heat, light, telephone, supplies, equipment and salaries, these funds are used for:

- -Insurance and repairs on our buildings. Since they are so old these costs are unusually high.
- -Funding to research and prepare proposals for new programs and sometimes supporting such programs for a temporary period until they are established.
- -Absorbing the over-cost when a contracted program cannot operate within the funds received from the government.
- -Making up matching funds for those government contracts that require it.

Paterson Ecumenical Preschool (P.E.P.): Sally Taylor, Director
161 N. 1st Street 790-5299

Presently enrolled are 110 children from 96 families, ages 2½ to 6.

These children are provided 12 months of preschool day care on weekdays from 7:00 a.m. until 6:00 p.m. They receive two hot meals a day, free annual physicals, dental screening and fluoride treatment, (at our Community Health Center), all immunizations needed, speech evaluation and speech therapy, social service assistance, nursery school classes, etc.

The school budget amounts to almost $295,000 this year, principally funded by the Federal government under Title XX with some help from the state of N.J. and the city of Paterson. A very active Parents' Association, headed by Mrs. Cynthia Harris, chairman, has been a major financial support group for P.E.P. by fund raisers for the matching funds portion of its contract. Last year the Association raised $15,000 by their efforts.

Now the state is requiring that parents pay a weekly fee ranging from $2 to $18 depending on their financial situation and Sally has just received notice that this range will increase from $16 minimum to $25 maximum next October. If this holds, it will automatically eliminate the most needy children from the program.

To help defray these weekly charges, P.E.P. has started an "Adopt a Child" drive among the Suburban Task Force Churches. For more information on this effort and for possible help from your church or from individuals, please phone Sally Taylor. The need is urgent.

Youth Development Program (Y.D.P.): Maria Benavides, Director
13 N. 1st Street, Paterson 790-6591

This program provides after school activities for 100 children ages 6 to 13 for the weekdays of the school year and summer day camp all day during the summer months. Competent teachers and aides plan classes to include tutoring in math and reading, arts and crafts, drama and recreational opportunities and trips.

Maria's government funds have been cut back 25% so that her state contract is now $79,000 per year, (from $107,000). Despite this cutback, she has thus far maintained the 100 children in the program by reducing staff and other economies. But it is very difficult and now parents are required by the state to pay a weekly fee depending on their income, ranging from $1 to $15 per week.

Many families simply cannot afford to pay these weekly fees and the state requires that those who don't pay be dropped from the program. So like P.E.P., Y.D.P. has also started an "Adopt a Child" program. Again we are hoping that churches from the surrounding communities will rise to the need and adopt a child, enabling those children who would otherwise have to be dropped, to stay in the program. For more information on this, please phone Maria who will gladly supply details.

Community Health Center (C.H.C.): Sam Hill, Jr., Director
32 Clinton Street 790-6594

The C.H.C. continues to serve, in ever growing numbers, Northside residents who need health treatment. The patients per month mark is now well over 2,000.

The staff consists of 4 full-time doctors and dentists with specialty physicians on a part-time basis, nurses, a health educator, nutritionist, social worker, secretary, clerks and aides.

We are fortunate that our level of funding has thus far been maintained, enabling us to serve the health needs of our community in ever growing numbers. Medicare, medicaid and fees paid by patients based on income and family size make up a substantial part of the C.H.C. budget.

This program is a most worthwhile and successful operation and continues to grow. Sam Hill says the people of the community now realize the importance of preventive medical and dental service to keep them at an optimum level of health. We like to feel it is also the result of the genuine concern for the patients felt on the part of the whole staff.

Senior Citizens' Program: Nellie Reed, Director
43 N. Main Street 790-7926

Every week day approximately 60 seniors come to the center for a hot meal and programs planned by Nellie which include crafts, informative talks, music and worship services and once in a while a trip. About 20 shut-ins are also in the program by means of outreach calls, aid in necessary trips, such as to the doctor, holiday remembrances, etc. Half of Nellie's budget comes from the Passaic County Office on Aging which this year granted the program $16,000. The hot meals are provided by the Paterson Y.M.C.A. and paid for by the City of Paterson. The balance of the budget comes from various churches in the Suburban Task Force. The need for financial support is acute.

This past year St. Elizabeth's Episcopal Church of Ridgewood "adopted" the Senior Citizens' Program as one of their sponsored mission concerns. Visits back and forth, programs at the center, financial aid for ever present specific needs are among the involvements developed.

Many thanks to this church, to Mrs. Marion Barnett, chairman of the outreach committee and to Mrs. Lucille Meek, liason from St. Elizabeth's Church to the Suburban Task Force, who started the whole idea.

Individuals or churches who would like to help in this particular endeavor can call Mrs. Meek, 444-7213, for information or call Nellie Reed.

Emergency Food Program: Hugh Dunlop, Volunteer Director
14 Halpine Street 790-1797

Before Hugh was "promoted" to Volunteer Coordinator of E.A.U.C. programs, he set up a super system for the Emergency Food Program which included building shelves and racks, developing referral slips for food supplies and, in general, setting it up so that the whole operation moves smoothly. Volunteer "food clerks" from the West Side Presbyterian Church in Ridgewood and the United Methodist Church in Wayne took up the slack when Hugh's other duties took him away from full-time on Emergency Food.

Two days' supply of staple foods are given no more than once a month to families in real emergency need as verified by referral slips made out by appropriate social agencies. The food is contributed primarily by the 58 churches and organizations comprising the Northside Forces Suburban Task Force, (see below).

The need is growing. Those of you who have helped please keep it up. Others who want to join in the effort call the office and we will tell you how. There are hungry people right around the corner from where you live! Get your church involved.

Nutrition Program
9 N. 1st Street

Lillian Plumer, Director
790-6585

Here we really ran into problems - and we are not out of them yet. Last March the Board decided to close down the operation only to rescind the decision at the next meeting in response to a community protest. The trouble was it was costing far more to run the program than we got paid from the state. With a lot of hard work on the part of Lillian and the Board, we are still operating. But we are only serving some 710 food portions a day to sites that qualify by the state. It is a very difficult program to operate and credit is due to those who are working so hard to keep it going. The EAUC Board has made a firm commitment, if the Nutrition Center does have to close down it will make sure it helps the sites it supplies get set up with a new source.

WIC Shopping Mart
9 N. 1st Street

Lillian Plumer, Director
790-6585

We are still running this program which redeems vouchers for food from a government approved list of regulated amounts to women who are pregnant and for babies and small children. Our CHC verifies the clients. This program is also threatened by cutbacks.

Suburban Task Force

Harold Parsekian, Volunteer Chairman
652-0876

This is an important support arm for Northside Forces currently consisting of 58 mostly suburban churches, many of which have been on the Task Force from the beginning. About 15 of these churches are "active" in that representatives attend the monthly meetings held in rotation in thei churches. The others are active in that they contribute in one or all of three ways:

1. Fund raising and contributions of funds to EAUC.
2. Personal involvement as volunteers.
3. Donations of food for the Emergency Food Program, (clothing, toys, etc.).

Over 110 people are on the mailing list to receive the minutes of the Suburban Task Force meetings. These minutes keep everyone in touch with wha is going on and list specific needs as they arise. If you would like to be on this mailing list, let us know. We are anxious to expand it to interested people.

And we welcome your attendance at our monthly meetings. Call Harold Parsekian or the office to find out where the next one is.

WE HOPE THAT THIS 13TH ISSUE OF FORCES IN FOCUS HAS GIVEN YOU A CLEAR PICTURE OF THE WORK THAT IS GOING ON IN A NEARBY, NEEDY AREA. WE PRAY THAT YOU WILL BE MOTIVATED TO HELP US WITH A FINANCIAL CONTRIBUTION FOR THIS VITAL WORK. PLEASE MAKE YOUR CHECK PAYABLE TO NORTHSIDE FORCES - E.A.U.C. AND MAIL IT TO US IN THE ENCLOSED ENVELOPE. GOD BLESS YOU ALL!

30x

Paterson agency faces hard times

By Michael C. Pollak

Hugh Dunlop had just arrived at the former church on Halpine Street in Paterson where the social-service agency known as Northside Forces provides emergency food supplies each month for as many as 200 families — victims of financial troubles, [illegible], and fires. As families began trooping in, Dunlop, volunteer coordinator of the agency, went into action.

Dunlop examined one man's form (all food applicants are prescreened by social workers), took some peanut butter from a refrigerator and added a few pounds of cake mix and some canned goods. Unlocking the fortified [illegible] which the food is stored and pushing the bag of groceries out to the man, Dunlop apologized for not having more to give him.

[illegible] months, such an apology [illegible] more frequently in [illegible] with Northside's various programs in nutrition, day-care, recreation, and health.

Northside Forces, formally titled the Ecumenical Association for Urban Concerns, is the dominant social-service agency for the 11,000 residents of the mostly black, largely poor Northside neighborhood in Paterson. And, like other nonprofit agencies serving the inner city, Northside must fight shrinking funds, an era of hostility in Washington toward social-service programs, and steady or even increasing demands on its programs.

Budget down by $350,000

Its former $1.4-million budget has shrunk by about $350,000, due almost entirely to federal and state budget cutbacks. Its private support, mainly from suburban churches, has been maintained, but Northside has had to start charging fees for certain formerly free programs.

Dunlop said he expects the situation to worsen.

"I can't get an answer from Trenton on 1982 child care and nutrition," he said. "We've only felt the tip of the iceberg to date. In the future the cuts will become more and more dangerous."

The $14,000-a-year senior-citizen program, which has never paid its own way and whose funds have been

See NORTHSIDE, Page A-28

P AUGUST 23, 1981 A—25

31x

Northside agency facing hard times

FROM PAGE A-25

supplemented from those of other programs, may soon end. A summer nutrition program, which served more than 3,000 children at 50 sites all over the city, may be severely restricted or killed next year.

Dunlop complains that government budget-cutters fail to realize that once a program shrinks to a certain point, it cannot be maintained.

"We have one cook down here," he said. "We can't cut that cook in half. We can't expect our vendors to deliver one hard-boiled egg."

Confidence appears on rise

Despite all that, Northside's confidence appears to be rising after enduring a rocky 18 months that included the resignation (and, in May, the sudden death) of executive director Orabell Nickelson and the expansion of the board of trustees from 21 to 27 members to include more community representation.

The board made two controversial decisions this year. It voted, against the advice of Nickelson's successor as director, to maintain the financially troubled neighborhood nutrition program, which serves about 2,000 daily breakfasts and even more snacks. And it decided to eliminate the paid positions of the director and her secretary, saving $30,000 but putting greater pressure on individual program heads and their boards to keep their books straight.

Northside has never been hit by the kind of scandal that periodically has riddled Paterson's official antipoverty agency across town, the Task Force. However, a July newsletter acknowledged that Northside had more than $16,000 in unpaid bills. Dunlop, who is helping coordinate finances, said the agency has demanded that its program heads pay their suppliers within 30 days. Northside's credit rating has improved, he said.

Cost-cutting programs

The agency has also instituted cost-cutting programs. This summer, it formed a property committee of experienced repairmen, masons, and other craftsmen who are on call to fix Northside buildings for free.

The agency also uses donations in creative ways. This year, Garden State Farms gave Northside a ton of cake mix. Northside has held a lot of cake sales this year, while the needy have been given cake mix and children have snacked on cupcakes.

The Rev. Lawrence V.W. Black, executive presbyter of the Presbytery of the Palisades, a major contributor to Northside, said the Presbyterian Church had looked into the staff changes and finances of the agency and considers Northside sound.

"We're very pleased that there's that kind of community support," he said.

Health center in best shape

The Community Health Center, a comprehensive medical and dental center in a former warehouse at 32 Clinton St., is in the best shape of all of Northside's programs, because it relies for its $600,000 budget on as-yet-uncut funds from the U.S. Public Health Service, said administrator Samuel C. Hill. However, Hill expects the budget to be cut by the end of 1982.

In 1980, more than 14,000 visitors received care in the health center's clean, brightly lit surroundings, beneath posters of the Great Kings of Africa and warnings about sickle-cell anemia.

Doctors and nurses on the center's staff said that more middle-income people, including from Bergen County, are beginning to come.

It's a sign of the times, said nursing supervisor Roberta Rucker, explaining, "There's a big difference between $15 here and $45 with their doctor."

Said Hill, "We give first-class medicine. There's no second-class treatment here."

Other Northside programs have had to scramble, however.

Maria Benavides, director of the Youth Development Program, has laid off some of her teachers and cut back on children's trips. She has also postponed plans to fix up a gutted building at 103 N. Main St. and make its backyard into a playground. "It's my dream. Before I leave Northside, I'm going to build that building," she said, adding, "We're still here. They can't kill us."

32x

Report Northside Emergency Food Center

Remarks- Due to the loss of our social worker and some of our volunteers our volumn has dropped but is gradually climbing back up as our clients learn the cruel facts of life and go up town to the agencies instead of getting advocacy at our health center. our records for the months of september and August were lost in one of the six breakins we experienced in the last months. We have ball-park figures and are quoting them below. A great deal of credit and thanks go to the Coalition for the food contribution they gave us. It enabled us to subsidize the Hispanic center in starting a kitchen and also to help fire victims as we were called upon. Below are our stats thaank you for waiting

Just a word about Sister Joan and her secretary Kate,Their conection with the Community Food Bank has supplied us with icecream with cones, and now Devil Dogs. all at 10¢ a lb Bless you both and those who helped you feed our children H.S.D.

	August	September*	October November #		4 mo Total	G.T.
Applicants &	location	Adults	Children			
Northside	39*107 #	12* 43#	27* 64#		146	374
Other	50*178#	10* 62#	29* 116		228	
Refering Agency						
Community Health Ctr	4* 12#	1*8#	4* 4#		16	
Northside Serv.	20* 29#	6*12#	14*17#		49	
DYFS	25* 19#	7* 9#	18*10#		44	
Task Force	0* 1#	0* 1#	0*0#		1	
PC SSS	25* 38#	8*12#	17*26#		63	
Welfare	10* 12#	2* 8#	8* 4#		22	
Special Services	5* 27#	1* 6#	4*21#		32	
Hispanic Ctr.	0*100#	0*33#	0*67#		100	
Eastside HS	0* 50#	0*15#	0*35#		50	
REASON						
Lack of Funds	31*33#	10*16#	21*17#		64	
wtg food Stps	25*45#	7*20#	18*25#		70	
wtg welfare	20*20#	6* 7#	14*13#		40	
sick	2* 3#	2* 3#	-----		5	
battered women	2* 8#	1*2#	1* 6#		10	
breaking and entering	5*9#	2* 5#	3* 4#		14	
Fire victims	4*170#	1*55#	3*115#		170	

Any questions call 7901797

33x

Blessings

LETTERS

The News, North Jersey
TUESDAY, OCTOBER 27, 1981

Helping kids early

Northside Forces and other child care centers have an enviable record of success. Their success is measured by the number of children who have made it in school, gone to college or provided society with useful citizens in the world of business or trade.

We have given the necessary services not only to allow welfare mothers and single parents to train and get jobs, but also to be secure in the feeling that their children who receive early education at child care do better in school and are good bets to break the poverty cycle.

The provision of role models and surrogate parents for young adults, plus learning opportunities, inspire many to lift themselves by their bootstraps to better things.

What is the price of such success? Present plans are to place more than half the budget cuts in the Passaic-Bergen area on the backs of these providers. There are plans also to virtually eliminate some and cut off others to custodial care.

Surely, there is room in our bureaucratic overlay for a greater absorption of these cuts. Why aren't these cuts made on the basis of need in the pockets of poverty in Paterson, Passaic and like areas? Who makes these cuts and whose jobs are being protected at the expense of children?

You might ask these questions of our legislators, who for so long have supported the concept of education as a means of lifting our young out of the poverty pit.

HUGH S. DUNLOP
Totowa

CITY OF CAMDEN
URBAN RODENT & INSECT CONTROL PROJECT
555 SPRUCE STREET . CAMDEN, N. J. 08103

THEODORE HINSON
PROJECT DIRECTOR

HOURS: 9:00 – 4:00 P.M.
TELEPHONE: 757–7277
757–7279

December 11, 1981

Sub-Committee on Federal Aid
State House Trenton, New Jersey
J. Hershberd

Mrs. Barbara Kalik, Chairperson

I feel as though an apology is in order for not attending the hearing, however notification for said hearing was not received until Wednesday December 9th. I am taking the liberty in submitting Camden City's position and plea for continued funding. I am submitting our problems, (goals) and a program overview.

I cannot impress upon your committee enough the need for the Rodent Control Program to continue in Camden and the other five cities in New Jersey. It is not just because Camden Rodent Control is a model community program staffed by the most competent, and dedicated professionals you would hope to find anywhere in any program, but it is because Camden desperately needs this Rodent Control program with it's community based orientation. In order to combat the serious health problems facing residents of the City of Camden.

Thank you for your kind consideration in this matter.

Theodore Hinson, Project Director

CC: Senator;Caufield
Assemblyman; Byron M. Baer
Assemblyman; Joseph W. Chinnici
Assemblyman; Charles Hardwick
Assemblyman; Robert C. Janiszewski
J. Hershberd

35x

State of New Jersey
DEPARTMENT OF HEALTH
Community Health Services
CN 364
Trenton, NJ 08625

JOANNE E. FINLEY, M.D., M.P.H.
COMMISSIONER

December 8, 1981

Mr. Theodore Hinson, Director
Camden Rodent Control Program
555 Spruce Street
Camden, NJ 08101

Dear Mr. Hinson:

Enclosed is a notice of a public hearing regarding Federal Aid and Federal Block Grants which was held on December 8, 1981 by the New Jersey Legislature Joint Appropriations Committee, Subcommittee on Federal Aid. Assemblywoman Barbara Kalik is chairwoman of the Subcommittee.

We regret that notification regarding this public hearing was not received by this office in time to offer your program and community the opportunity to prepare testimony concerning the impact of the projected Preventive Health Services Block Grant funding reductions on your city. However, you may still wish to send a statement of your position on this matter for consideration by the Subcommittee on Federal Aid.

Sincerely,

David Adam
State Project Director
Urban Rodent Control Program

DA/gmv

cc: Mr. Earl McLeod, Acting Director
Dept. of Public Works
Mr. Robert N. Monyer

Encl.

Program Overview

The goal of the Urban Rat Control Program is to eliminate rats from urban residential areas by correcting the environmental conditions that permit their proliferation. This means removing their sources of food and the trash and rubbish that provide them nesting places. Rats present health and economic problems to the inner city residents of our major cities. Several diseases are spread by rats and it has been estimated that as many as 50,000 rats bites occur each year - mostly to children or the elderly, Economically, rats destroy or contaminate over a billion dollars worth of food or other materials annually.

Rats have come to symbolize the deteriorated conditions in which many of those in the inner city must live - the garbage that goes uncollected for weeks, the vacant lot used as a local dump, the derelict buildings filled with trash. This environmental decay reflects a deeper crisis - that of both the community and the individual. To restore the environment to a healthy state requires efforts of both.

The Urban Rat Control Program was born in response to the cries during the Sixties of inner city residents for help in eliminating rats and the conditions in which they breed. A comprehensive rat control program requires a commitment of Federal and local support. Federal funding supplies the seed monies needed during the early costly stages of reversing the accumulated years of neglect to the environment. Federal assistance also provide the technical base derived from years of project experience. The local commitment supplies resources also required during the initial

stages and the long term support needed to maintain areas rat free once they have been cleared.

The ultimate effectiveness of a project, however, relies on changes in the way the residents treat their environment. Specifically, their attitudes and behavior must change in relation to garbage storage and associated good housekeeping practices. Landlords and homowners must maintain their buildings to prevent harborage. This means the apathy and resignation produced by years of poor municipal services coupled with ignorance of the rats' life cycle must be overcome.

The purpose of this document.

- describes the program approach,
- summarizes the direct benefits and
- indicates the additional benefits that have been achieved.

The basic project approach begins by designating a target area of at least 200 blocks. A sample survey is conducted of the area as part of the grant application effort. This baseline survey determines the extent of the rat infestation. Also included in the grant application is a local commitment both in terms of resources for the project and the assignment of a high priority to the target area's problem by the local government.

Once the grant is awarded, a comprehensive survey is undertaken on a block-by-block basis. Each premises is surveyed by project personnel for active rat signs, exposed garbage and improper refuse storage as well as other environmental deficiencies. During these visits, the one-on-one education needed to change attitudes and behavior begins. This education continues during subsequent visits. Schools, churches and other local organizations are used in the education process.

Another major activity is the community clean-up campaign. Following an intensive promotional effort, an organized team of heavy equipment and workers descends on a neighborhood to remove all the rubbish, trash and junk that has accumulated. These campaigns are normally scheduled for the weekend and usually involve the total community. Volunteers help those who can't get their trash out to the curb; local business contribute food or supplies.

Once a block has been cleared of rats and environmental deficiencies it goes into a maintenance status. Surveys are conducted periodically to insure that it remains rat-free. After a year of rat-free status, the block is labeled an environmentally improved block (EIB) and it becomes the responsibility of the local government to maintain its rat-free and environmentally improved condition.

Rat-Killing is a supplement to other project activities. Poisoned bait is placed in or near known infestations. The poisons most often used are anticoagulants causing the rats to die by internally bleeding to death. These poisons are relatively safe for children for two reason: first, a child would have to consume a large volume of bait for it to be fatal and second, the poison's effects can be reversed.

Each of these elements must be integrated into a comprehensive rat control program. Ridding an area of rats requires a methodical attention to the thorough elimination of any conditions that can provide food or shelter. The effort must proceed block by block until each one has been completely cleared. Doing so requires coordination of the many resources from various agencies into an integrated attack on the environmental deficiencies.,

basic phases:

Pre-Attack Phase:	Develop detailed plans and inform the city officials of project intentions. Inform the general public.
Attack Phase:	Perform Comprehensive Surveys and one-on-one education. Do communtity education through schools and neighborhood groups. Community clean-up campaigns. Code enforcement, building condemnation and demolition. Rat Poisoning.
Maintenance Phase:	Perform surveys, and continued education to maintain areas rat-free.

Once a block has been in the Maintenance Phase for a year, which means it has beer. rat-free and has had its environmental deficiencies corrected, it can be labeled as an Environmentally Improved Block (EIB).

In addition, the program requires a communty commitment to the program's goals evidenced both in terms of resources and changes in priorities. There must be a significant allocation of community resources to the project before the federal grant is awarded. This allocation is considered tangible evidence of the intangible agreement upon the importance of the problem and the means of solving it.

As a result, following the grant award a given project usually becomes a mobilizer of the community's resources. In the more successful examples, project personnel have learned how to locate needed equipment and personnel, persuade their managers to assign them to a particular task and then coordinate the massive clean-up campaigns to realize a maximum effectiveness in a minimum time. In addition, project personnel become advocates for the project neighborhoods in obtaining more effective municipal services. These include better trash and garbage removal, more timely condemnation and demolition efforts plus more effective enforcement of housing codes.

Stated differently, the support provided by the Urban Rat Control Program is considered a catalyst to help the community solve its rat problem. The Federal funds are "seed" monies designed to provide the impetus to overcome the initial inertia produced by the overwhelming scope of the task. Once an area has been cleared of rats the community assumes total responsibility for maintaining it rat-free.

This program can be best viewed as a way of working <u>with</u> people to help them solve one of their problems. One of the striking characteristics of the many project within the Program is the diversity of approaches used to solve a common problem. Each project has its own unique requirements; what they share is a basic philosophy and management technique. This is a prime example of how Federal dollars should be used to assist local communities in solving their problems - namely by providing a proven approach and the funds needed to support the initial efforts.

Direct Benefits

There are two primary measures of Program outcome. These are:

- Camden - the number of environmentally improved blocks (EIB)- 107.
- Camden - the number of people living in rat-free areas - over 3,000 now live in rat-free areas as a result of Program activities.

Environmentally improved blocks are defined as those that have been rat-free for over a year and are under local surveillance. The number of people living in rat-free areas is estimated by multiplying the average number of people living in a block by the number of rat free blocks. The number of rat-free blocks is computed by adding those blocks that are rat-free but still under program surveillance to the number of EIB's.

In addition to the 107 EIB's, there are over 338 blocks currently involved in project activities. Of these, 88 are in maintenance.

Additional Benefits

There are several additional Program benefits whose effects are difficult to measure. Nevertheless, they are real. These include:

Employment - project must hire target area residents whevever possible. 70% project personnel come from the local neighborhoods. Many of those would be unemployed otherwise.

Training - all project personnel receive special training. Many advance up career ladders provided by project employment. Other educational opportunities, e.g., high school and college, become accessible through project employment.

Outward Placement - many project personnel move into other municipal agencies or into the private sector. Apparently, the projects are effective training programs for supervisors and managers.

Interagency Coordiantion - an effective project must tap the resources of other municipal agencies. Doing so leads to the establishment of some means of inter-agency coordination. Once established, these channels become used for other types of problem solving.

Improved Municipal Services - project personnel become experts at managing the system to

solve their community problems. As a result, community residents learn how to make best use of available services.

Management - the program incorporates some of the better techniques for effective management - e.g, management by objectives. The resulting management skills have been used in other problem areas. For example, the program to control mosquitoes spreading dengue fever in Puerto Rico was developed using the Urban Rat Control Program as an administrative base.

Economic Impact - the infusion of Federal or State dollars into a project has an obvious impact on the local neighborhood through project employee wages. Those Federal funds also bring in funds through the local commitments. These also impact the local economy through wages. These dollars are multiplied in their effect as they are used by local merchants to pay for goods and services. In addition as the environmental decay is reversed, the residents begin to restore their homes and businesses. This brings in new businessess and homeowners.

Reduction in Fires and Accidents - removing the debris removes one major cause of fires and accidents.

Restoration of Community Pride - achieving a rat-free area also restores the pride that had been lost. The residents begin to believe that things can be different , that they can live in a better community and most importantly, they are responsible for the conditions in which they live.

Camden's Program has projects in one third of the communities estimated to have significant rat populations. In the current project communities there are still 338 blocks to be cleared in the existing target areas. Once these communities waiting to be incorporated into project activities. Restated, there are both areas in existing project communities and areas in other communities that need rat control and environmental improvement.

The urban environment requires constant maintenance. Once the blocks are environmentally improved and rat-free, the residents and local government must continue to work to insure that they remain rat-free. If you visit these areas you sense that many blocks will be maintained rat-free by the residents. Others, however, are marginal and will require persistent surveillance and maintenance by the local municipal agencies. Otherwise they will decay to their previous condition and with the decay will return the rats.

Conclusion

The Urban Rat Control Program has been effective in reaching its goal of reducing the rat population in our selected urban areas. This is indicated by the previously cited figures of: EIB and Maintenance Blocks

Number of people living in a rat-free area.

Additional benefits have also been realized by providing employment to the previously unemployed, by providing a catalyst for local community activities and collaboration, by providing a management model, by providing a stimulus to the local economy and by restoring a sense of local pride and self-determination to the neighborhoods.

These benefits have been realized at a Federal cost of less than $25 per person directly affected - a total of $165 million over the eleven years of the Program. In addition to these federal funds, State and local government have contributed a total of $193 million.

The program has reached approximately one third of the communities having significant rat populations and deteriorated environmental conditions. Within the current project target areas there are infested blocks and within the project communities there remain other blocks waiting to be

included in target areas.

As with many urban problems, the problem grows as the city grows. Continued efforts are required to restore the current target areas and to attack the waiting areas. Further, the gains that have been made can be lost if maintenace actions are not continued. Many of the areas that have been placed in EIB status will remain there because of the resident efforts. Other areas, however, are marginal - often as a result of the transient nature of their populations. These areas will continue to need the intensive efforts of the local agencies to keep them from slipping back into decay.

Finally, more emphasis will be needed in the future on rat problems inside resident homes since rats move indoors as the exterior rubbish and trash are removed. Additional efforts are required to combat the interior rat problem. Certain projects have already addressed this problem and the needed methodology is available.

General Assembly
of New Jersey
Trenton

Walter Rand
Assemblyman, District 5 Camden
514 Cooper Street
Camden, N.J. 08102

609 541 1251

October 14, 1981

Commissioner Joanne E. Finley, M.D. MPH
Department of Health
John Fitch Plaza
Trenton, New Jersey 08625

Dear Commissioner Finley:

Recent hearings were held by the Department of Health regarding the new Preventive Health Block Grant Program.

Unfortunately a very important group was not notified of the hearings and has gone unheard. This is Rodent and Insect Control Programs.

Camden has had a very active group with a very obvious and pressing need. I hope you will give their request for funding the consideration it so rightfully deserves.

Please do not hesitate to contact me if you have any questions with regard to my request. I shall be waiting to hear from you.

Sincerely,

Walter Rand
Assemblyman, 5th District

WR/p/js

cc: Theodore Hinson, Director

COLLEGE OF MEDICINE AND DENTISTRY OF NEW JERSEY

New Jersey School of Osteopathic Medicine
Medical Arts Building
300 Broadway
Camden, New Jersey 08103

October 4, 1981

DIVISION OF COMMUNITY MEDICINE

JoAnn Finley, Commissioner of Health
John Fitch Plaza, P.O. Box 1540
Room 805
Trenton, New Jersey 08625

Dear Ms. Finley:

Today I heard that the Rodent Control Program in Camden is in danger of being closed down due to the recent budget cuts. As a staff member of a medical school in Camden, I am extremely distressed to hear about this.

It is not just because the Camden Rodent Control Program is a model community program staffed by the most competent and dedicated professionals you would hope to find anywhere in any program. Nor is it because Camden desperately needs this Rodent Control program with its community-based orientation in order to combat the serious health problems facing residents of Camden. More selfishly I suppose it would be a tragic loss to the medical professionals and students of the health professions who work in Camden.

This year the Rodent Control program conducted excellent seminars and training sessions for medical students and practitioners. We were looking forward to strengthening relations between a number of other clinical schools and facilities and the Rodent Control program. We were planning to develop training sessions with them and work towards establishing referral networks with their help. The students and practitioners have been extremely impressed with the work of Rodent Control. I personally think practitioners can learn a great deal about patient care from watching them work.

I hope you will be encouraged to reconsider the phasing-out of this program. In a city like Camden we desperately need effective programs such as Rodent Control which are community-based. They are Camden's only hope for the future.

Thank you for your time and consideration.

Sincerely,

46x

Tina Phipps, Ph.D.

Camden County
Court House, Camden, New Jersey 08101

BOARD OF
CHOSEN FREEHOLDERS
WAYNE R. BRYANT, ESQUIRE
Freeholder
(609) 757-8248

November 11, 1981

Commissioner Joanne E. Finley, M.D., M.P.H.
Department of Health
Health-Agriculture Building
John Fitch Plaza
Trenton, New Jersey 08625

Re: Rodent Control

Dear Commissioner Finley:

As you are aware, rodent control is an integral part of the health, safety and welfare of the citizens in the State of New Jersey. We in Camden County especially that that is true of the City of Camden and the surrounding suburban communities.

I would, therefore, strongly recommend that we continue funding for rodent control.

Yours in Humanity,

Wayne R. Bryant

WAYNE R. BRYANT, Esquire
Freeholder

WRB:vlw

CC: Melvin R. Primas, Mayor
City of Camden
Theodore Hinson, Director
Urban Rodent & Insect Control

CITY COUNCIL

CITY OF CAMDEN

NEW JERSEY

JOSEPH P. DIRENZO
President
ROOM 209, CITY HALL

October 5, 1981

Joanne E. Finley, M.D., M.P.H.
State Commissioner of Health
CN 360
Trenton, N. J. 08625

Dear Commissioner Finley:

I have recently been apprised that continued funding for the Camden Rodent Control Program has been placed in your hands through the Prevention Health Block Grant.

The Camden Rodent Program has been a funding program that actually works; it gives tremendous aid and assistance to the citizens through health education, health agency referrals and your choice of funding. Please consider Rodent Control the number one program.

Sincerely yours,

Joseph P. DiRenzo

Joseph P. DiRenzo
President
Camden City Council

JPD:wl

cc: Theodore Hinson, Director (blind)
Camden Rodent Control Program
555 Spruce Street
Camden, N. J. 08103

Albert D'Agostino, Health Aide
Camden Rodent Control Program

CITY COUNCIL

CITY OF CAMDEN

NEW JERSEY

HELEN McHUGH
COUNCILWOMAN
SUITE 201, CITY HALL

609/757-7120
609/757-7118

October 8, 1981

Joanne E. Finley, M.D., M.P.H.
State Commissioner of Health
CN 360
Trenton, N. J. 08625

Dear Commissioner Finley:

My name is Helen McHugh and I am a couhcilwoman in the city of Camden. Over the years I have had the opportunity to personally observe the outstanding work performed by the office of Urban Rodent Control in Camden. However, I have been informed that as a result of federal cutbacks that program will no longer continue in operation after May 1982.

I recognize the tremendous problems you face in providing adequate health care in the face of federal cutbacks but I earnestly urge you to do all in your power to provide funding for this vitally-needed service. The city of Camden is experiencing severe fiscal problems and cannot pick up the funding for this service and that is why your assistance is so urgently needed.

Sincerely,

Helen McHugh

Mrs. Helen McHugh
Councilwoman
Camden, N. J.

HMcH:wl

cc: Theodore Hinson, Director (blind)
Camden Rodent Control Program
555 Spruce Street
Camden, N. J. 08103

Ms. Elizabeth Woods
Camden Rodent Control Program

49x

1189 Haddon Avenue

September 30, 1981

Commissioner JoAnn Finley
John Fitch Plaza
P.O. Box 1540 Rm. 805
Trenton, New Jersey 08625

Dear Ms. Finley:

I understand that the Rodent Control Program in the City of Camden as well as throughout the State of New Jersey is continously losing ground in the race for funding.

As a minister and resident of this city I have witnessed the tremendous job the Rodent Control Office is doing.

Throughout the years of this program I have had to contact their office on behalf of many of my parishioners that have had rodent problems. Not only were the complaints serviced, but health aides made visits to educate the residents on rodent prevention and rat proofing. We have had several community meetings on behalf of rodent control and the information given was very useful.

You see, our City is really in devasting condition. The number of vacant houses and the amount of debris is unbelievable. The education and literature that this office delivers is very much needed and then some.

When I have encountered other public health problems I have been referred to the proper channels through the rodent control office and the problems were desolved. It's not just rats with them, it's a totally clean environment period.

When a program such as this has proven to be a success does it make sense to drop it?

When you began distrubuting Block Grant Funds please keep in mind the great job this project has already done within their target areas in the City of Camden, and consider how much more effective they could be if the program could be expanded throughout the city.

50x

Bishop Ralph L. Mance

NORTH HUDSON COMMUNITY ACTION CORPORATION
507 - 26TH STREET • UNION CITY, NEW JERSEY 07087-3798

GENE MARTORONY
PRESIDENT
MICHAEL A. LEGGIERO
EXECUTIVE D RECTOR

TELEPHONE
201 - 866 - 2255

December 8, 1981

Mr. Joseph Hirshberg
Office of Legislative Services
Suite 232
The State House
Trenton, New Jersey 08625

Re: Maternal Child Health Funding

Dear Mr. Hirshberg:

Enclosed please find a copy of the North Hudson Community Action Corporation's statement regarding the necessity for adequate funding of Maternal Child Health Care programs based upon our experience in providing both prenatal and family planning services.

We appreciate your presenting this material to the Joint Subcommittee on Federal Aid in connection with its Public Hearing on December 8, 1981.

Thank you for your assistance.

Very truly yours,

Michael A. Leggiero

Michael A. Leggiero
Executive Director

MAL/mc

cc: Dr. Margaret Ergonian, Maternal Child Health Programs
Ann T. Dudsak, NHCAC Deputy Director
Sally Suarez, NHCAC Clinic Director

PROPERTY OF
NEW JERSEY STATE LIBRARY
JUL 2021
185 W. STATE ST. PO BOX 520
TRENTON, NJ 08625-0520

AN EQUAL OPPORTUNITY EMPLOYER

TESTIMONY
SUBMITTED TO
THE JOINT SUBCOMMITTEE ON FEDERAL AID
BY

NORTH HUDSON COMMUNITY ACTION CORPORATION
507-26TH STREET
UNION CITY, NEW JERSEY 07087

Prenatal and family planning services are critical to the overall health delivery system. First, they contribute to the immediate well being of the population by providing care during the critical time of pregnancy and child birth. Further, appropriate health care at this time means a healthier future population growing from healthier infants less likely to be born immature. In addition, by enabling the spacing of pregnancies, the potential of high risk situations is reduced, illegitimacy declines, and the social stresses of unwanted children diminish. The value of these services is particularly apparent in areas with a high medically indigent population such as Hudson County.

All indicators show that the area served by the North Hudson Community Action Corporation's Prenatal and Family Planning Clinics is one of significant need. Statistical indices demonstrates a negative situation as regards illegitimacy, teenage pregnancy, and fetal, perinatal, neonatal, and infant mortality in comparison to New Jersey as a whole. Using 1979 New Jersey Department of Health statistics, some significant indices are:

- a county birth rate of 15.1 per 1,000 of population as compared to 13.0 for the state
- 28.4% of Hudson County births were illegitimate while New Jersey's percentage was 20.3
- 9.9% of infants were born to mothers under 19 years in Hudson though only 8.3% of New Jersey's births were to mothers in this age group

The same data base shows higher mortality rates in all categories, as follows:

- Fetal Deaths: 11.3 per 1,000 (Hudson) vs 9.7 per 1,000 (N.J.)
- Perinatal Deaths: 21.8 per 1,000 (Hudson) vs 18.7 per 1,000 (N.J.)
- Neonatal Deaths: 10.5 per 1,000 (Hudson) vs 9.1 per 1,000 (N.J.)
- Infant Deaths: 14.2 per 1,000 (Hudson) vs 12.8 per 1,000 (N.J.)

In these circumstances, our clinics were able to provide services to 456 new prenatal clients and 1,750 unduplicated family planning clients. A total of 4,658 prenatal visits were handled and 349 deliveries were accomplished. The Family Planning Clinic experienced 3,500 total visits. However, three significant facts should be noted. 403 of the 456 prenatal clients or 88.2% were deemed high risk. Also, our Family Planning Clinic has a waiting list of approximately 250 people and an average waiting time of two (2) months. These figures pertain while 28% of pregnant women in our area receive no prenatal care in the first trimester of their pregnancies.

In understanding the significance of waiting lists for family planning services and a high percentage of women beginning prenatal care late in their pregnancies, one must remember the size of the medically indigent population i.e. the number of people requiring services without the ability to pay. In Hudson County in 1970 there were 54,000 medically indigent individuals. This has increased to 65,000 by 1980 or by 20.3%. In the immediate North Hudson area this population has grown from 18,000 to 26,000 people or by 44.4% during the same ten (10) years.

With high incidences of fetal and infant mortality, illegitimacy, teenage pregnancy and other related negative indicators and a growing medically indigent population, the North Hudson Community Action Corporation's Prenatal and Family Planning Clinics anticipate a 17% and a 40% funding reduction. How can services continue to be delivered in ways and at levels proportionate to need? What will happen to those in need and to our community if they are not?

TESTIMONY
SUBMITTED TO
THE JOINT SUB-COMMITTEE
FEDERAL AID

BY

NORTH HUDSON COMMUNITY ACTION CORPORATION
507-26TH STREET
UNION CITY, NEW JERSEY 07087

The impact of the Federal Block Grant System upon states is, essentially, two fold -- economic and structural. The significance of reduced dollars upon service populations and the various state and sub-state regions in which they live is the most apparent. However, the structural difficulties: such as; disruption and/or loss of proven and trusted delivery systems, dilution of community/ client input, duplication of administrative hierarchies, are less apparent but equally as serious.

ECONOMIC

Beginning with a request for a 25% funding reduction, the actual monies currently expected are now 46% below prior (FY 81) levels. Cuts of this magnitude require redress by the states. The experience of the North Hudson Community Action Corporation evidences the reason this is so.

In FY 81 our Agency served approximately 25,000 unduplicated clients. Funding reductions, actual and anticipated, exclusive of the Local Initiative area translate into at least 5,500 fewer clients being served. Further, some 9,000 other individuals are likely to go unserved because of the 46% funding reduction. The creation of an unserved population of some 14,500 people can not be disregarded. Thus, it becomes incumbent upon local, regional and state entities to address this need or face potential social upheaval and human distress. This demand is created in a climate of economic distress resulting from higher unemployment, concomitant business depression and rising administrative costs.

STRUCTURAL

Regionalizing social service funding destroys the established system of long standing which has proven its ability to address needs in meaningful ways. For example, the loss of CSA means the loss of sixteen years experience not easily duplicated in the supplanting system. Such situations are repeated throughout the other block grant categories. In addition, while in some instances, e.g. CSBG, FY 82, legislation contains some protections for community action agencies' Board of Directors, thus continuing client participation, there is no guarantee that such will be the case in forthcoming years. Indeed, FY 83 legislative plans, at present, seem to supplant this structure in favor of local and regional governments having no such protections. Moreover, should the representative character of service deliverers continue beyond FY 82, there is no appropriately responsive state structure as formerly provided by CSA.

At present, block grant policy determinations already made indicate another difficulty: namely; the states' authority to designate priorities and funding categories independent of local input. Again, using CSBG, instances of this can be found in set-asides for Native Americans and state controlled energy related programs as only two examples. Consider the further ramifications should similar preferences be given other programs.

Finally, the block grant philosophy which folds together numerous programs in one funding category tends to encourage competition rather than cooperation. Should further groupings be made this trend will only worsen.

Thus, the establishment of the block grant system has significant inherent deficiencies. Further, because of the option to refuse administrative responsibility allowed states in FY 82 and the specific categorical set-asides made at the federal level, the desired aim of reducing administrative bureaucracies and staff will not be accomplished either. Rather, duplication of activities will increase and fewer dollars will be available to those in need.

NORTH HUDSON COMMUNITY ACTION CORPORATION:

LOCAL IMPACT

"The Community Action Agency is the most cost effective way to serve the needs of low-income persons, including the elderly, working poor, handicapped and families struggling to raise children. We ask you to join us in our efforts to develop opportunities for economic self-sufficiency and a decent life which we consider to be the right of all citizens."

Michael A. Leggiero, Executive Director
North Hudson Community Action Corp.
Testimony before the New Jersey
Joint Appropriations Committee

INTRODUCTION

Community action agencies represent a unique approach toward solving a major social problem: poverty in America. The concept is new and different. And it cannot be duplicated by any other segment of society.

Community-based agencies serve as the antennae of communities by identifying problems and the issues that concern low-income groups. For example, CAA's perform long-range planning that entails not only review of statistical data and community studies but direct meetings with low-income persons and groups to determine firsthand their needs.

Because they are most responsive to constituents needs and concerns, community institutions build networks and mobilize resources in a realistic and creative and cost effective manner.

Citizen participation also is most clearly demonstrated in the planning, conduct and evaluation of community-based programs. Present law requires one-third of the members of CAA boards of directors to be low-income residents or people who have been democratically elected as representatives of low-income areas. The truly needy become truly self-sufficient when they sit in positions where their influence can shape decisions affecting their lives. Community-based institutions provide the most supportive vehicles for helping them achieve this status.

The role of community-based institutions has grown increasingly important as a means for identifying and responding to the needs of particular groups in society. The creation of a federally assisted network of community-based institutions designed to respond to the needs of the poor is a major social innovation. It helps ensure equity and cost-effectiveness in the distribution of scarce resources. Community action agencies and other similar institutions have become a vital part of the nation's social and economic fabric. They guarantee that the needs of the poor will remain a key element in the formation of domestic policy.

The North Hudson Community Action Corporation is a private non-profit agency meeting the needs of the 37,000 indigent in the North Hudson area. Through 20 programs, the North Hudson Community Action Corporation served 24,714 constituents last year. (Please see attached chart for detailed breakdown). Our integral role in the community will be affected by the following:

A) The role of the Community Service Administration

B) Potential block grant programs

C) Current legislation

D) Future funding levels

These topics will be briefly covered in the following pages.

NORTH HUDSON COMMUNITY ACTION CORPORATION PROGRAMS AND PROPOSED CUTBACKS

PROGRAM AND ACTIVITY	CLIENTS SERVED 2/1/80-1/31/81	FUNDING SOURCE	FUTURE OF PROGRAM
Alcohol Rehabilitation	534	State $55,977	Funding secure until April 30,1982, however termination of trained CETA counsellors will cause a minimum client reduction of 50%, more if divorced from CAP.
Community Food and Nutrition	628	CSA $19,000	Supervises and stocks emergency infant formula and food bank and distributes Thanksgiving baskets and nutritional counselling. CSA funded until September 30, 1981, elimination is likely.
Consumer Advocacy	1,400	CSA $40,000	Sponsored consumer education week activities, literature distribution, consumer workshops. Funding ran out April 30, 1981 and was not renewed.
Consumer Fraud	303	CSA $17,916	Represents consumers in cases of contractual obligations, money due clients. Limited program due to size and part time personnel, may be eliminated.
Cuban Refugee Assistance	1,855	Dept. of State $100,000	Under the Cuban/Haitian Task Force, this program is slated for severe cut

60x

PROGRAM AND ACTIVITY	CLIENTS SERVED 2/1/80-1/31/81	FUNDING SOURCE	FUTURE OF PROGRAM
Energy Crisis Intervention	2,092	CSA $91,997	Provides blankets, heaters, acts as a liaison with public utility, prevents health and heat emergencies. Funded through September 30, 1981, refunding unlikely.
Prenatal Clinic Family Planning Women, Infants and Children	415 1,673 3,276	$144,000 $ 70,085 $980,519 State	Minimum of 25% cutback in funding which might cause the programs to forfeit newly renovated facilities due to overhead, particularly if divorced from CAP.
Head Start	157	HHS $406,393	While not slated for any cuts, the present budget would have to accomodate additional personnel (i.e. executive director and fiscal staff) if divorced from CAP.
Hispanic Affairs Immigration Marriage Counselling	460 2,321 120	State $42,545	These three programs are funded until June 30, 1981, new funds pending.
Job Placement	1,085	CSA $25,638	Unlikely to be refunded even though North Hudson presently has a 12% unemployment rate.
Service With Able Youth (SWAY)	68	CETA $75,000	20 low income high school students provide services (shopping, painting, home repairs, snow shoveling) to 100 low income senior citizens per month. Cutbacks in CETA will cutback program services.

PROGRAM AND ACTIVITY	CLIENTS SERVED 2/1/80-1/31/81	FUNDING SOURCE	FUTURE OF PROGRAM
Social Services	1,811	CSA $25,644	Provides referrals to appropriate agencies; refunding unlikely.
Summer Feeding	1,820	State $107,115	Served balanced 63,841 lunches and snacks to area children in 1980, Discontinued after this summer.
Summer Youth Recreation	4,280	State $13,000	Involved North Hudson youths in bus and recreation activities. No commitment on new funds.
Tenant/Landlord	357	CSA $22,041	Refunding unlikely.
Youth in Community Service (YICS)	107	State $98,927	No commitment on new state funds.

THE ROLE OF CSA

The Community Services Administration is the only federal agency with the mandate to focus on low-income people. Its legislation, the Economic Opportunity Act of 1964, emphasizes community control and encourages participation in self-help programs for low-income people. It is the only visible commitment the Federal government has made to the poor within their community. This legislation (H.R. 3045) is currently up for reauthorization (see Legislative update). Unless this bill is passed, CSA will be eliminated.

Funding for many Community Action Agency Programs is provided through CSA; the most important being local initiative. This is federal seed money, from which additional funding is generated. Local initiative provides monies for the administrative and fiscal staff, along with five other programs, thus eliminating the need for high administrative costs for individual programs.

In addition CSA provides technical assistance in grant writing, regulation and specification interpretation and specific program administration.

STATE BLOCK GRANTS

Under the proposed block grant program, the federal government would allocate funding carte blanche to each state. The state would then divide the monies arbitrarily between rural/urban areas, CAP agencies, social programs, etc; pitting against each other what once was a cooperative network.

The following are some of the obstacles to serving the poor under block grants:

1) No community participation in program development.

2) Program priorities arbitrarily set by state.

3) Community Action Agencies not guaranteed funding.

4) Overall program cutback 25%, coupled with inflation (approximately) 10%, and 20% state administration equals 55% eaten away before it reaches the poor.

5) No administrative cost limit (NHCAC administration is 8%).

6) No transition period.

7) Lack of focus; 40 programs slated for repeal, others will be lumped together.

The short term effects of budget cuts and block grants seems clear; individuals who benefit from social programs will receive less help due to decreased funding, lack of program priority and focus.

However the long term implications must also be considered:

1) Loss of federal aid to local economies.

2) State and local tax increases to already overburdened communities to offset these losses and to fund state run programs.

3) Loss in jobs.

LEGISLATIVE UPDATE

The following is a brief summary of Federal and State actions pertinent to the survival of community action agencies.

FEDERAL LEGISLATION

Bill Number: H.R. 3045

Title: Economic Opportunity Act Amendments of 1981

Authorizing Committee: House Committee on Education and Labor (Subcommittee on Human Resources)

Summary: H.R. 3045 reauthorizes CSA for three years and the Head Start Program for five years. It appropriates $397,200,000 for Urban and Rural Community Action Programs (Title II) for FY82. A new program under Title II is "Youth and Family Development", which is intended to strengthen and maintain low-income families and assist economically disadvantaged children and youth.

Status: Introduced by Ike Andrews of North Carolina on April 7th. Co-sponsored by Peter Rodino (D-Newark). Currently out of Committee, waiting to get on the House floor.

STATE LEGISLATION

Bill Number: S 3165, A 3261

Title: Community Action Act of 1981

Authorizing Committee: Senate Committee on County and Municipal Government

Summary: S 3165 incorporates into state law provisions similar to those of the federal Economic Opportunity Act of 1964, as amended, which apply to

community action agencies and programs. It specifies the structure and describes the function of CAA's, and makes CAA's eligible to receive Federal funds contained in Federal block grants which have been previously designated as anti-poverty funds. According to the proposed legislation the Division of Community Resources in the Department of Community Affairs will be responsible for the administration of the act. DCA would be given appropriations to make available necessary funds to CAA's based on a formula derived from the number of poor individuals living in the state and the geographic area served by the CAA.

Status: Introduced on March 23rd by Senator Lipman. It is in the Committee on County and Municipal Government.

OTHER STATE ACTION

Bill Number: SCR 3019, A 3027

Title: A concurrent resolution memorializing Congress to support the reauthorization of the Community Services Administration.

Authorizing Committee: Senate Committee on State Government, Federal and Interstate Relations and Veterans Affairs.

Summary: Through SCR 3019 the New Jersey Legislature goes on record supporting the reauthorization of the Community Services Administration as the independent Federal agency through which community action agencies are served and funded. It asks Congress to support the reauthorization of CSA and enact appropriate legislation.

Status: Introduced on March 23rd by Senator Lipman. It is in committee.

The following would show our state legislature's support for adequate funding of human services.

Resolution Number:	AR 50
Title:	An Assembly resoulution memorializing the U.S. Congress to transfer funding from unnecessary military spending to domestic spending for human services.
Authorizing Committee:	Assembly Committee on Revenue, Finance, and Appropriations
Summary:	AR 50 asks Congress to transfer funding from unnecessary military spending to domestic spending for human services.
Status:	Awaiting vote by the Assembly.

CONCLUSION

This report documents on both a pragmatic and humanistic level, the strong and immediate impact of the North Hudson Community Action Corporation on the poor in North Hudson. Our agency has achieved, in its sixteen successful years of anti-poverty work, a symbiotic relationship with the surrounding communities of Union City, West New York, Guttenberg, North Bergen, Secaucus, Weehawken and Kearny that it serves. North Hudson Community Action Corporation will continue to serve our area's poor with your support and cooperation.

TESTIMONY BY

DIVISION OF NURSE-MIDWIFERY
SCHOOL OF ALLIED HEALTH PROFESSIONS
COLLEGE OF MEDICINE & DENTISTRY OF NEW JERSEY

TO

JOINT APPROPRIATIONS COMMITTEE

ON

MATERNAL AND CHILD HEALTH
BLOCK GRANT

December 8, 1981

The Division of Nurse-Midwifery, College of Medicine and Dentistry of New Jersey, School of Allied Health Professions would like to submit for public record our position on the proposed cuts in the Maternal and Child Health Block Grant. As providers of health care services to a significent number of pregnant adolescents in Newark, New Jersey, we are acutely aware of the need to continue the funding at the authorized level. A reduction in the funding level would necessitate a reduction in the variety of services and number of providers. Currently four nurse-midwives from the Division have been funded by Title V money. The following represents statistics for services provided by nurse-midwives at Newark's Maternal and Infant Care Project in 1979 and 1980:

Prenatal visits 2484, 2233; Deliveries 395, 359; and Postpartum/family planning services 576, 681.

In addition to the immediate reduction in the number of adolescent mothers and infants that could be adequately cared for in light of the funding cut, we are concerned that the long term cost of such reductions may far exceed any momentary savings. In no other area of health care are the long term effects so dramatically influenced by early preventative efforts. The literature abounds with documentation that intensive prenatal care to the "at risk" adolescent population results in improved infant outcome and greater family stability. The added attention and supportive counciling characteristic of nurse-midwifery care has positively influenced our adolescent and infant outcome statistics. Our combined 1979, 1980 statistics indicate that 88% of our infants weighed over 2500 Grams.

In summary we urgently remind you that budget negotiations must take into consideration the health needs of our future citizens.

Respectfully submitted,

Linda Newman, CNM
Administrative Assistant

LN/TM:jzw

Teresa Marsico, CNM
Director
Division of Nurse-Midwifery

NOW - NJ

NATIONAL ORGANIZATION FOR WOMEN OF NEW JERSEY

Ruth Ann Gleeson
251 Highwood Ave.
Ridgewood, N.J. 07450
December 8, 1981

Subcommittee on Federal Aid
Joint Appropriations Committee

Members of The Subcommittee,

The National Organization for Women- N.J. is represented at this hearing because of the severe and alarming impact of the sweeping Federal budget cuts on women and their families in N.J..

We caution the committee members to carefully consider state priorities in allocation of block grant funds and federal aid, since we as women will bear the heaviest burden of your decisions.

The "feminization of poverty" is the current economic trend in America. Many women find themselves with few options or resources to overcome barriers to economic and social independence. The National Advisory Council on Economic Opportunity report statistics speak clearly: 3 of 5 Americans below the poverty threshold are women; 2 of 3 older adults living in poverty are women. Female-headed families comprise 55% of N.J.'s poor and are on a steady decline economically. The problems of a dual welfare system and a dual labor market both based on gender and race, obstruct any upward mobility and will create a poverty population by the year 2,000 comprised solely of women and their children, according to the Council.

These single parent "working poor" families need broad-based community support services and revamped employment structures and practices.

The stress is extreme on these families to provide for essential needs. Are we as a community and as a state ready to accept the responsibility for these actions? The newspapers and assorted Commission reports point to the rise in child abuse- DYFS has reprted a 1,000% rise in abuse in the past decade, and Welfare workers talk about prioritizing abuse cases- balancing the child in danger of being killed against the child who will only be neglected, and "God help us that the decisions we make are right". Poverty has been found to be a contributing factor.

Working mother participation in the labor force has increased 9 times since 1940, and by 1990 it is projected that 70% of all women will work. Yet, women are employed in the less skilled, lowest paying positions. Only 7.5% of women earn over $15,000 while 40% of men earn over $15,000. If wives and female heads of households were paid the wages of similarly qualified men-- half of these families would no longer be poor.

One of the most critical barriers to economic opportunity for women in training and employment is the lack of available quality childcare. In N.J. there are 415,000 women in the labor force with children under 13 (195,000 with children under 6). 82,000 women with children under 13 are single heads of households, half of which earn less than $7,000. In addition, 300,000 women do not work due to home responsiblities.

Every report and recomendation concerning women, children, and families, points to the essential need for childcare to create an independent, productive, contributing family unit- Commission on Civil Rights, Division on Women, National Advisory Council on Economic Opportunity, Commission on Children's Services, Children's Defense League, etc, and yet Welfare waivers between nonexistent or inconsistent support of child care services, N.J. has no policy to guide services, and the federal government has severely restricted access and delivery through cuts to AFDC, Food and Nutrition, CETA, Title XX, etc. How many children will be pushed through this safety net we talk about? How many "Latchkey children" will there be left unattended and frightened? How many children will be neglected because their parents have too few supports and are up against the wall?

Consider carefully the people behind the statistics when you allocate funds to AFDC, Medicaid, Foodstamps, Childcare, Domestic Violence Programs, School Lunch Programs, Family Planning, Title IX, Housing, Legal Services, and Health Care. These programs support a vulnerable population of mostly women and their families. "God help you that the decisions you make are right."

Respectfully,

Ruth Gleeson
Childcare Chair
N.O.W., N.J.
for
Christine Carmody-Arey
State Cordinator
N.O.W., N.J.
44 Broadman PKWY.
Jersey City, N.J. 07305

SUBMITTED BY TIMOTHEY CARDEN
COMM'R, DEPT OF
HUMAN AFFAIRS

TABLE 1

Current Status of Federal Funding for Programs
Administered by the NJ Department of Human Services
($ millions)

12/8/81
Revised

Program	Anticipated FY 82 Expenditures Before Cuts	FY 82 Reagan Sept. Request $ Loss/Gain	FY 82 Budget Authority (Reconciliation) $ Loss/Gain	Vetoed Continuing Resolution $ Loss/Gain
Social Services Block Grant	99.4	- 35.6	- 22	- 22
Medicaid	505	- 5	- 5	- 5
AFDC(1)	316	- 30	- 30	- 30
Low Income Energy Assistance	71	- 17	0	- 3
Food Stamps(2)	365	- 60	- 38	- 87
Child Welfare Services(3)	5.3	- 2.5	+ 1.5	- 1.1
Foster Care(4)	2.2	- .5	0	- .6
Child Abuse/Neglect	.23	- .08	0	- .1
Runaway Youth	.3	- .13	0	- .01
Community Mental Health Services(5)	12	- 2	- 1	- 2
Vocational Rehabilitation (Blind)(6)	4.1	- .4	+ .2	- .1
Cuban-Haitian Entrants	10	- 4	- 4	- 4
Cuban Phasedown	1.3	- 1.3	- 1.3	- 1.3
Refugee Resettlement	6.6	- 1	- .6	- .6
Title I Education of the Handicapped(7)	3.2	+ .4	+ .4	0
Developmental Disabilities	1.3	- .4	0	0
Work Incentive Program(8)	13.3	- 1.6	0	- 4.3
Total	1416	- 161	- 100	- 161

FOOTNOTES

1. Federal funds only, excluding state match of 37½% and county match of 12½%. Total annual benefit loss is $60M, of which $30M is federal funding, $22.5M is state funding, and $7.5M is county funding.

2. Under the vetoed continuing resolution, Congress provided only 10½ months of funding for food stamps (through August 15) to avoid appropriating more than the Administration had requested. The Administration will have to request additional funding later in the year to prevent termination of benefits.

3. Title IV-B child welfare services anticipated expenditures include $1 million in excess funds which the state could transfer from Title IV-E foster care if IV-E were fully funded. Under the Reagan September request and the vetoed continuing resolution, the state would lose that $1 million.

4. It is assumed that the reduced Title IV-E appropriation would be allocated according to the State's previous foster care expenditures rather than its FY'81 Title IV-E allotment which included funds transferred to Title IV-B.

5. This funding is now part of the Alcohol, Drug Abuse and Mental Health (ADM) block grant. The block grant is administered by the New Jersey Department of Health, and Department of Human Services receives 51% of the grant for mental health services. Under the Omnibus Reconciliation Act, New Jersey's ADM block grant would be $22M; under the vetoed continuing resolution, it would be $19M.

6. The Commission for the Blind receives 20% of the state's allocation, with the remainder going to the Division of Vocational Rehabilitation Services at New Jersey Department of Labor and Industry.

7. Department of Human Services receives $733 per eligible child receiving services from DMR, DMH&H, DYFS, and the Commission for the Blind.

8. Of New Jersey's total WIN funding of $13.3M, DHS uses $4.8M to provide support services.

TABLE 2

UPDATED SUMMARY OF DEPARTMENT OF HUMAN SERVICES' FISCAL STATUS

Deficits

Division of Mental Health and Hospitals	$ 6.1M
Division of Mental Retardation	14.2
Division of Medical Assistance	2.0
Division of Youth and Family Services	10.7
	$33.0M

DEPARTMENT OF HUMAN SERVICES' PLAN TO ADDRESS DEFICIT

		Original Estimate	Revised Estimate
1)	Administrative Actions		
	A. Personnel Actions	7.9	8.1
	1) Personnel Audit	(2.1)	(1.8)
	2) Freeze/Other	(5.8)	(6.3)
	B. Non-Salary	3.5	3.5
	1) General	(1.6)	(1.6)
	2) Energy Conservation	(.9)	(.9)
	3) Equipment	(1.0)	(1.0)
	C. Revised Reimbursement Practices	6.8	10.2
	1) Unit Cost-Contracting	(1.2)	(.0)
	2) General Medicaid Cost Containment	(2.6)	(3.8)
	3) Long Term Care--Reduce to 115%	(.8)	(.8)
	4) Revised Hospital-Based OPD System	(2.2)	(1.6)
	5) Revised Reimb. Gen. Assist.-Medi. Cost*	-	(4.0)
	D. Training	.4	.4
	E. Savings From Reduced AFDC Eligibles	-	4.4
	F. State-Operated Community Mental Health Clinics	.4	.4
	G. Additional Child Welfare Funding	-	.6
	H. Sub-Total: Administrative Actions	19.0	27.6
2)	Direct Service Reductions		
	A. Interdepartmental Title XX Agreements	.5	.5
	B. Medicaid Non-Mandated Services	2.0	0
	C. State-Operated Day Care Centers	2.0	1.0
	D. County Welfare Agencies	1.8	0
	E. Purchase of Social Service Contracts	2.8	0
	F. DYFS District Offices	1.0	0
	G. Additional Mental Retardation Reductions	3.9	3.9
	H. Sub-Total: Direct Services	14.0	5.4

* Legislation Required

TESTIMONY ON FEDERAL BUDGET CUTS AND BLOCK GRANTS AS THEY AFFECT NURSING SERVICES IN NEW JERSEY

Written Testimony for the Public Hearing by the Subcommittee on Federal Aid Joint Committee on Appropriations

by the New Jersey State Nurses Association
Barbara W. Wright, Executive Director
December 8, 1981

The New Jersey State Nurses Association, the professional organization of registered nurses is deeply concerned about the impact that cuts in Federal Funds will have on health services in the State. The question we raise is will the cuts in services which promote health and prevent illness in fact be more costly in the long run. Should the State legislature appropriate the short-fall needed by these health programs to insure their continuation in an effort to reduce the overall expenditure for illness care in the end. The health care dollars expended for categorical programs cannot be viewed in isolation, but must be examined in light of their impact on the increasing illness care costs.

Nursing services are a vital component of the health care delivery system. These services include health promotion, health teaching, health counseling and provision of care supportive to or restorative of the life and well being of clients. Economic barriers cannot be allowed to interfere with the provision and availability of nursing.

The New Jersey State Nurses Association's position is that the availability of nursing services will have a direct impact on the health status of people. For example, it is our position that as the number of nurses educated per capita increases the morbidity and mortality rates will decrease proportionately. Research conducted by Miller and Stokes provides evidence which clearly documents this position. Their study was designed to test the underlying assumption commonly espoused by health planning groups that the more health manpower and facilities available the more the population's health status would improve. While they found their assumption held for nurses, that is, as the number of nurses per capita increased the mortality rate declined, it was not substantiated for physicians and health facilities. As physicians and health facilities increased so did the mortality rate (Miller and Stokes, 1978).

Moreover, under categorical assistance programs quality control mechanisms were established by the federal government. Now that the programs have been consolidated it becomes incumbent upon the State to develop its own regulations for program planning, monitoring and evaluation. Such a framework of control is required to insure that funds are utilized effectively and access to services is maintained.

We recognize that the Joint Appropriations Committee has many difficult and complex decisions to make. You must determine if you should reduce the kind of services or increase your expenditures to maintain them? The New Jersey State Nurses Association offers the expertise of its staff and members to assist you in any that we can.

BWW/f

COUNTY OF MERCER
DEPARTMENT OF HUMAN SERVICES
MENTAL HEALTH DIVISION
640 SOUTH BROAD STREET
TRENTON, NEW JERSEY 08650

BILL MATHESIUS
COUNTY EXECUTIVE

WALTER A. DE ANGELO
COUNTY ADMINISTRATOR

KATHRYN A. CLARK
DIRECTOR, DEPT. OF HUMAN SERVICES

CATHERINE CREWS, PH.D., CHAIRPERSON
MENTAL HEALTH BOARD

ANN M. MINER
MENTAL HEALTH ADMINISTRATOR

December 8,1981

To the Joint Appropriations Committee, Legislature of the State of New Jersey

We are all aware that the level of Federal funding to the State of New Jersey is diminishing. It is therefore imperative that the limited dollars which do come in to the State are utilized to serve people directly and NOT to fund "studies".

Specifically, the State Department of Health has $100,000 in rape monies. This money is presently earmarked for Consultation ,Public Education and Coordination of Services. This is an unconscionable waste of funds! The number of Rape counseling clinics in New Jersey has dropped from 12 to 3 since 1978. How can coordination be done,when services are so widely disparate? There is a decided need for this money NOT to be squandered on another study of the problem of rape in New Jersey, Now is the time to DO something about the trauma to victims of this violent crime. The Prosecutors Offices have established Rape Task Forces to deal with the criminal justice response to rape, it now remains for Human Services and Health to provide the funds for counseling services. $100,000 could pay for 6 rape counselors in 3 counties - If all of this money is spent by the Department of Health to study and no funds come to the counties, what is the use of the study?

I implore you not to continue this wasteful use of reduced dollars. Demand that these dollars be utilized in direct services programs to clients in need.

Thank you

Ann M. Miner
Mental Health Administrator

PROPERTY OF
NEW JERSEY STATE LIBRARY
JUL 2021
185 W. STATE ST. PO BOX 520
TRENTON, NJ 08625-0520

BCCAP

Burlington County Community Action Program

1304 N. ROUTE 130
LaGorce Square Shopping Center
BURLINGTON, NEW JERSEY 08016
(609) 386-5800

Mt. Holly area
267-3142
267-7534

Moorestown area
235-2819

Pemberton Outreach Site
893-5830

BACKGROUND ON STATEMENT FOR THE SUBCOMMITTEE ON FEDERAL AID

OF THE JOINT APPROPRIATIONS COMMITTEE

December 8, 1981

80X

Presented by Pat Harper, Burlington County Community Action Program (BCCAP), on behalf of the 32,000 low-income people BCCAP assisted last year, and the even greater numbers asking for help in helping themselves this year. Accompanying Ms. Harper are Board of Trustee members W. Frederick Knighten, III, Dorothy Waxwood and James Christian. Mr. Knighten, an appointed member of the Board, is a representative of the Board of Chosen Freeholders. Mrs. Waxwood and Mr. Christian represent business and low-income persons and were elected to the Board of Trustees by Area Councils (which are made up of community participants and residents from all parts of Burlington County.)

BCCAP and the people it represents are asking this Committee to expend all possible efforts to bring about the release of an amended Senate Bill 3165 and Assembly Bill 3261. These Bills are currently in the Assembly State Government, Federal and Interstate Relations and Veterans Affairs Committee. We consider them vital to the continued existence of viable, in place agencies currently working for the 800,000 low-income New Jersey residents.

PROVISIONS

S3165 and A3261 are State versions of the Federal Economic Opportunity Act of 1964, as amended and much of the language is identical. Further, it designates those agencies currently receiving money from the Federal Community Services Administration as community action agencies under this act and makes community action agencies eligible to receive Federal funds contained in Federal block grants which have been previously designated as anti-poverty funds.

EFFECT

Local community action agencies, seasonal farm worker and Native American programs will be able to carry out the Federal mandates and commitments to the low-income of New Jersey without unnecessary, fiscally unsound and socially disastrous consequences of possible funding disruption caused by diluting the purposes and intents of the Community Services Block Grant.

HISTORY

S3165 and A3261 were introduced in March, 1981. A3261 was referred to the Committee on State Government, Federal and Interstate Relations and Veterans Affairs, where it remains. S3165 passed the Senate and was referred to the Assembly Committee on County and Municipal Government. On November 23, 1981, S3165 was transferred to the State Government Committee. S3165 and A3261 are now awaiting that Committee's action.

COST TO STATE OF NEW JERSEY

None. S3165 and A3261 provide no state appropriations. Instead, they establish a mechanism for funneling Federal anti-poverty funds (i.e., Community Services Block Grant Funds) within New Jersey.

TECHNICAL ASPECTS

S3165 and A3261, as amended:

1. Define community action agencies, seasonal farm worker and Native American programs as: a political subdivision of the State; a combination of such political subdivisions; a public or private nonprofit agency; or an organization that has been so designated by the Director of the Division of Human Resources in the Department of Community Affairs.

2. Defines community action program as a community based and operated program which: includes a number of projects aimed at providing a range of services which will have a measurable impact on the causes of poverty in the community.

3. Defines community, for the purposes of this act as: a municipality or county or any combination; or a neighborhood or other area which provides a suitable organizational base needed for a community action program.

4. Provides for the structure and administration of a community action agency, implemented by a community action board comprised of 1/3 elected officials or their representatives, 1/3 representatives of the poor, and 1/3 representatives of the private sector of the community.

5. Describes the role and functions of the community action agencies in:

   a. the administration of funds received pursuant to this act;
   b. the planning and evaluation of community action programs;
   c. the procurement of technical assistance and planning resources to community action programs;

d. the initiation of projects to promote coordinated service delivery;

e. the establishment of community participation procedures for area residents during implementation of community action agency activities;

f. the encouragement of private sector involvement in support of community action program activities.

6. Authorizes the director to provide financial assistance through Federal anti-poverty funds to community action agencies and to designate nonprofit organizations currently receiving federal funds as community action agencies through the Federal Community Services Administration as community action agencies.

DISCUSSION

The mandates that led to the creation of Community Action Agencies such as BCCAP are becoming increasingly important in the face of current social and economic patterns. This basic fact was clearly recognized by the Federal government when it established a separate Block Grant for the sole purpose of identifying and continuing the services the Federal government has been providing for the alleviation of low-income related human dilemmas.

Community Action Agencies were founded in response to the recognition that there are structural inequities in our society that prevent many persons from enjoying what most of us have come to understand as the basic requirements of a decent life. A job that is reasonably rewarding, a home that is safe and adequate, enough and proper food for a healthful diet, and access to those services that provide a background to the conduct of our daily lives, such as health care and transportation - all these we recognize as integral to a productive existence.

BCCAP, and other community action agencies, are working to provide mechanisms to maximize the ability of those members of our community most severely affected by the economic trends under which most of us work to help themselves live a more satisfying and meaningful life.

Self help has been the byword of Community Action Agencies since their inception. In its full sense of community members working together for their common benefit, it should be the interest and future of us all.

S3165 and A3261, as amended, commitsNew Jersey to carry on the mandate established by the Federal Economic Opportunity Act of 1964; and reaffirmed when the Federal government established a separate Community

Services Block Grant, to enable low-income persons to secure the opportunities needed for them to become self-sufficient.

S3165 and A3261, as amended, designates community action agencies as anti-poverty agencies in New Jersey, thus making them eligible for receiving anti-poverty funds. There are many reasons we belive this makes fiscal and administrative sense:

-- CAAs have 16 years of experience in successfully operating the types of programs described in these bills. They have been offering a wide variety of services to meet diverse constituent needs.

-- CAAs have effectively mobilized other resources to match the Federal CSA funds they have received at the ratio of 4 to 1 (ratio for this last year).

-- CAAs are located in all areas of the state: urban, suburban, and rural.

-- CAAs have the board composition required by the Community Services Block Grant (CSBG) and also reflected in these Bills.

-- New Jersey would not waste time starting a new agency from scratch. Instead, it can concentrate on working with CAAs to refine and improve service delivery. The CSBG will provide only about 60% of the funds previously supplied by the federal government to anti-poverty programs. To begin new and untried programs, serving a greater need and with substantially less money is social and economic suicide.

-- BCCAP, a long-established community action program, served over 32,000 people during this last year. BCCAP accomplished this while keeping administrative cost at 6.9%. Very few existing agencies can function with such low administrative cost. Establishing a new and inexperienced agency would cause those costs to skyrocket.

The Community Services Block Grant allows Federal anti-poverty funds to come to New Jersey totally separate from all other funds, including social services. There is no problem distinguishing or separating anti-poverty funds from other monies. The social and human service programs have a Block Grant completely separate and apart.

S3165 and A3261, as amended, further strengthen the intent of Congress in the CSBG, which requires that 90% of Federal anti-poverty funds go to CAA's in FY 82 and that "special consideration" be given to CAAs for these funds in subsequent years.

These Bills further designate seasonal farm programs and Native American programs to receive these funds. Provision is made for the Director of the Division of Human Resources to designate any other programs meeting the mandates of the Federal government and also meeting the State of New Jersey guidelines. Adequate provision has been made for the addition of any programs necessary to carry out the mandates of the Federal and State governments.

The Block Grant reserved for the use of Human and Social Service agencies is exclusive to those agencies. A substantially larger sum of money is available within that Block Grant. To circumvent the intent of the Federal Government (and the need of the low-income people) by "redefining" the eligible entities to include everyone eligible under the Social Services Block Grant is a gross injustice as well as fiscally unsound.

S3165 and A3261, as amended, provide viable, cost-efficient mechanisms and procedures for helping poor people acheive self-sufficiency.

S3165 and A3261, as amended, echoe and further strengthen the intent of Congress in the CSBG.

CONCLUDING RECOMMENDATION

This Committee is urgently requested to bring about the passage of S3165 and A3261, as amended within this Legislative Session.

Thank you for your attention and consideration.

STATEMENT OF

MELVILLE D. MILLER, JR.

TO THE

SUBCOMMITTEE ON FEDERAL AID

OF THE

JOINT APPROPRIATIONS COMMITTEE

OF THE

NEW JERSEY STATE LEGISLATURE

DECEMBER 8, 1981

My name is Melville D. Miller, Jr., and I am the President of Legal Services of New Jersey. This statement will be very brief and to the point; there is nothing complex about the effect of federal cutbacks on our programs and on the people we serve.

Legal Services is a program to provide lawyers to poor people free of charge in civil legal matters; there is no representation in criminal cases. In New Jersey 14 local programs and one statewide office cover all 21 counties. The New Jersey program's total 1981 budget was roughly $8.2 million, with some $7.3 coming from federal sources ($5.9 million from the Legal Services Corporation and $1.4 million through the Title XX Social Services program). Only $225,000 comes from the State of New Jersey; the remainder comes from local governmental and private sources. The State figure has actually decreased from a high of roughly $260,000 in the mid-1970's. Federal cuts will mean a loss of at least $1.4 million by this coming January 1, with a likelihood of additional cuts to follow.

In 1980 the New Jersey programs served more than 42,000 clients. The combination of federal cuts, inflation and stagnation or reduction in other funding will likely mean that at least 10,000 people who otherwise could have been helped will be turned away. Even more important, surveys show that even at the 1981 funding level, New Jersey programs were able to meet only an estimated 12% of the need for their services. Put another way, more than 8 out of every 10 poor people who need legal assistance cannot be helped. By any standard, the program is woefully under-funded, and the severe federal cuts create a sense of crisis.

Poor people now face a barrage of cuts that ravage their lives: Food Stamps, welfare, school lunches, day care, other social services. Continuation of the same level of Medicaid support is extremely unlikely. Rent subsidies - which allow some of the poor to keep a roof over their heads - have been cut sharply, and are threatened with complete elimination. The federal energy programs designed to help keep at least some people warm have been cut.

These are the people we see every day, who bear the crushing effects of the cutbacks. Over the past 15 years, Legal Services has evolved into one of society's critical safety

valves - a place where people who have been treated unfairly and illegally can turn and find direct help. It has emerged as a refuge of last resort. While the statistics as to unmet legal needs show that the dream of "equal justice for all" remains shockingly distant, Legal Services has at least been able to serve as a source of help for the most pressing and extreme cases. The budget reductions will change this picture drastically, unless replacement funding is found.

Regarding this subject of replacement funding for Legal Services, it is not likely that local sources will make up any significant portion of the federal cuts, given the effect of spending caps. Private sources, such as foundations, corporations and individuals, may at best come up with something in the neighborhood of $50,000 to $100,000, given the other demands on their funds. Private lawyers, who have demonstrated clear interest and concern, are being asked to make up a significant portion of the cuts. Reasonable expectations for their combined contribution of funds and in-kind services are perhaps in the area of $300,000. This exhausts the other possible sources, and leaves a gap of $1 million. We have no choice but to look to the State for this amount. While $1 million is a significant figure, it becomes much more understandable in the light of the current state effort: state aid was $250,000 in 1970, and is only $225,000 in the current fiscal year, a decrease in real dollars of more than 50%.[1] If the effectiveness of Legal Services as a safety valve is to be preserved, this state appropriation must be increased dramatically.

1. The state money is not a direct legislative line item, but is included in the "Human Resources - Economic opportunity programs" line within the Department of Community Affairs. Given the importance of the service and size of the need, this status should change: Legal Services should become a designated line item of its own, supported by a Legislative policy decision as to the appropriate amount to be given.