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

before

ASSEMBLY INSTITUTIONS AND WELFARE COMMITTEE

on

ASSEMBLY BILL NO. 1201

(Amending the "Assistance to Families of the Working Poor Act")

Held:
December 12, 1972
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Brian T. Kennedy (Acting Chairman)
Assemblywoman Ann Klein
Assemblyman C. Gus Rys

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ASSEMBLY, No. 1201

STATE OF NEW JERSEY

INTRODUCED MAY 15, 1972

By Assemblywoman A. KLEIN

Referred to Committee on Institutions and Welfare

AN ACT amending the "Assistance to the Families of the Working Poor Act," approved June 9, 1971 (P. L. 1971, c. 209), amending "An act concerning assistance for dependent children, supplementing Title 44 of the Revised Statutes and repealing certain statutes relating thereto," approved June 11, 1959 (P. L. 1959, c. 86), and supplementing Title 44 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 3 of P. L. 1971, c. 209 (C. 44:13-3) is amended to read as follows:

3. As used in this act and for the purposes of determining eligibility to receive financial assistance under this act, the following words shall have the following meanings:

a. "Assistance to the Families of the Working Poor" means the financial assistance and other services to be extended under this act to those families residing in New Jersey which consist of a household composed of **[**two adults of the opposite sex ceremonially married to each other who have at least one minor child under the age of 18 residing with them, who shall be either the natural child of both, the natural child of one and adopted by the other, or a child adopted by both**]** *a child or children under the age of 18 or under the age of 21 and a student regularly attending school, college or university, or regularly attending a course in vocational or technical training designed to fit him for gainful employment, and living with both parents*, and have (i) no income or insufficient income and (ii) no other resources or insufficient other resources, where such absence or insufficiency of income or resources is not the result of a voluntary cessation of employment within 90 days prior to the date of application, or the result of a voluntary assign-

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

ment or transfer of property within one year prior to the time of application for the purpose of qualifying for public assistance;

b. "Adjusted gross income" means the total of monthly unearned income and monthly earned income of all employed individuals in the family, except for those individuals whose income is required to be disregarded under the provisions of this subsection, less the first $60.00 earned by each person whose income is included in adjusted gross income. In computing the income of a family as defined in this act there shall be disregarded the earned income of any minor child under 16, and the income of a minor child under [18] *21* if he or she is attending on a full time basis an accredited educational institution;

c. "Insufficient income" means that the adjusted gross income of the family is less than [66⅔%] *85%* of the standard applicable to the size of the applicant family established by the Division of Public Welfare for the program of aid to dependent children authorized under P. L. 1959, c. 86 (C. 44:10–1 et seq.);

d. "Other resources" means all property and assets, as otherwise defined by the Division of Public Welfare for the program of aid to dependent children authorized under P. L. 1959, c. 86 (C. 44:10–1 et seq.), legally or beneficially owned by a member or members of the families which are or can be readily made available for the use of the family;

e. "Insufficient other resources" means that other resources are insufficient as determined by standards set forth by the Director of the Division of Public Welfare pursuant to P. L. 1959, c. 86 (C. 44:10–1 et seq.); and

f. "Commissioner" shall mean the Commissioner of Institutions and Agencies.

2. Section 4 of P. L. 1971, c. 209 (C. 44:13–4) is amended to read as follows:

4. a. A family wishing to make application for assistance under the provisions of this act shall do so by securing from the county welfare board offices an application, the form of which shall be prescribed by the Division of Public Welfare. Said application shall be completed and signed by both parents, except that if a parent is unavailable to sign the application for reasons beyond the family's control one signature will suffice. In that event the nonsignatory parent shall be required to annex his signature as promptly as he is available for such purpose. [Said application shall state that the amounts of assistance received by the applicants, if they are eligible, shall constitute a debt to the State of New Jersey as required by the provisions of this act.]

b. No family or member thereof for whom financial assistance is being paid under the provisions of this act shall receive, during the same period, any other financial assistance from the State or any political subdivision thereof with respect to any maintenance requirements or other items for which allowance is made in the assistance grant paid pursuant to this act.

c. No family shall be entitled to receive financial assistance under this act if the father refuses, without good cause, to accept employment, better employment or training for employment or better employment.

3. Section 8 of P. L. 1971, c. 209 (C. 44:13–8) is amended to read as follows:

8. The amount of assistance to be granted to an eligible family for any month shall be computed in the following manner:

a. From an amount equal to [66⅔%] *85%* of the applicable standard otherwise established by the Division of Public Welfare for the programs authorized under P. L. 1959, c. 86 (C. 44:10–1 et seq.), deduct the following:

(1) the monthly unearned income of the family; and

(2) the monthly earned income of the employed parents and of employed children not excluded by the provisions of section 3.b. of this act, less (i) the first $60.00 earned by each such employed person and (ii) ⅓ of the remainder after deducting said $60.00 for each such employed person.

b. The sum resulting from the computation described above shall be the amount of assistance to the family, provided that the amount of assistance shall be limited by those ceilings established by the Division of Public Welfare for the programs of assistance authorized under P. L. 1959, c. 86 (C. 44:10–1 et seq.).

c. In addition, the welfare board may pay, under conditions and limitations established by the State Division of Public Welfare, the expenses for burial of a recipient of assistance under this program.

4. Section 9 of P. L. 1971, c. 209 (C. 44:13–9) is amended to read as follows:

9. Any assistance received by a recipient shall [constitute a debt owed to the State of New Jersey, which debt shall be recoverable by the State of New Jersey or its agents. If the State of New Jersey or its agents fails to move to recover the debt within 6 years of the last payment of assistance to the recipient, the former recipient's obligation thereunder shall be deemed unenforceable.] *be subject to an agreement to repay under the same terms and conditions as established under the provisions of section 4 of P. L. 1959, c. 86 (C. 44:10–4).*

5. Section 1 of P. L. 1959, c. 86 (C. 44:10-1) is amended to read as follows:

1. As used in this act and for the purpose of the determination of eligibility to receive financial assistance under the provisions of this act, the following words shall have the following meaning, unless the context indicates another meaning:

(a) "Assistance for dependent children" means the assistance and other services to be extended under this act to or for needy dependent children and the parents and relatives with whom they are living for the following purposes:

(1) To provide for the care of needy dependent children in their own homes or in the homes of relatives, under standards and conditions compatible with decency and health;

(2) To help maintain and strengthen family life, and

(3) To help such parents or relatives to attain the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection.

(b) "Bureau of Assistance" means the Bureau of Assistance of the Department of Institutions and Agencies.

(c) "Dependent child" means a child under the age of 18, or under the age of 21 and a student regularly attending school, college or university, or regularly attending a course of vocational or technical training designed to fit him for gainful employment, who

(1) Has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent *or, when living with both parents, has been deprived of parental support or care by reason of the unemployment of his father; and*

(2) Is living in New Jersey with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first counsin, nephew or niece, in a place of residence maintained by one or more of such relatives as his or their home; and

(3) Is found, after due investigation and determination, according to standards and procedures established pursuant to this act, to be in need of financial assistance.

(d) "Parent or relative with whom a dependent child is living" means a person

(1) Who is related to the dependent child, in the manner prescribed in subsection (c) (2) of this section; and

(2) With whom the dependent child is living in a place of residence maintained by one or more of such relatives as his or their own home; and

(3) Who is found, after due investigation and determination, according to standards and procedures established pursuant to this act, to be in need of financial assistance.

6. If the county welfare director determines that the grant to any family eligible for any categorical welfare program is so insufficient as to cause a hardship as a result of actual rent payments exceeding the average amount of rent according to family size, he may then authorize the payment of a special rent allowance for housing costs which shall be computed in accordance with the following procedure:

The statewide average rent per month actually paid in the previous 3-month period for each family size shall be computed by the Division of Public Welfare. The county welfare director may authorize payment of an additional special rent grant amounting to not more than 33⅓% of the average rent paid in the previous 3-month period by appropriate family size. The special rent grant plus the average rent shall not exceed the actual rent being paid by the recipient.

7. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to correct certain deficiencies in New Jersey's public assistance law, by reinstating assistance for certain working poor families and relieving severe hardships imposed on certain recipients as a result of the implementation in 1971 of the "flat-grant" payment system.

At the present time, the "Aid to the Families of the Working Poor" program helps few intact families which have wage earners who earn insufficient incomes. A survey in Essex County, for example, found that only 18% of families in this program were employed. As a result of the one-third ratable reduction of the welfare standard in this program, the State has lost approximately $12 million in federal matching funds. Repeated efforts by the Division of Public Welfare have failed to secure matching funds for the program.

This bill would restore assistance to intact families whose wage-earners are unemployed. This program would be federally matchable, and would bring in an additional $10 million in federal funds to families within the State.

The "Working Poor" program would be amended by this bill to help intact families with insufficient income, by raising the level

of eligibility from 66⅔% to 85% of the regular AFDC standard. The additional cost to the State of these programs would be approximately $6 million the first year.

While there is considerable debate concerning the impact of differential welfare benefits for female-headed families and intact families, some evidence has recently come to light which indicates that intact families are given an economic incentive to split up and move on to the regular welfare rolls if benefits are sufficiently different for intact and regular welfare programs. This bill would remove this incentive for most of the families involved. Since the major cause of the rising welfare rolls has been family break-up, this bill would establish that State policy encourages families under economic stress to stay together.

The implementation of a flat-grant system through administrative regulations has brought severe hardships on many older persons and on large families, who are forced to pay high rents. Recognizing these hardships, the Division established a transitional rent allowance program, in the summer of 1971, apparently on the theory that the housing market would ease in time and that hard-hit families would relocate. This has not taken place, and the transitional grants will end this Spring.

This bill would provide relief for persons who must pay abnormally high rents and, after having looked diligently, cannot find adequate lodging for lower rent. Under the provisions of the bill, the County Welfare Director would be able to pay an additional amount for rent up to 33% of the average rent paid. Thus, a family of four paying $125.00 per month in rent might receive an additional $25.00 since the average rent for that family size is now approximately $100.00. This program will relieve severe hardships, where older recipients have had to cut into food and clothing budgets to pay abnormally high rents. The cost of this provision is difficult to estimate, but Massachusetts, which operates a similar program, spends about $1 million per year for hardship rental allowances. In New Jersey, this program could amount to slightly more.

The net effect of this legislation would be to restore a real working poor program, regain federal matching funds, and relieve hardships imposed by the flat-grant system. The total cost to the State is estimated at an additional $7 to $8 million. Total additional benefits to be paid to recipients would total approximately $19 million.

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ASSEMBLYMAN BRIAN T. KENNEDY (Acting Chairman): Ladies and gentlemen, may I have your attention, please.

We are about to begin the public hearing on Assembly Bill No. 1201. This hearing, as I am sure you all know, was originally set for Thursday, December 14th but the Legislature will be back in session on the 14th and, therefore, it became necessary to move up the public hearing from the 14th to the 12th. This decision was made more or less at the last moment and, because of this, there were conflicting schedules for the other Assemblymen and Assemblywomen on the Committee on Institutions and Welfare. Because of that, the Chairman of the Committee, Tom Deverin, and other members of the Committee will not be here today. The only members of the Committee who will be here are, to my right, Gus Rys; myself, Assemblyman Brian Kennedy; and the Sponsor of this particular bill, Assemblywoman Ann Klein. We are the only three Committee members who will be here today.

With that, I will call the public hearing to order, and our first speaker today will be the Sponsor of Assembly Bill 1201, Assemblywoman Ann Klein.

A N N K L E I N: Thank you very much, Assemblyman Kennedy. I appreciate very much that you are here to Chair the meeting today.

My name is Ann Klein. I am a member of the New Jersey Assembly from District 10-B and a member of this Committee. I am the Sponsor of A-1201. This is a major legislative proposal and I appreciate the Committee's interest as shown by holding this hearing.

Perhaps we should all agree at the outset that nobody is satisfied with the Federal program of welfare assistance. The leaders of both national parties expressed

their dissatisfaction this year. We all recognize, I think, that the programs which originated in the 1930's in response to a national emergency of unemployment and poverty do not necessarily provide the best answer to problems of unemployment and poverty in the 1970's. Nevertheless, this is the only program we have to help those in dire need who have no other resources. We need to remind ourselves, perhaps, that 85% of those who receive welfare are children, mothers of these children, elderly people and the blind or disabled. In addition, there are families with unemployed or underemployed fathers, but they constitute a small portion of the welfare recipients.

Before discussing the provisions of A-1201, I would like to explain the changes that took place last year in New Jersey's welfare program which led to the introduction of this bill for your consideration. In order to understand those changes, we have to be familiar with the welfare program in New Jersey as it existed before the changes were instituted.

A-1201 addresses itself mainly to AFDC - Aid to Families of Dependent Children. Prior to last year, there were three categories of AFDC. They were: (1) The "Regular" AFDC category - familes with children and one parent, usually a mother; (2) the "U" segment of AFDC - that refers to intact families with two parents where the wage earner is unemployed. These two categories of assistance were funded by 50% Federal money with the State paying 75% of the remainder and the County paying the remaining one-eighth of the cost. The "N" segment of AFDC, the third part, - this was a program unique in New Jersey and received no Federal contribution. It dealt with working families whose wage earners earned less than what would constitute a welfare allowance. These are the real "working poor".

Many people in this category have minimum-wage jobs or seasonal or intermittent work of the kind that does not qualify for unemployment insurance or other benefits. Some have families too large to be adequately supported with this type of employment. Under the "N" segement of AFDC the State supplemented family income to the level of a typical welfare allowance. That was the AFDC picture as it was in 1970.

In 1971, following a report of the Governor's Commission on Welfare, the Legislature passed legislation establishing a program called "Aid to the Working Poor". This legislation eliminated both the "U" segment and the "N" segment of AFDC. Families of two married parents with unemployed or underemployed wage earners no longer qualifiy for the federally assisted program of AFDC or for full welfare allowances. These people can now qualify under the AWP program for assistance up to two-thirds of a welfare allowance. There is no federal aid for this program. To put it succinctly: A mother with no husband and three children may qualify under federally assisted AFDC for an allowance up to $324 per month; a family with a mother, unemployed father and two children may qualify under the AWP program for assistance up to an income level of $216 per month; a working father with a wife and two children in a low-paying job, earning $240 a month, for instance, can receive no public assistance. If we had not eliminated the "U" segment, he would have been eligible to receive about $84 a month in supplementary assistance, bringing his family income to that of the four-member, fatherless family, namely, $324 a month.

When one asks why the Administration believes that some families of four can subsist on $324 per month and others require only $216 the answer given is that these families with two parents have greater earning potential.

At present there are 8000 families with over 40,000 people in New Jersey who are assisted under the Working Poor Program. This means that their maximum income is 2/3 of a normal welfare allowance and presumably they are living on their working potential. The vast majority of these families are unemployed since most of the under-employed or the working poor became ineligible for any assistance when the new program went into effect. Thus the program called Aid to the Working Poor excludes almost all of the working poor. It also serves to exclude all intact families from the federally assisted AFDC program.

The major thrust of this bill is to restore the "U" segment of AFDC. That means that, instead of allowing these unemployed intact families two-thirds of a welfare allowance and paying the entire cost by the State, we would restore them to the welfare level and receive federal money to pay for half of it. It seems unrealistic for this State to pay 100% of the cost of providing the unemployed destitute family with 2/3 of a welfare subsistance budget instead of paying 50% of the cost of providing that family with the same minimum assistance as we provide to the broken family that is also destitute.

Other people will testify today, I am sure, on the subject of the State decision to treat the child of an unemployed father with less consideration than is shown to a fatherless child. Some studies have suggested that desperate families, unable to sustain themselves on 2/3 of a welfare allowance have resorted to having the father leave the home so that the mother and children can qualify under AFDC. Since the State keeps no records on the number of new AFDC cases which were reopened, as opposed to brand new, the State is unable to verify or deny these charges. Statistics which the State has promulgated purporting to show a decrease in

the desertion rate of AWP families are meaningless in the absence of such records and should be disregarded by this Committee. Discontinuing the "U" segment cost the State an estimated $10-$12 million in Federal Aid which would have gone to the children of the unemployed. The State claims to have saved money over and above this $13 million but it is difficult to know, in the absence of adequate recordkeeping how this can be established. If indeed there has been any saving it would be attributable to the number of people, mostly the working poor, who became disqualified for any assistance to supplement their meagre incomes.

Another effect of A-1201 is to raise the level of eligibility of the underemployed from 66% to 85% of the welfare allowance. For the intact family of four this would mean a maximum income of $275 rather than a maximum of $216. The reason for choosing 85% of the allowance instead of 100%, which would permit this family the same income as the AFDC family offour, is that our estimates of the cost of such a program are substantially less than restoring it to the full 100% since this program is for the underemployed and does not qualify for federal aid. If the State has established a minimum amount for survival that a family needs, which is the welfare allowance, it is hard to justify a proposal which guarantees only 85% of that to some families. But that is an improvement over 66% and this is a bald attempt to get some improvement without raising the State costs to a level that might jeopardize any action.

A-1201 also calls upon the State to cease its new policy of treating illegitimate children differently than children of a lawful marriage. This policy has peculiar results. Under the 1971 so-called reforms, if a married couple with children, with an unemployed father, applies for assistance they are handled under

the working poor program. If a man and woman living together without benefit of lawful marriage apply for assistance, this is what sometimes happens. We have categories of "his", "hers" and "their" children. The woman and her children, if they're not by him, qualify for AFDC. The man and his children, if not by her, also qualify for AFDC. The children of this union, however, do not qualify and must apply for general assistance from the municipal welfare director.

Dr. John Doll, whom I consulted on this, said that this regulation was a moral decision made to "stimulate legal marriage". There is some question, however, as to whether that actually happens since the couple, if married, and their children would be eligible for the working poor program although her children from a former union would qualify for AFDC. I'm not sure where the incentive lies but, at any rate, I am told that very little money, if any, is involved in this A-1201 change. Whatever possible money might be saved with these peculiar rules is more than used up in administrative costs and is passed on to the local municipality's general assistance budget. The whole thing is an incredible step backward to the days when illegitimate children were punished for the fact of their birth. As a matter of fact, all the children in this "his", "hers" and "their" syndrome may be out of wedlock, but "theirs" are singled out for special attention. It's really quite incredible that in 1972 New Jersey would tolerate this kind of bureaucratic hodge-podge in the name of morality. And perhaps we could reduce the size of the welfare book that they use for figuring out who gets what if we could eliminate some of these peculiar special treatments.

A-1201 provides payment for funeral expenses for the families of the working poor and provides

that children will remain eligible to be counted in the family budget if they are still in school beyond the age of 18. The purpose of that is to discourage dropouts and to help break the cycle of poverty through education.

A-1201 also removes the new requirement that welfare payments constitute a loan for which the family is liable. The Committee may question the efficacy of this but we should consider whether the family which has arrived at this level of poverty has much chance of ever regaining its self-sufficiency if, on the road to recovery, it is encumbered with this kind of debt. It constitutes a permanent obstacle to home ownership, for instance, as any property obtained may be taken to repay the debt. The purpose of public assistance should be to put all able clients back into the business of providing for themselves and becoming contributing taxpaying members of society.

The other major element in A-1201 concerns itself with the flat-grant program and proposed rent supplements. In order to understand this, one has to know something about the flat grant which started in 1971. This was not a legislative change. It was an administrative change. The Governor decided that welfare payments should be flat grants, regardless of circumstances. I have done considerable research to find out the kind of figuring that went into establishing the flat grant. It can be roughly outlined in three components. Previous to establishing the flat grant, a welare allowance was based upon (1) the actual rent paid, (2) a budgeted amount for food, clothing, utilities and household supplies, (3) special allowances for such things as moving expenses, rent deposit, formulas for sick babies who couldn't use regular diets, special diets for diabetics, telephone for a heart patient, that type of special allowance. Approximately

15% of welfare clients received any special circumstance allowance.

In arriving at the flat grant allowance the following procedures were followed by the Division of Welfare:

1. A sample was taken of rents attributed to welfare clients in all family size categories. The average rent in each category became the flat grant rent allowance. In arriving at these figures, certain factors affected the outcome. If an elderly person, for instance, were living with a family and paying $10 a month rent, that figure went into the sample average. In some counties, despite the law requiring payment of actual rent, at that time, welfare directors were not paying the full rent but had set an arbitrary rent allowance regardless of the actual rent paid. And unless the client made a protest, they might receive $30, $40 or $50 a month regardless of what their actual rent was. These figures of $30, $40 and $50 a month went into the sample which was supposed to reflect the actual rents paid by welfare recipients. The Welfare Department will not reveal to anyone, as far as I can determine, how much of the flat grant allowance in each category is for rent but most people guess that it is somewhere around $90 to $125 in most categories but I am not sure.

Next, the Department used the 1968 cost-of-living index in New Jersey to figure the budgeted amount for food and household supplies and utilities. These figures were drawn in 1970 but the home economists who did the figuring were instructed to use 1968 cost-of-living figures. Flat grants today are still based upon these old rent averages and the 1968 food costs although the cost of living in the last four years has risen at least 20-25%.

Lastly, the special circumstances of 15% of the cases were averaged over the entire sample and this amount was added to the flat grant allowance. For instance, suppose that out of 100 families there were 15 families who received some kind of special circumstance allowance of perhaps $10 a month. That $150 was called the special circumstance allowance and was divided among the 100 families so that every family received $1.50 a month and nothing is provided for any special circumstances of any family under any conditions whatsoever. That means that there are no moving expenses, no rent deposits, no special diets and no orthopedic shoes. I think that some allowance was made for seeing-eye dogs, but not all welfare directors are aware of this. The equalized special allowances added up to about $2-$3 a month to each family allowance. That might have been a good idea if all the special needs could have been averaged out also.

The flat grant concept is not a bad concept, but a flat grant which is based in 1972 on 1968 cost-of-living figures, which is unrealistic in rent and which allows no special circumstances is not very sensible. A-1201 proposes a minor change. It proposes that, when the county welfare director finds that rents are substantially above the allowance - if we can discover what that allowance is - and there is no possibility of finding a lower cost shelter, the director may increase the flat grant up to 33% of the rent allowance, or approximately $33 a month. I admit that this is discretionary and that it may be difficult to administer and this Committee may wish to amend this proposal. It was the least expensive method that we could find to deal with some really bad situations. We have elderly people on welfare grants of $160 a month whose rents have gone to $140 or $150 a month. These people are permitted to buy more food stamps at reduced cost but that does not

really solve their problem. And many of these elderly people are having to make daily choices between paying the rent and eating.

In conclusion, this country has not found the solution to the problem of eliminating poverty, hunger, malnutrition and acute deprivation from the lives of all the people. In New Jersey we are told that the poverty level in our State is $6,000 a year income for a family of four. Many people, both those receiving and those not receiving welfare assistance, are struggling to survive at or below this level. Inflation, housing scarcity, high medical costs, unemployment, regressive taxes cause at least 20% of our population in New Jersey to find themselves in rather dire want, even in this most abundant state. People living on minimum wages, unemployment insurance, social security benefits, as well as those on welfare allowances - most of them are really suffering. Those who manage to stay just above the poverty level are too burdened to be burdened with those who have even less. All of us dislike being reminded of the existance of harsh, unrelenting poverty. A-1201 does not begin to deal with these large socio-economic problems. It addresses itsely only to a few of the most dire circumstances. It tries to correct some illogical inequities inherent in the State's welfare program and the Sponsor appreciates your consideration.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Klein.

Assemblyman Rys, do you have any questions?

ASSEMBLYMAN RYS: No, but thank you very kindly for the report.

ASSEMBLYMAN KENNEDY: I have one or two questions, Mrs. Klein.

I would like to question you for a few minutes about the cost behind 1201.

ASSEMBLYWOMAN KLEIN: Mr. Chairman, I have requested a fiscal note on this bill and I have not received it. When we first wrote the bill, we made the best estimate we could, consulting the Department and many other sources, and the estimate was that the total cost to the State, if the entire bill was implemented, would be an estimated $6 or $7 million, and that the total that would be in benefits would be $19 million with the difference coming from increased Federal Aid. By restoring the youth segment to the Federal program we would receive back an estimated $11 to $12 million, which we lost.

Now the Division on Welfare this week, on November 27th, wrote a letter in opposition to this bill in which they made some estimates on the cost. I did not receive a copy of this letter because, although it went to all members of the Committee on Institutions, I think they did not know I was on the Institutions Committee and they did not send it to the Sponsor. So I only received this yesterday and I was rather surprised at their estimates. And I have asked the Fiscal Affairs Department of the Legislature to do a fiscal note on it. They say that their calculations, based upon current budget projections, would lead them to conclude that the rent supplement alone would cost approximately $17 million of which $6 million would be paid by the State and $2 million by the county. The proposed increase in grants to the AWP families they say represent the 28% increase over the current levels. That would be changing it from 66% to 85%, and they estimate that would cost $3¼ million per year.

Those are the only estimates, I think, that they have made on cost. And, as I say, I have not had an opportunity to really examine them.

ASSEMBLYMAN KENNEDY: I see. In fact, I was

going to refer to the letter that, unfortunately, you did not receive probably because of the reason you stated, from Mr. Walter R. Davis of the Department of Institutions and Agencies. And, in fact, at this time I would like Mr. Davis' letter of November 27, 1972, to become part of the official record of the hearing here today. (See p. 126 A)

Mrs. Klein, when you do receive more detailed figures as to the cost involved here, I am sure the Committee again can meet with you to go over this.

ASSEMBLYWOMAN KLEIN: Well, I think it's very important that the fiscal note be prepared on this.

ASSEMBLYMAN KENNEDY: Yes. I have no further questions. Again, I want to thank Mrs. Klein for coming down to testify on her bill. At this time, she will come up here and join us at the table as she is a member of the Committee on Institutions and Welfare.

Our second scheduled speaker this morning is Marcella Minchew.

M A R C E L L A M I N C H E W: Good morning.

ASSEMBLYMAN RYS: Mrs. Minchew, are you any part of an organization, do you represent an organization?

MRS. MINCHEW: No. I am on Middlesex County Welfare roll.

ASSEMBLYMAN RYS: I didn't see your title here.

MRS. MINCHEW: I don't have one.

ASSEMBLYMAN KENNEDY: Would you proceed, Mrs. Minchew.

MRS. MINCHEW: I live in Middlesex County and the housing problem there is very bad. There is federally funded housing for the poor which falls within the statewide average rent level described by the Flat Grant Bill which is now in effect. It is the only housing that is now available for the ADC family. I have lived in one of these housing projects for two years.

To enable my family to move into low cost housing, there was a long waiting list, and the wait was a year long at that time. Now it is as much as two years that a family must wait, and for what? Space that is created by concrete, brick, and plaster and looks like and virtually becomes a cage for human beings, or if you prefer, ghetto traps for the poor.

I lived in a five room dwelling in housing designed for ten families. Pipes for water and heat ran from one apartment to the next and between the apartments, nested in the walls, were mice and roaches. The exterminators came once a month, but the roaches continued; because someone was out in the building and the exterminator didn't get in, or someone else couldn't stand the smell the exterminator left behind, the end result was that the roaches were disturbed and crawling all over the place while supper was prepared and served in the smell of insecticide.

I complained twice of mice, once it was told to me that because it was Spring the mice were multiplying and coming in, the other time it was getting cold and they were coming in, because it was Winter. Tenants are not allowed cats, but since that time I find it convenient to keep my own. Her name is Magnificient Cat.

It has been my experience that both parents and children hate the project. Children take this hate out in physical damage to the buildings. In the Summer my screens were cut, and in the Winter two or three windows in my apartment were broken. It was procedure once a month to pay for the replacement of any screens or windows broken in your apartment, regardless of who had done the damage. No one could ever be sure who broke what window, on purpose or accidently, so I can see why the procedure was needed. It did get expensive for the Welfare Mother, however, who takes the extra from food or clothing money.

The plumbing was all connected from one house to another. Many time the drains were clogged, and finally I came home from school one day to find my sink full of sewage and running over in the kitchen. My bathtub was full of toilet tissue of every color and overflowing with smelling sewage from ten apartments in the building. On that day I was told to wait until the men came back from lunch, fixed the sewage line, and clean it up.

My caseworker and supervisor at Welfare couldn't help that day, but I left the project. It's hard to find housing with five children, at any price, and when I found four rooms to put my children in for $200 a month, it was a hovel: 1) there were two windows that were open that could not be closed; 2)the bathroom drains in the apartment over mine leaked into my apartment; 3) there were roaches; 4) there was a hole in the porch floor big enough for my foot to fall through, let alone a child's; 5) there were windows which couldn't open; 6) peeling and cracked paint; 7) wall paper peeling off walls; 8) loose tiles; and 9) a filthy stove.

I paid over $100 per month to heat the four rooms last Winter in addition to rent and even put a safety valve on the furnace for $69. I complained about this to Legal Service but nothing has been done.

That left me with $61 to live on under the flat grant. I don't know how I did it, (five children to feed), but I know it's never easy. The Health Department put up a sign: "Unfit for Human Habitation." They wouldn't officially condemn the building because there was no place to move me and five children. I put an ad in the paper and now my five children and I share a house with another mother and two children. I sleep in the garage which I converted to a bedroom and study. My boys have one bedroom, the girls another. We share both the kitchen and one bath. I understand I'm being re-evaluated for foodstamps.

I did not get them from Middlesex County this month.

What does 1201 mean to me? It means a step towards this state seeing that the mothers of their children, and their children have adequate, decent housing. It means that my five children next year may have five raincoats, five pairs of boots, five pairs of mittens, five scarves, and some day, given time, a step further may mean a really warm winter coat. It means that my five children will have full stomachs, maybe. It means not paying the rent, fuel bill, and the light bill out of my clothing and food allowance. Or, at least it means that this State will come a little closer to providing the real needs of poor humanity.

What will Bill 1201 do for the State of New Jersey? The investment in humanity may help save the children. It seems to me that if we save the children, in ten years there will be less trouble trying to save adults.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Minchew.

Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: No, I don't have any questions but I would like to say that I think your hopes for 1201 are a little high if you think it would help solve these many problems that you have described.

MRS. MINCHEW: I didn't say that this particular bill would. I just say it would be a little better.

ASSEMBLYWOMAN KLEIN: It would help some people. And I would like to say that I think many of the problems that you describe are directly attributable to the real lack of housing in the State and that probably, no matter what we do to help increase welfare allowances, this is not going to really solve that basic problem. That has got to be tackled separately.

MRS. MINCHEW: The bill does cover, though, an extra amount for those with really drastic housing

problems.

ASSEMBLYWOMAN KLEIN: Yes, it provides a little more for rent.

ASSEMBLYMAN KENNEDY: Mr. Rys, do you have any questions?

ASSEMBLYMAN RYS: No. Thank you very much.

ASSEMBLYMAN KENNEDY: Mrs. Minchew, I have a few questions. I am concerned about these financial problems that you find yourself in on Welfare. Can you tell me how much you do receive from the Welfare Department?

MRS. MINCHEW: $420 a month under the flat grant. I also am a full-time college student and now that I've changed to Middlesex County I understand I will be eligible for the WIN program.

ASSEMBLYMAN KENNEDY: So you receive $420. Do you know what that is a year?

MRS. MINCHEW: No, I don't.

ASSEMBLYMAN KENNEDY: I think it's about $5,000, $5,040, in fact, to be exact. And that, of course, does not include the food stamps. I think you can buy the food stamps.

MRS. MINCHEW: Yes.

ASSEMBLYMAN KENNEDY: And, of course, you have free medical care, I believe, as I understand the way welfare is set up.

MRS. MINCHEW: Yes, sir.

ASSEMBLYMAN KENNEDY: That $5,040, I believe that is tax free, is it not?

MRS. MINCHEW: Yes, it is.

ASSEMBLYMAN KENNEDY: You don't pay any income tax, do you?

MRS. MINCHEW: No, I do not.

ASSEMBLYMAN KENNEDY: Then for the person out working to have a net income after paying taxes, in that amount, I believe someone would probably have to

make approximately $7,000, maybe $7,500 a year to clear $5,000.

ASSEMBLYWOMAN KLEIN: Mr. Chairman, I think with five dependents you would not be paying $2,000 income tax on $7,000.

ASSEMBLYMAN KENNEDY: Maybe $1,000. I am trying to understand just what your problem or your situation is on welfare.

MRS. MINCHEW: The problem is that the amount of housing that there is available in Middlesex County, and then to attempt to find housing with five children and to be on welfare and only to be getting an amount approximately of $125 toward the rent and using all the funds that you have in order to pay the rent, pay the heat and light, utility bills, etc., and still supply the needs. If you find really adequate housing in Middlesex County it would run upward of $300 a month. And then many times you have to supply the heat, which is what I had to do, and also pay the utility bills. Then you still have five children. My food stamps do not come that cheap, they still run on the average of what I get.

ASSEMBLYMAN KENNEDY: Did I hear you say that next year you hope to come in under the WIN program?

MRS. MINCHEW: I hope to, yes, sir. I graduate from Middlesex County College in June and I intend to go to Rutgers.

ASSEMBLYMAN KENNEDY: All right. Thank you. I have no further questions.

ASSEMBLYMAN RYS: I have one question. Mrs. Minchew, in your community is it possible or permissive to live in a garage?

MRS. MINCHEW: I wouldn't know. All I know is that I have it for $125 a month.

ASSEMBLYMAN RYS: It seems to me you're going from worse to worse. In other words, in reading your

letter, and I think it's a very sympathetic letter and I appreciate your writing it, but at the same time I find you living, yourself, in a garage and I don't know the circumstances.

MRS. MINCHEW: There is no place for me to go.

ASSEMBLYMAN RYS: Well, would you give me a description of the garage? Is there heat in there, is there a bathroom in there, has it been converted, or do you use the house?

MRS. MINCHEW: We have a bi-level, tri-level, maybe. The garage is a part of the house. I put a wall-to-wall carpet in, which I received from a friend of mine; my bed is in there and I stay there. My books are there. And I use it as a study room and my bedroom. My boys are in one bedroom in the house, as my girls are, and then we share the kitchen and the bath.

ASSEMBLYMAN RYS: All right. I have no further questions.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Minchew.

Our next witness will be Mrs. Bernice Shaw of the Family Services of Morris County. Is Mrs. Shaw here?

MEMBER OF AUDIENCE: Because of the bad weather she is not here.

ASSEMBLYMAN KENNEDY: All right. Mrs. Rufus Hawkins of Plainfield, New Jersey.

M R S. R U F U S H A W K I N S: In 1965 I came to New Brunswick, New Jersey, from North Carolina. At the time my husband was working at DeCora Motors and he was taken sick in 1968 and he had an operation for a nervous condition. They removed the bone from his hip and put it between some nerves in his neck. And after his operation was over the doctor told him that he would be totally disabled to work. So we applied for welfare aid. In the meantime I had gone out to

find work but I couldn't make enough to support the family so we got assistance from the Welfare, $480 per month. They wouldn't even count what little I was making. And we moved to Plainfield in 1969. Well, in the meantime we were in a location where it was being torn down, in New Brunswick, and the Relocation Department was helping us to find a house. We have a large family of ten children and we couldn't find a place, so the Relocation Department through and by our real estate company found a house and they told us to try for the 235 plan to see if we could buy the house. And that's what we did and we were able to get the house under the 235 in Plainfield. So we moved to Plainfield. When we moved to Plainfield, we received $580 a month and we received that until 1970.

In 1970 a social worker came from Trenton to investigate our case and he said we weren't receiving enough money. He said we should be getting something like $703 per month. And after that visit we received $703 for three months.

In May of 1970 I had a light heart attack so I couldn't work anymore. And when the flat grant came into effect, July 1971, they cut us from $580 to $258. This was the Working Poor.

So in the meantime my husband was going to rehabilitation and they were trying to help him find something that he could do. So he went to several places and after they would search his medical record they wouldn't give him a job. And he did happen to go to this place and they needed a porter, so he took the job and he's been there, October 1, a year. And they cut us from $480 to $258. They cut it three times from July, 1971, until May of 1972. They cut us to $98. That was the last cut. And after my husband began working they cut us so low he wrote a letter to the Welfare Board and asked them to take him off. We

were separated. And I had three children while we were separated and he asked that he and the seven children come off completely and just give me help for the three. And that's what they did. And they gave me $215 per month for the three children. And I take that and stretch it. I go to secondhand stores, rummage sales and wherever I see a sale to find clothing, shoes and things for the children. And right now they're in need of heavy winter coats and boots for the winter.

ASSEMBLYMAN KENNEDY: Mrs. Hawkins, I don't quite understand how they were able to cut you down to $215, did you say?

MRS. HAWKINS: Right. The ADC. They put the three children that are not my husband's on ADC. Before they put them on ADC they cut us all the way to $98.

ASSEMBLYMAN KENNEDY: Aren't the ten children still in the home?

MRS. HAWKINS: Yes, sir. Well, seven are by my husband and myself, they belong to both of us. The three are not his and that's why he asked them to give help for the three children and just take him and the seven off completely.

ASSEMBLYMAN KENNEDY: Is your husband working now?

MRS. HAWKINS: Yes, he is.

ASSEMBLYMAN KENNEDY: Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: You and your husband and the ten children are living together?

MRS. HAWKINS: Yes.

ASSEMBLYWOMAN KLEIN: And the three children are receiving ADC because they are not his children.

MRS. HAWKINS: Right.

ASSEMBLYWOMAN KLEIN: How much income does he make?

MRS. HAWKINS: Well, it's Christmas rush now and he's making from $100 to $150 per week.

ASSEMBLYWOMAN KLEIN: What about when it's not the Christmas rush?

MRS. HAWKINS: Well, before, from October up until this October - when he first started he was bringing home something like $90 a week and he worked Saturdays and Sundays and he would make up to $125. Now he works seven days and he makes $155.

ASSEMBLYWOMAN KLEIN: But the difference is that with you and he and the ten children on Working Poor you were able to get $90. Is that right?

MRS. HAWKINS: $98. Yes.

ASSEMBLYWOMAN KLEIN: But when the three children were put on the ADC then this grant went up to $215.

MRS. HAWKINS: $215.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN KENNEDY: Mr. Rys, do you have any questions?

ASSEMBLYMAN RYS: Mrs. Hawkins, what are the ages of your children?

MRS. HAWKINS: From six to nineteen. Six years to nineteen.

ASSEMBLYMAN RYS: Are any of them working part time anywhere?

MRS. HAWKINS: No, because they can't find work. I have a son who came home from the Job Corps and he has been looking for work ever since. And whenever they do find a job it's always out of Plainfield and he doesn't have transportation.

ASSEMBLYMAN RYS: Thank you.

ASSEMBLYMAN KENNEDY: Have you been making mortgage payments? I understand you did say you were able to purchase a home under that 235 program.

MRS. HAWKINS: When we purchased the house under the 235, the FHA - I guess it was the FHA - they were paying $97 per month and we were paying $133.67. Then our part went up to $163.37. So I don't know how much the FHA pays now.

ASSEMBLYMAN KENNEDY: All right. Thank you very much for coming down, Mrs. Hawkins, to testify here today.

ASSEMBLYWOMAN KLEIN: May I just ask one more question?

ASSEMBLYMAN KENNEDY: Sure.

ASSEMBLYWOMAN KLEIN: Since only three children are on ADC, I assume that you can get medical treatment for those children.

MRS. HAWKINS: Yes.

ASSEMBLYWOMAN KLEIN: The other children, what happens to them?

MRS. HAWKINS: They don't get anything since they're off. And with me being sick - at the time when he wrote the letter and asked to be taken off, I called my caseworker and told him about my condition, which he knows. And I told him I knew I wouldn't have money to buy my medicine. So he told me I could still be on Medicaid. So me and the three children are on Medicaid.

ASSEMBLYMAN KENNEDY: Mrs. Hawkins, one more question. Did your husband leave the Working Poor Program - did he have to leave it or did he decide it would be best for him?

MRS. HAWKINS: He thought it would be best, after they cut him to $98, if just the three children would get more, I mean we would have more money in the house with the three on ADC.

ASSEMBLYMAN KENNEDY: Well if that's so - I have a chart in front of me which shows that under

the Working Poor Program - and in fact you mentioned the figure before of $387 and that's what ten individuals - in fact with ten children we're actually talking about twelve individuals in the family unit then. But they show $387 here as ten members in a household under the Working Poor Program. Now that's more than what you're receiving now under the ADC with your three children, is it not?

MRS. HAWKING: Right. That's more but they wasn't giving us this. The last cut they cut us to $98. That's when he wrote the letter and asked to be taken off.

ASSEMBLYMAN KENNEDY: I see.

ASSEMBLYWOMAN KLEIN: Mr. Chairman, I think it is because the gentleman is working and under the Working Poor you could get assistance up to $387, or whatever it is, but you couldn't have income beyond that. So, if he's working and that's subtracted from the $387 he ended up with $90. This way he keeps his earnings and the three children receive ADC.

ASSEMBLYMAN KENNEDY: I see.

MRS. HAWKINS: Can I ask? What you're saying they were substituting the $308 to what he was making per month.

ASSEMBLYMAN KENNEDY: No. They were subtracting his earnings, a percentage of earnings from the $387 and giving you the difference.

MRS. HAWKINS: The $98.

ASSEMBLYMAN KENNEDY: That's right.

MRS. HAWKINS: Oh, I see.

ASSEMBLYMAN KENNEDY: Again, thank you, Mrs. Hawkins for coming down.

Our next scheduled speaker is Mayor Gibson of Newark. Is there a representative here?

Mr. Malcolm Green from Mayor Gibson's office has advised that due to the weather conditions the

Mayor was not able to make it down here to the public hearing. However, he did prepare a memorandum and this memorandum will become a part of the official record of the public hearing being conducted here today. (See p. 129 A)

Thank you, Mr. Green, for delivering the memorandum.

Our next scheduled speaker is Miss Helen Webber from the United Church Board, Division of Health and Welfare.

(Discussion off the record)

Our next scheduled witness is David Kershaw from Princeton, New Jersey.

D A V I D K E R S H A W: My name is David Kershaw and I am a Vice President and the Director of a public policy studies group at Mathematica, Inc., in Princeton, New Jersey.

Over the past four years I have been the project director of several government-funded experiments to test the relationship between the receipt of cash transfers and work behavior. These experiments include more than 7,000 poor and near-poor families in New Jersey, Pennsylvania, Seattle and Denver.

For the purposes of this brief presentation, I would like to restrict my comments to the issue of the incentives to work under welfare as illustrated by two studies which addressed the question of the work behavior of the poor. The first study measured actual work behavior, and it was called the New Jersey Negative Income Tax Experiment. The second study measured attitudes toward work by the poor and resulted in a book written by Leonard Goodwin of the Brookings Institution in Washington.

In the New Jersey Experiment we enrolled a randomly selected group of 1,300 poor families in several welfare plans, where a plan was defined by the amount of money paid to the family. Families enrolled in the experiment received checks from us - just as in the welfare system - every two weeks, and we measured their work behavior through the administration of rather lengthy questionnaires given to each family every three months during the duration of the experiment. Some families were enrolled in a "control group" which received no payments but was similar in every other way to the experimental group. Results were analyzed by comparing the work behavior of those in the experimental group with those in the control group.

Although the final report will not be complete until next June, preliminary results have been issued by us through the O.E.O. in Washington - and I will leave copies of the report with you, if you would like. You may also have seen an article in the October Scientific American on the preliminary results.

Let me summarize briefly what we have found to date:

1. There was no significant difference between incomes earned by families in the experimental group as compared to those earned by control group families.

2. There was a slight reduction, about 12% over all, in the hours worked by members of the experimental group as compared to the control group.

3. Most of this reduction was accounted for by wives and other secondary earners in the experimental group families.

4. The reduction was not people dropping out of work, but people in experimental families entering the labor force more slowly; that is, children did not take jobs as quickly and wives were less likely to

enter the labor market when the family suffered an income reversal.

Finally, within the experimental group, there was no significant difference between earnings behavior of families on high benefit plans and earnings behavior of families on low benefit plans.

As the O.E.O. reports stated in summary, "There is no indication of a precipitous withdrawal from the labor force by families who receive income maintenance payments." This virtual lack of impact of income maintenance is interesting in the New Jersey experiment in light of the fact that the experiment did not have a work requirement and did not offer subsidized day care for families where a second earner wanted to enter the labor force.

The New Jersey experiment did not deal centrally with welfare families, although about 20 percent of the sample was receiving public assistance during the course of the experiment.

In Leonard Goodwin's study, questionnaires were administered to 2,000 poor people in six cities; his sample included both long- and short-term welfare recipients, including more than 1,000 families enrolled in the Work Incentive Program. His sample also included successful, middle-class families, both black and white.

Contrary to the widely held stereotype of welfare recipients, Goodwin found that welfare recipients, whatever their race or time spent on welfare, have essentially the same work ethic and life aspirations as do employed middle-class people. Even teen-age welfare boys from fatherless homes maintain a strong work ethic despite the fact that they have been on welfare almost their entire lives. The widespread belief that welfare weakens the work ethic of young men

was not borne out. The rising welfare rolls are accounted for by Goodwin not by individuals who would prefer it to working, but by individuals who have repeatedly failed to find and hold a meaningful job. This repeated failure leads to the acceptance of welfare as the last resort.

The policy implication of Goodwin's findings, and those of the New Jersey experiment, is simply that changing the levels of welfare benefits can be expected to have little, and probably no, influence on work behavior. Postitive attitudes toward work - as measured by Goodwin and observed by us in New Jersey - clearly exist. Since a person's actions will be conditioned by a combination of these attitudes and the opportunity to do something about his attitudes, we really need to worry about the opportunity to work. This suggests to me, on the basis of the evidence to date, that a wider and more equitable welfare program would not result in the negative work response that many have suggested.

Thank you.

ASSEMBLYMAN KENNEDY: Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: No, thank you.

ASSEMBLYMAN KENNEDY: Mr. Rys?

ASSEMBLYMAN RYS: Mr. Kershaw, did this reprint go to the State of New Jersey?

MR. KERSHAW: Yes.

ASSEMBLYMAN RYS: It did go. All right, thank you.

ASSEMBLYMAN KENNEDY: Can you make available to the Committee the report you referred to?

MR. KERSHAW: Yes.

ASSEMBLYMAN KENNEDY: Fine. Thank you, Mr. Kershaw, very much for coming down to testify before us today.

Our next scheduled speaker is John J. Howell from Hopewell, New Jersey, a representative of the New Jersey Friends Council.

J O H N J. H O W E L L: Mr. Chairman, my name is John Howell, a resident of Hopewell Township, New Jersey, and I am appearing as Chairman of New Jersey Friends Council.

The New Jersey Friends Council is a loosely organized group of Quakers. Its membership comes from a considerable number of Friends Meetings throughout New Jersey. We have discussed the welfare situation, the welfare system in New Jersey repeatedly at meetings over a period of several years. So this is one of the interests that we have been following closely for at least four or five years. The other interests that we are primarily concerned with are the prison system in New Jersey and the peace testimony for which Quakers are more or less famous, our desire to remove the conditions and causes of war so far as we are able to do so.

New Jersey Friends Council adopted a minute favoring Assembly Bill No. 1201 at its last meeting which was held in Medford Lakes, New Jersey on September 16th, I believe, the 16th or 17th. It was a weekend meeting and I believe the meeting at which we adopted that minute was on the 16th. This was not a sudden decision on our part.

We, in general, find that the welfare system of the United States is deplorable and that New Jersey is no exception. It is deplorable primarily because it fails to meet the standards which we, as a religious society, believe are the necessary standards throughout the country, the standards of human decency.

Quakers are not alone really in holding a religious viewpoint toward such questions as the question

of welfare. As a matter of fact, it derives from a religious point of view that it shares with all other Christian denominations and, as far as I know, also with the other major religions of the world. The Judaic tradition, which goes back at least to the time of Moses, suggests that the standard of human decency should be applied in the relations between people who are well-to-do and those who are not so well-to-do, possibly in need, in desperate need.

Therefore, we are on common ground.

The welfare system undoubtedly derives from a motive of human decency but it has perhaps in its implementation not arrived or has strayed from that standard which we believe should be maintained.

In many respects the motivations that we believe to be provided by conditions that are attached to the Welfare Law, the so-called Welfare Regulations, the detailed instructions by which welfare workers must make their decisions provide, we believe, motivation that runs contrary to the primary American ideals, the values which are part of our heritage. Our heritage insists on loyalty, independence, self-reliance. And what we see in the effects of the welfare system are incentives to go in the opposite direction.

I have asked the Mercer Street Friends Center, here in Trenton, to prepare some statements that will bear out the way this system works in individual cases and, with your permission, I will read one or two, which are short, of the case studies that have been prepared for me by Mr. Stephen Kitts of the Mercer Street Friends Center which has been deeply involved in this for many years. The first case relates to a family, obviously the name has been changed and no identifying information is given but they are called here simple "Browns".

This case is presented as a typical example of a type of case served by Mercer Street Friends Center and involving Mercer County Welfare. It is an actual case and the facts are true.

The Brown family has 13 children. Mr. Brown has worked for 20 years in industry. He makes $590 montlly. Under the Family Assistance Program the Brown family received a supplement of $200. Additionally, of course, as welfare recipients the Browns were eligible for mediciad and food stamps.

When the Working Poor program was implemented the Browns were ineligible. For 15 people the maximum earned income is $530. Mr. Brown makes too much money for his family to be eligible. Besides losing the supplement for $200 the Browns are not eligible for Medicaid or food stamps.

As a result of this new Working Poor program Mrs. Brown has been forced to go to work. She now makes $240 a month. Her two pre-school children are in a day care situation which costs her $20 a week. Her other children now must take responsibility for each other. The discipline of the family is failing; after years of careful and continual supervision, the Brown children are largely unsupervised until after dark. The oldest girl has gotten pregnant.

The economics are clear. The Browns now earn $830. The expense of Mrs. Brown's job is $80 (day care). Their net income is $750 or $40. less than under FAP. Of course, because they are not receiving welfare, the Browns are not eligible for Medicaid or food stamps.

The loss to the Brown family under Working Poor is inestimable. Especially if the benefits of Mr. Brown's desertion are held in comparison. If Mr. Brown leaves his family they will receive $756 ADC ($6 more than their current net) and be eligible for Medicaid and food stamps. Fortunately Mr. Brown loves his family enough to stay.

The other two cases, I will not take up your time to read but I would like to have them filed among the papers that you will receive. (See p. 133 A)

ASSEMBLYMAN KENNEDY: Yes, they will be.

MR. HOWELL: And I simply want to say that we are in favor of the passage of A-1201 for the reasons that I have indicated.

ASSEMBLYMAN KENNEDY: Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: Just one. It is my impression that families can be eligible for food stamps even if they're not on welfare if their incomes are low enough. Do you know whether this family is really ineligible for food stamps? There are some misconceptions about food stamps and that's one of them, that you can't get them unless you're on welfare. And I think people are being deprived of food stamps who might have them if we did not allow that misconception to be perpetuated.

MR. HOWELL: Mrs. Klein, I cannot answer of my own knowledge but I am sure that the answer to that question can be obtained and referred to you at a later time, if you wish to have it.

ASSEMBLYWOMAN KLEIN: Well, I hope you will refer the question to the Agency because it may be that they are overlooking a possibility for assistance here.

MR. HOWELL: All right. If there is any possibility that this family can be more adequately assisted, I will ask that every possibility be explored.

ASSEMBLYWOMAN KLEIN: I know when the program first went into effect it was said that all these people who lost welfare assistance would also lose food stamps but I think that that's not true, at least under changed programs, that some of these families are eligible for food stamps.

ASSEMBLYMAN KENNEDY: Mr. Rys, any questions?

ASSEMBLYMAN RYS: No questions.

ASSEMBLYMAN KENNEDY: Mr. Howell, one question.

You mentioned earlier that you thought there was a need for a higher welfare standard here in New Jersey. Do you have any figures available as to what this would cost the State of New Jersey to meet those higher standards?

MR. HOWELL: I don't have a proposed standard in terms of so many dollars and cents for each category and level of family size and so forth. The only figures on cost that I have seen have been those that have been supplied to me by someone else. I have nothing new to contribute about the statement as to cost.

ASSEMBLYMAN KENNEDY: Fine. Thank you.

Thank you, Mr. Howell, for coming down.

Our next scheduled witness is Ruth J. Gang from the Family and Children's Services of Montclair and Glen Ridge.

R U T H J. G A N G: Mr. Chairman and Assemblymen, thank you for the opportunity to speak to you today. I am Mrs. Lloyd Gang, Ruth Gang, a resident of Montclair, New Jersey, and a member of the Board of Trustees of the Family and Children's Services of Montclair and Glen Ridge. With me is Gailann Bruen Flynn, Supervisor of the Branch Office of The Family and Children's Services from which most of my material is derived.

The Family and Children's Services of Montclair and Glen Ridge is a private, non-profit agency, chartered by the State of New Jersey and, according to our bylaws, governed by an elected, non-paid Board of Trustees, composed of lay citizens who are residents of the two towns the Agency serves. Family and Children's Services is a counseling agency, dealing with the problems of families and individuals, and dedicated to strengthening family life. We are accredited by the Family Service

Association of America, as well as the Child Welfare League of America, a member of the New Jersey Association of Mental Health Agencies, and a member of the United Way of North Essex. Our main office is at 60 South Fullerton Ave., in the Social Agencies Building, and we maintain a branch office at 343 Bloomfield Ave., which has been in existence for almost five years. This branch office was opened to serve the poverty population of Montclair when the Board of Trustees recognized that members of that part of the population did not seem to avail themselves of our services very often, because they seldom traveled to the neighborhood where our main office is located.

To give a picture of the present extent of our services at our branch office: During the year 1971 we answered 403 requests for service at the branch, and during half of 1972, until the end of July, we tallied 319 requests for service alone.

It is the experience gained at our branch office working with the poverty population which makes it possible for us to speak to the matter of Assembly Bill #1201. Our main concern is the need for rent supplement because of the hardship we have seen inflicted by the flat rent grant.

The Town of Montclair is located between Glen Ridge and Verona, New Jersey, and has a population of approximately 44,000. It is well known for some of its prestigious citizens and its cultural advantages, including the Montclair Art Museum. Still, according to figures made public by the Essex County Welfare Board during October, 1971, there were 617 families on categorical assistance in Montclair at that time. Nine of them received Assistance to the Blind, 97 received Disability Assistance, 154 received Old Age Assistance, 342 families received Aid to Families of Dependent Children, and 15 received Assistance to the Working Poor. In addition to that, we have dealt with innumerable poverty stricken single adults, below age 65, who are not disabled - therefore, do not show up in the figures given to us by Essex County Welfare Board.

One can see that even though we are dealing with approximately 1,000 children on AFDC, this is not a very large number in comparison to the size ofthe population of the town. However, this small population of poor people is surrounded by very affluent neighbors and, therefore, are at a severe disadvantage because they must compete for housing with a much richer group. It is characteristic of wealthy suburbs that the vast majority of people live in one-family dwellings, which they either own or are in the process of purchasing, and that there is little housing for rent. According to the 1970 census, there were 183 apartments available for rental during that year, but there were only 24 apartments with five rooms and only 12 with six or more rooms. This, of course, greatly increases the hardship of the large family trying to rent.

The same 1970 census figures give information that 23 apartments were in the $150 to $199 per month rental bracket, and 22 were in the $200 or more rental bracket. In addition to this, it must be remembered that the very small units - for example, furnished rooms in family dwellings - are usually occupied by students of Montclait State College, which makes rentals difficult even for a single person in this area.

The combination of high cost of rentals and scarcity of housing forces the poor, whose budget has no flexibility, to attempt to use food money to pay for housing. They find themselves in a continuous squeeze which becomes more desperate every day.

In order to illustrate this preliminary information, I now wish to present several cases which had been handled by our branch office. These are disguised in order to maintain confidentiality.

Mrs. G., a 78 year old woman, whose sole support is Essex County Welfare Board, came to us with severe financial problems when her rent was raised from $105 to $125 per month. Because domestics were not covered by Social Security at the time of her employment, she is one quarter short for eligibility for Social Security payments. The increase in rent left her with insufficient funds to purchase food stamps, since she was using that money to meet the increase. She appealed to the State for information about low income Senior Citizen housing and was told that the Town of Montclair had to take the initiative. She was made to understand that as long as Montclair remains unwilling to establish a housing authority, there will be no Senior Citizen low cost housing. The situation was further complicated by her current medical history of heart difficulties and emphysema, which nezessitated a first floor apartment. Except for one apartment which did not materialize, Mrs. G.'s efforts to find appropriate housing were in vain and she was forced to temporarily move in with a friend. Since then she has deterioated physically and became suicidal.

Mrs. B., a young woman raising two children alone, receiving a grant of $282 from Essex County Welfare Board, was evicted from her apartment because of condemnation proceedings against the landlord, who neglected to make necessary health and safety repairs. She was unable to secure an apartment in Montclair, and the only one she could locate was in East Orange through a rental agent. She was forced to pay $500 to cover security, the first month's rent, agent fees, and moving. Under the present regulations, the County Welfare Board no longer pays for any of these. When she started to move in, she was told by the landlord that

there were serious health violations and that the City of East Orange required that these be remedied before she could move in. Having left her Montclair residence, she was forced to parcel out her children to relatives in overcrowded situations.

Mrs. T, raising four children, ages 12, 11, 10 and 7, alone, receives $360 from Essex County Welfare Board. Several robberies made it impossible for her to remain at her premises. That she, herself, had been assaulted twice only added to her fright. Forced to move into overcrowded conditions with a relative, she tried, unsuccessfully, to buy a house (the cost was beyond her welfare grant). After weeks of strenuous apartment hunting, the only housing she could find was a three room apartment in a neighborhood outside of Montclair. Eight months later she was evicted by the Township. They would not tolerate five people living in three rooms.

The point I am trying to make is that the flat rent grant is completely unrealistic in a high priced area where little housing is for rent and one has to compete with wealthy people for the little there is. It is even worse when one has a large family, or if one is aged, ill, and must be choosy about the facilities offered in one's housing situation.

I am fully conviced that the aspects of Montclair which I have told you about are not at all unique. I am certain that they are found in many of the well-to-do suburbs of this State. I am sure that other towns, also, have a very limited number of rentals, as Montclair had only 12 apartments with six rooms and more during the entire year of 1970. I believe that a rent sypplement is absolutely essential if we wish to provide our citizens with the minimum standards of wholesome living situations.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Gang.

Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: No questions.

ASSEMBLYMAN KENNEDY: Mr. Rys?

ASSEMBLYMAN RYS: Mrs. Gang, has your organization, through you, appeared at any time before the municipal officials for supplementary housing?

MRS. FLYNN: We repeatedly have gone with clients to the local municipality and requested low-income housing indicating that the bind- because of going to the flat rate grant the bind that welfare clients find themselves in, both welfare clients and people just over welfare. As far as the Housing Authority, the town remains unwilling to do anything about it or address itself to the needs. But I think housing is one problem that's acute but, on the other hand, while the flat rate grant is not going to solve the dire housing conditions for low income people in an affluent community like Montclair, it certainly will help. Right now, because of the inability of people to pay rent, people are being forced not only out of Montclair but out the County. There is no place in Essex County that low-income families can go to. So an increase to the low renter is not a panacea because it is basically a housing problem, but it will help.

ASSEMBLYMAN RYS: Thank you.

ASSEMBLYMAN KENNEDY: Mrs. Gang, are there any welfare recipients under the regular ADC program who are actually now receiving more money as a result of the flat grant? to your knowledge?

MRS. GANG: I cannot answer.

MRS. FLYNN: I think I have to speak to that because I am dealing with people who are coming in. Very few have received more. We're a crisis walk-in office on the street and we are being deluged. We average between 10 and 15 requests a week for housing

because people are being evicted because they cannot meet it with the flat rent grant, the increase in the cost of rent. So the majority of people that come in, as I say an average of ten to fifteen a week, to say nothing about emergency housing - we've had 42 requests for emergency housing since the beginning of January, about which we can do nothing. As we indicated, we're a counselling agency and we are not equipped to provide this. But the main problem with the flat rent grant is the hardship inflicted upon low income people in an area like Montclair, in an affluent community.

ASSEMBLYMAN KENNEDY: As I understood the flat grant system, when it was originally introduced didn't the welfare recipient, as such, receive a certain amount for the specials that there generally were, that is before the flat grant came into existence, and therefore there would be some welfare recipients who possibly in the past had no need for any of the special grants who now received a lump sum as a result of - I can't recall the term, I think they were called specials - so that the net effect, I have been told, at any rate, was that throughout the State, at least under the ADC program, about 65- to 70% of the welfare recipients under the flat grant system would actually be receiving more than less.

MRS. FLYNN: That hasn't been my experience, unfortunately, with the people. As I say, we are being overwhelmed. And there is another aspect to this. The case mentioned here of the senior citizen. She is not eligible for social security so her whole income is welfare, which is $162. from Old Age Assistance. Welfare does not pay. And in each one of these instances it is not just a question of the inadequacy of the flat rent grant, it's also a question that welfare is no longer paying security and they're not paying moving expenses. And this is a must, particularly

security in this area to obtain an apartment. So that while these are some of the specials that you refer to that were covered before, it's not just a flat rent grant, it's the reduction of that coupled with no longer paying for things like moving and security. It makes it extremely difficult. That really is an understatement.

ASSEMBLYMAN KENNEDY: Well, have you found that the rents, as such, perhaps not specifically in Montclair but, again, I suppose that's what you're basically familiar with, - that the rents have gone down?

MRS. GANG: Gone down?

MRS. FLYNN: When I was single, I spent nine months in Montclair trying to find an apartment and I couldn't find anything for less than $200. Now that was without children, without pets. To get anything decent in Montclair it runs anywhere from - close to $200. I would say, $180 to $200. Now we're talking about families - large families with children.

ASSEMBLYMAN KENNEDY: Well, I'm referring to the fact that before the flat grant went into operation, the sky was the limit with regard to rent, a landlord could charge what he wanted and the Welfare would pay it. That's out the window now. So that landlord has to realize that there just isn't that money there to pay the rent.

MRS. FLYNN: I think you're pointing out something that was an important concern about landlords raising rents.

ASSEMBLYMAN KENNEDY: Right.

MRS. FLYNN: But I don't think the flat rent grant was the way to get at that. You know, that is an evil that already exists. In a town like Montclair, where your rents are already very high - what was budgeted was taking the State as a whole and not in

consideration of a high price area like Montclair and other suburban areas. I don't think the flat rent grant is the way of getting at another evil which is landlord practices. I don't think that's the way. I think the flat rent idea is a good one but it's the level that we're all talking about, and it's unrealistic in light of suburban communities and the prices that people have to pay. The rents are very high in Montclair.

ASSEMBLYMAN KENNEDY: Unfortunately, I'm not too familiar with Montclair.

ASSEMBLYMAN RYS: Isn't that because of the shortage of housing in a community. I'm quite familiar with Montclair. You're talking about the ratio when you were single, that rents were high. They were always high in Montclair. At the present time, I think the influx of people coming into Montclair plus no supplementary housing where you have vacant land, off the main streets or wherever you have it where these people could be building. This is not being accomplished. I think the problem before each and every one of us in the State of New Jersey is no supplementary housing for the senior citizens and the poor is being established. And the people who are in a community are well satisfied and are not taking that chore upon their shoulders, seeing that pressure is put upon the authorities.

MRS. FLYNN: But it still doesn't alleviate the problem of an inadequate rent grant. And the people who come to our office, close to 500, less than 1% are people from out of Montclair; these are long-standing citizens of Montclair that are being moved out because of the welfare. And I think that's an important point. It's not people moving in from outside the town. These are long-standing residents of sometimes 25 years and sometimes more, people who

have had their children in schools, to whom it's important to stay in Montclair. These are residents of Montclair. We're not talking about transients that are coming in.

MRS. GAGE: Montclair has a fairly static population. There is really no land in Montclair for the town to grow. There is no other place to go. The 44,000 I think is up maybe 1,000 in 15 years. The town is not growing and the old people who have been there forever are not leaving. These are not newcomers who are feeling this rent squeeze.

ASSEMBLYWOMAN KLEIN: In our county of Morris, I found that under the Stabilization Act of the Federal Government, the wage and price freeze, rents were going up an average of $25 to $35 to $40. Would you say that is about the same as you would find in Montclair, that the rents have gone up over the past year even under the Rent Stabilization?

MRS. GAGE: Yes.

MRS. FLYNN: And I think that although people have legal rights - we work very closely with Legal Services - because of the lack of housing facilities available they are reluctant to pursue what is their right when there is this kind of an illegal rent increase.

ASSEMBLYWOMAN KLEIN: Well these are not illegal rent increases, these are legal rent increases that are permitted under the guidelines. And I think those people should be told that we have a definite State law which prohibits from in any way harassing or punishing them if they seek their regular just claim.

This woman that you referred to, though, an elderly citizen whose rent rose from $105 to $125, that is not an unusual example, I would say.

MRS. FLYNN: No. These cases were chosen, I would say, because of being typical of the many cases

that come in. And we're not just talking about three cases. I think that's important. I tried to indicate that there were almost 500 - we're talking about almost 50% of the cases coming into our branch office.

MRS. GAGE: And that $20, with her low income, made all the difference in the world.

ASSEMBLYWOMAN KLEIN: That was $160 income, I assume.

MRS. FLYNN: $162, yes.

ASSEMBLYWOMAN KLEIN: I also did find in my experience that there were - well, for instance, an elderly gentleman on a block where I have my office who happened to have a room in a rooming house where he paid $75 a month and when the flat grant went in he was very happy because he got $15 more than he was getting previously.

You seem to know what the flat grant is for rent. Do you know what it is?

MRS. GANG: As closely as we can figure it's roughly $100.

ASSEMBLYWOMAN KLEIN: For what size family?

MRS. GANG: A family of four.

ASSEMBLYWOMAN KLEIN: $100 for a family of four. Do you know what it is for a single, elderly person?

MRS. FLYNN: No. We're just faced with the fact that they get $162 to pay rent, food stamps - I'm not sure what the food stamp allowance is for one. Now I'm speculating, I think it's $16 for about - no, I don't know. I was thinking of $29 for about $36 worth of food, but I'm not sure.

ASSEMBLYWOMAN KLEIN: Well, if we assume that the rent for a single, elderly person was, let's say, $90 out of $160, the Bill, A-1201, would permit an

increase of $30 or up to $30 for rent which would have covered the increase that she received. Do you think that would have improved her lot?

MRS. FLYNN: No doubt about it.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN KENNEDY: I belive the flat grant starts at about $98 for a family of one. Does someone here know?

MEMBER OF AUDIENCE: $97 for a family of four.

ASSEMBLYMAN KENNEDY: And what would the rent part of the grant be say for a family of six? Do you have any idea?

MEMBER OF AUDIENCE: It's assumed to be approximately 30% of whatever that grant is.

ASSEMBLYMAN KENNEDY: 30% of the grant?

MEMBER OF AUDIENCE: Can be available for rent. For a single person living alone it is something like $48.60.

ASSEMBLYWOMAN KLEIN: May I ask where this assumption comes from? I interviewed the Department of Welfare and wasn't able to get any answer at all to what part of the grant was for rent.

ASSEMBLYMAN KENNEDY: Identify yourself, please.

MR. MURRAY J. KLEIN: Murray Klein from Legal Services in Camden. I am an Attorney with Camden Regional Legal Services.

There is a suit centered around the flat grant system in New Jersey. As part of the suit, in discovery - I'm not sure whether it came out of the Attorney General's Office or through the Plaintiff's discovery, the Plaintiff's statistics - it was found that a factor was used of 30% of the flat grant was allotted to the rental factor, which is an arbitrary figure that they have come up with which was supposed

to have been the averaging out of rental supplements for the State of New Jersey and attributed to each flat grant. 30% of the grant was allotted to rental supplement.

ASSEMBLYMAN KENNEDY: Thank you.

I want to thank you both for coming down here to testify today.

Before we continue with the next witness, we are going to have a ten-minute recess to allow our recorders to rest a few minutes.

(Recess)

ASSEMBLYMAN KENNEDY: Ladies and gentlemen, if you will all be seated, please, we will resume our hearing.

The next speaker is Sidney H. Lehmann of the Camden Regional Legal Services, Inc.

S I D N E Y H. L E H M A N N: My name is Sidney Lehmann. I am a Staff Attorney with Camden Regional Legal Services, and I spent last year working in a neighborhood office in Burlington County, New Jersey. I had, in the course of that year, obviously, a number of experiences with welfare. Some of my clients were welfare recipients. I would like to speak in support of Assembly Bill 1201.

In my opinion, one of the worst effects of the reform in the welfare legislation in July of 1971 was its effect - unintended, I would assume - to undermine the stability of family units, whether formal family units, in the sense that there was a marriage, or family units that existed for quite a while maybe without the benefit of a formal marriage.

The first important change I think 1201 would make in this situation is deletion of the requirement of proving a ceremonious marriage to qualify for Aid to Families of the Working Poor. At present a couple

must be able to actually produce a marriage certificate before they can qualify for assistance. Other documents, like children's birth certificates or any other documentation that would prove a long-standing family relationship, are not accepted by the Welfare Boards that I've come in contact with, and they require a natural marriage certificate or something to that effect.

This provision has created a type of "Catch 22" for families unable to produce such certificate and they are sort of caught in a bind where they get no assistance whatsoever. The Aid to Families with Dependent Children program, as applied in New Jersey since the changes in July, disqualifies children where both parents are living in the home. Yet the AFWP program will also disqualify these same children if the parents can't prove a ceremonious marriage. Thus, the children who everyone admits are needy and there is no other income are deprived of all benefits completely, and they have to turn to municipal welfare. And if you live in a rural area like Burlington County - a lot of municipalities just don't have money to provide it. You can go to court and win a case but they just don't have any income to give the people so the people are without benefits completely. And, you know, the family therefore breaks up.

One example that I would like to cite to you is a case that I was involved in last year. My client had originally been married about fifteen years ago. Two children had been born of that marriage and then the couple separated. After about two years of separation, my client met her present husband. Up until that time she had been unable to afford a divorce so she had never gone through the legal proceedings of a divorce. Now she and her husband went to Mexico and obtained a Mexican divorce and while in Mexico they were married, they thought.

They returned to New Jersey and have been living in Burlington County as husband and wife ever since. Three children were born of their marriage. About two years ago the husband got a recurrence of an old back injury and, since his primary employment had been in and around agriculture, it was impossible for him to work long enough and hard enough to provide a suitable income for the family as he had been doing in the past. After they depleted their small savings, they finally had to turn to welfare in about February of 1971. When they went to the Welfare Office they received benefits. I don't remember the exact amount but under the old AFDC program they did qualify and he continued to work but welfare was given to supplement his income.

In July of 1971 they received a letter that they would be totally cut off. The reason was that when their caseworker had asked them for a marriage certificate they were unable to produce it. Over the years the Mexican marriage certificate had been lost. In the fall of that year, they came into our office because they had filed for a fair hearing and they asked for assistance with the fair hearing. The woman had already written to Mexico. We followed up with some letters to Mexico and what we ultimately found was that the Mexican divorce and remarriage was sort of similar to the Arkansas scandal which happened here recently - some minor public officials down there had just been giving people documents that had no validity. So, in fact, after nine years these people now found out that they were not married. The Welfare Board said, that's too bad, you don't qualify for anything. Now the woman, for the two children by the previous marriage, did get ADC benefits for them. But the three children of their marriage were completely cut off. The husband was at

the point where he was going to leave the family. After nine years of a stable marriage, his only solution, as he saw it, was to walk out of the family so that his wife and five children could get ADC and the assorted benefits that go with it, Medicaid.

Fortunately, after a hearing before municipal welfare officials, we were able to get them some municipal assistance. And we have filed the divorce proceeding for them now, but since the other husband is long gone, its publication, you know, it has been almost a year now and the divorce hasn't come through yet.

That's just one example, I think, of what happens, and that just sort of personifies it. There are many other situations which are similar. Many poor people just can't afford a divorce. So while one marriage may break up and years later they get into another family situation, which is a very stable family situation, they never had the $750 or $800 needed to pay an attorney to file a divorce proceeding for them. Legal Services, to a certain extent, has helped that situation somewhat, but Legal Services just can't be in the business of being a divorce mill.

I think this very concept is what flies in the face of how I read the Welfare Program. Welfare legislation is there to try to foster family life, to try to keep a family together in the hope that as times improve they can get themselves off welfare. And I think these present regulations just aid the family to leave.

Another aspect of Bill 1201 which I think would help keep these families together is the fact that it reinstitutes the older program where an unemployed parent can - with both parents in the home if the father is unemployed they can still qualify for AFDC. I think this has two benefits. Number one, it

has the obvious benefit - the situation I referred to, the father is not forced to leave the home. But I think it also, as Mrs. Klein has pointed out, will get the state back its matching fund under the Federal welfare provision. I don't think the State - the $10 million, or so, that it has lost when it discontinued the program in July -- I don't think the savings have been realized that they thought would be realized. I think some of the evidence that was brought out in the case that Mr. Klein referred to, and he can explain later, seems to indicate that they never really did get the amount of savings that they thought they would from that program.

I think there are a number of situations where a man leaves, who is unemployed. He would have to, if he's at all logical, consider leaving his family so that his family could qualify for the higher ADC benefit. And this, I think, is especially true if he's not getting Unemployment or in some similar situation. And after Unemployment runs out, he is then in a position, if he doesn't have a job at that point, where he would just have to leave his family because welfare is a minimum subsistence level as it is, then to cut that by one-third, you know the obvious solution is to just leave.

In another situation which is not in my remarks but which was in our office - it was not my case, it was the case of another Attorney - there was a woman who had been living with her husband in common law marriage for approximately 9 years. About three years ago his first wife filed for divorce and the divorce was granted. The divorce called for attorney's fees to be paid by the husband, which is normal. The husband - either someone told him, the attorney or whoever it was, that as long as the attorney fees had

not been paid he could not remarry, that that was one of the conditions. So he had never remarried. He never married this woman in the subsequent three years. Then the family hit hard times and the situation developed that the family applied for welfare assistance and again this "Catch 22" situation arose. They had five children all by their common law marriage and yet, since they couldn't provide a ceremonious marriage certificate and the father was in the home, they got nothing.

Now the father, in that situation, chose to leave. He had no other choice. He had to leave the home. The mother went down and applied for ADC and was given initial ADC money. But then the Welfare caseworker in the course of an investigation said: "What happened to this man after nine years?" and she said, "Well, he still visits them. He loves his children. You know, he comes to see them." And they said, "Well, I'm sorry." If he comes to visit them they're not actually deprived of his affection and, under their regulation, you don't qualify. She was discontinued again.

She applied for a fair hearing and the fair hearing result was - and she was honest, she said, "yes he does come, he comes as often as he wants, how can I keep him out of the house? they're his children and I love him also. I wish we could live together." and they said, "Well, under those condition he's not really out of the house so you don't qualify for ADC."

At this time he was still getting some unemployment compensation and the unemployment compensation that he got was $4.00 more than he would have gotten under an AFWP grant. So now the family is back together again because they were getting no welfare but their whole income is $3.00 over the AFWP program and yet they don't get food stamps and they don't get

Medicaid.

I think that's another case where a very stable family - I will add that they have gotten married. When we heard that story, we told them that was no impediment to their getting married. They got married within the month after that.

Another aspect of the bill that I would like to address myself to is the increase of the AFWP to 85% of the ADC grant as opposed to 66 2/3. I would like to see it be 100% but the bill suggests 85% and in Mrs. Klein's comment I read the reason.

I think that reducing it by one-third is not really, as Mr. Kershaw, I think, testified earlier, - that the difference in the grant is not really going to cause anybody who would have worked to quit work. And I think that the difference is that the grant is so much less that if a man is totally unemployed again he is going to be forced to leave the house so that his family can get the increased benefits of ADC.

And I think the unemployment situation is real. In Camden, where I work now in Legal Services, the unemployment rate in the City of Camden is 12½%. And, you know, the normal figure that you hear for the minority population in that same situation is almost double that. So you are not really talking about -- with the unemployed situation I think, you know, it has to be reinstituted in the ADC. And with the AFWP program, it's still minimal enough that nobody is going to quit a job to go on ADC as opposed to working because as long as you have the $60 discount and one-third of their income after that, they're still better off to hold their job and get the assistance of a meaningful AFWP program of 85% or 100% as I would like to see it.

And I don't think people are going to quit their jobs because I am sure you are aware the law also provides that if you quit a job you're disqualified from all welfare for at least 90 days after that, if the investigation shows that you have voluntarily left a job. So the law provides safeguards for those few people who would just quit a job and try to take advantage of welfare.

To conclude, I would just like to - oh, there is one other thing I would also like to bring up and that is the requirement under the present law that AFWP becomes an immediate debt that has to be reimbursed. This again, I think, is self-defeating in the purpose of welfare legislation because if a man is marginal to begin with and taking welfare is going to mean that he has an immediate debt, then there is no inducement for him to go back to work because we're not usually dealing in a welfare situation where a man has left a job that paid $25,000 a year; we're talking about somebody who might have been marginally employed anyway. So to go back to work and use that money to immediately repay welfare, it's an inducement not to go back to work because if you're getting a marginal income anyway and you make just over that and then are disqualified from welfare and that small increase immediately has to go to reimburse the welfare department, I just don't see how that's an inducement for anybody to take a job.

In short, what I am trying to say is, I think the present welfare system or the changes in it that 1201 would make would benefit the State in two regards. Number one, it would get back the Federal funds which, right away, is $10 million that the present system would have to save before it even broke even. And I think that, more importantly, it would tend to give some stability back to the family unit which this present

requirement, I think, detracts from. You know, I think it could be shown - I don't have the statistics here, I'm not a sociologist, but a stable family unit has a lot better chance of some day getting off welfare than a family unit where the father has been forced to leave so that his family can get any income at all.

That basically is my purpose for testifying here today.

ASSEMBLYMAN KENNEDY: Thank you, Mr. Lehmann.

Mrs. Klein?

ASSEMBLYWOMAN KLEIN: Mr. Lehmann, thank you for your testimony in support of the bill.

When I discussed this question of the father leaving with members of the Welfare Division, Dr. Doll particularly, he said that his figures show a decline in the desertion rate of families on the working poor program. As I pointed out, however, there are no figures to show when a family applies for Aid to Dependent Children whether they have previously been receiving under a different program. So what do you think of the figures on the desertion rate?

MR. LEHMANN: I don't know what he based his figures on. My experience is just the opposite. Those figures, in my experience, would be quite false. I think where the real problem arises is where the man did have a job and was not a welfare recipient at all perhaps and then, like many people with marginal jobs and the economic situation over the past few years, he lost his job and he is faced with the situation of staying in the home and, if it's a common law marriage, depriving his family of any welfare, and, if it's a formal marriage, forcing his family to live on two-thirds of what they might otherwise get. In that situation, he leaves. The woman goes down to the Welfare Department and applies and never says he left so it wouldn't be reflected in

any figures. All their statistics show is that a woman came in and that she is now a woman supporting four or five children with no man in the house and that that man is no longer anywhere about. She immediately qualifies for an ADC grant and they would have no way of knowing that two months before that her husband left. And I know from personal experience situations where that has occurred.

ASSEMBLYWOMAN KLEIN: You do know of some.

MR. LEHMANN: Yes. I know of one situation where a couple was living together, the man lost his job, he left voluntarily for that reason, and she went down and got ADC. He continued to look for work and a few months later he got a job. He came back, they moved back together and went off welfare. But that job only lasted a few months. He didn't qualify for unemployment because he hadn't worked for 17 weeks. The woman actually locked him out of the house on the advise of her case-worker. The man wanted to come home. He left once and he didn't like being away from his family. She locked him out because she had no other way to provide an income for her family.

I think any of the community workers here could tell of similar experiences, and those wouldn't be reflected in the welfare figures.

ASSEMBLYWOMAN KLEIN: The letter that was entered into the record previously, signed by Walter Davis, has this to say about the ceremonial marriage. It says: "We do not know if the sponsor seeks to abolish the requirement of ceremonial marriage, foster homosexual marriages, or both." Can you respond to that?

MR. LEHMANN: I don't really think it deserves comment.

You know, the inconsistency in the State's position in the same year that they passed this require-

ment for poor people they also passed a law which said if you do not live together for 18 months just call the marriage off. So, you know, for middle-class people they have one standard of value which makes divorce easier, but for poor people we will deny you bare subsistence if you can't show us a formal marriage certificate. Of course, we're not going to do anything to help you get a divorce from your first marriage twenty years ago, but if you can't show us your formal marriage certificate now you don't get any of our money.

ASSEMBLYWOMAN KLEIN: The State also says that there has been an increase in marriages among welfare recipients due to this requirement, and I gather the case you brought up where the man didn't know he could get married would be one of those. So at least there is one silver lining to this.

MR. LEHMANN: Well, I don't even know if that's the reason. I think part of that might be that there is increased legal services available now to poor people, that they can get divorces without a legal fee. And you know, if our office we've had a lot of people who have lived together for a number of years and now that they find out that it won't cost them $1,000 to get a divorce they come in and get a divorce and then get married.

ASSEMBLYWOMAN KLEIN: Did you take part in the suit that was brought against New Jersey to eliminate this ceremonial marriage requirement?

MR. LEHMANN: No, I didn't. Mr. Klein is familiar with that suit.

ASSEMBLYWOMAN KLEIN: You're aware that the court found that the State was entitled to sponsor marriages or --

MR. LEHMANN: I think the problem there is, the legal standard that the plaintiffs would have had to show was that the State in its argument was totally arbitrary and capricious which is a high standard to show in any

court. I mean, I'm not familiar with the suit so I don't know from personal knowledge but even if the court was somewhat sympathetic they would still have had to show - and what the State said in it's opinion was that they weren't convinced there wasn't any reason in that, you know, they couldn't find any rational basis for the State's decision, which isn't to say that they were totally in favor of it or in other circumstances would have held the same way.

ASSEMBLYWOMAN KLEIN: According to Dr. Doll, there have been no savings of any kind that's measurable under the requirement for ceremonial marriage. And I take from your testimony that you definitely favor dropping that from the law.

MR. LEHMANN: Definitely.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN KENNEDY: Mr. Rys?

ASSEMBLYMAN RYS: No.

ASSEMBLYMAN KENNEDY: Mr. Lehmann, do you have any statistics available as to mass desertions developing from the institution of the Aid to the Working Poor Program?

MR. LEHMANN: No. As I say, I couldn't give you statistics but I know from personal experience of situations where that has happened.

ASSEMBLYMAN KENNEDY: Isn't it a fact that the one case you cite in your report - in fact that couple has stayed together?

MR. LEHMANN: Well there are two others. In the other case, the situation where the woman had to lock the husband out of the house, that is one where it didn't work. And the point I am making is that even in a situation where by finding municipal welfare available for these people the family was able to stay together. It certainly didn't help that marriage

or this family situation or the children if the father was forced to contemplate leaving. I mean, why should the State foster a situation where that has to even enter into the mind of the father who has otherwise provided a decent home?

ASSEMBLYMAN KENNEDY: Well, do you know how many states initially provide any welfare aid whatsoever to a man and wife living in the home whether he is unemployed or underemployed?

MR. LEHMANN: I don't know the number of states but I do know that the Federal program is designed to have that provision.

ASSEMBLYMAN KENNEDY: Yes, but I'm saying, do you know how many states have initiated and made use of that program?

MR. LEHMANN: No, I don't.

ASSEMBLYMAN KENNEDY: Four. Four out of the fifty.

MR. LEHMANN: Well I think that New Jersey did make use of that program and I think my experience has been that the situation was better under it than it has been without it. And I think New Jersey ought to seriously think about reinstituting it, especially in light of the fact that they haven't saved any money by deleting it, which was one of their main reasons.

ASSEMBLYMAN KENNEDY: How do you know they haven't saved any money?

MR. LEHMANN: Well, I think the statistics in this law suit - it's been admitted primarily that they haven't gotten the $10 million that they initially lost back in savings.

ASSEMBLYMAN KENNEDY: Well, I would question that. In fact, the Welfare budget appears to be a bit stabilized now for the first time since 1971.

MR. LEHMANN: Stabilized doesn't mean it has been reduced.

ASSEMBLYMAN KENNEDY: Any more questions?

Thank you very much.

Our next speaker will be Mr. Murray J. Klein of the Camden Regional Legal Services.

M U R R A Y J. K L E I N: Mr. Chairman, my name is Murray Klein. I am a Staff Attorney with Camden Regional Legal Services. I have a Masters at Law Degree in public assistance law. In that study of law there are a lot of sociological factors which came into play in obtaining my Master's Degree. My Master's thesis was written on a Supreme Court Case upon which the suit N.J.W.R.O. v. Cahill was filed. So I have a lot of statistics which were involved. While I was not of Counsel in that suit, I did a lot of research with the Attorneys who were of Counsel in the suit.

For example, although allegedly 65% of the people on ADC received increases under the changeover to the Flat Grant system, 35% received decreases.

Now under the theory of the suit, the State expenditure would have had to have been the same both before and after the changeover. This obviously means that the people who received the 65% increase received a small increase in relation to the 35% who were decreased in order for the monetary expenditure to remain the same. Those 35% of the people really got burned in this changeover. They got burned in the shelter area.

As to special circumstances, the way the State averaged out the special circumstances, they took the expenditure for special circumstances over the previous year and they divided it by the total number of recipients. Obviously not every recipient needed a special circumstance allowance. That came out to 94¢ per person, per month, in each budgetary unit. If a person needed any of the special circumstances that

were alloted before, it was impossible for him to make that expenditure under the Flat Grant system. Some of these expenditures, for instance, were emergency utilities, emergency moving, emergency shelter, emergency deposits for moving. You couldn't possibly pay a $25 or $50 deposit for either electricity or moving out of a 94¢ monthly grant.

Now the theory of the suit was merely a changeover. The Governor never really anticipated to help the welfare recipient was to help the State. Sure everything was stabilized but it was stabilized at the cost of the welfare recipient. That's what we're talking about. We're not talking about whether or not -- I believe we're not talking about whether or not the State really achieved its goal. If its sole goal was to save money, then it stabilized what it was spending to a certain extent but it definitely hurt a lot of welfare recipients. And that's why we're here to talk about this bill today.

As for your ADCU statistic, I don't know where you got the statistic from. The last statistic I know of with regard to ADCU was 22 states in the Union had the program, including New Jersey. I don't know where you got your statistics. I'll try to verify mine.

ASSEMBLYMAN KENNEDY: I read that in the Congressional Record about two weeks ago.

MR. KLEIN: Well a lot of states have dropped the program within the last year. As of the year 1971 22 states had the ADCU program.

With regard to the savings to the State of New Jersey with regard to the AFWP statute, I understand, through the suit, the Governor estimated what it would cost the State to go on the program and eventually catch up for Federal funding, having HEW go through and see whether or not the program meets that requirement. It does not meet Federal requirements for Federal matching. The state knows it.

Since then, the costs of the program have increased because of the increasing awareness of welfare recipients of their rights in the AFWP program.

I doubt very much if there is any savings in the program. I really feel that there has been an increase and there will continue to be an increase in the expenditures under this program. That's why we need the Federal matching.

I am responding to questions that you have raised as opposed to what my testimony is in front of you. I would like to go through some of the questions you've raised because I think they have to be answered.

ASSEMBLYMAN KENNEDY: So your position is that the Aid to the Families of the Working Poor has not, in essence or in actuality, saved the State of New Jersey a penny. Is that what you are saying?

MR. KLEIN: That's right. Not in its original expenditure and it has cost the State quite a bit of money.

With regard to your first question of Mrs. Minchew about what her problem was, let's go into her problem somewhat.

With regard to grant level, according to the Department of Agriculture statistics, New Jersey provides less than half of what a family needs for a stable home environment. That includes basic nutritional elements --

ASSEMBLYMAN KENNEDY: Whose standard is this?

MR. KLEIN: The Department of Agriculture.

ASSEMBLYMAN KENNEDY: And how many states in the Nation live up to that?

MR. KLEIN: None. But this is part of her problem. If you want to talk about the State of New Jersey being an angel, compared to the other states it's an angel; but compared to the welfare recipient who has to live under it, it's not.

ASSEMBLYMAN KENNEDY: Well I am glad we concede that point, that we are up there.

MR. KLEIN: Oh, sure. You are up there. But you're asking about her problem. Her problem is that what you're giving her isn't enough.

I have to sympathize very much with the State of New Jersey. I can go into a whole raft about how the State of New Jersey has continually gotten screwed by the Federal Government in the program they've set up. But the State of New Jersey really isn't interested in curing that.

ASSEMBLYMAN KENNEDY: Would you concede that the welfare grant here in New Jersey is among the most generous in the nation?

MR. KLEIN: Yes, I would, if you consider the generosity. In light of what the welfare recipients need, it is not generous; in light of what other states do, it is generous. I suggest there is a lot of reading on that to be done to understand why New Jersey's grant is as high as it is and why New Jersey is constantly getting stung by Federal legislation. Maybe if some of the people in the State office started to look at that problem we could really help some of the people who are welfare recipients in the State of New Jersey.

But as to her problems - one is that she is receiving half of what she needs to live on. That's number one. Number two is with regard to food stamps. In December and January of last year there was a mixup in the computer in the State of New Jersey for food stamps. That cost many, many recipients food stamps for the months of December and January which they never received in retroactive payments. The State of New Jersey does not make retroactive payments for its mistakes in food stamps. That came out of the budget at a time of the year when they could not afford to make that kind of expenditure for food. It's not

uncommon to have a mixup in stamps. Many, many months go by where clients come in and say they didn't receive their food stamps for this month. All we can do is try to get information to the Welfare Board to straighten up the problems so that the client does receive the food stamps for the next month. But for the previous month the welfare client had to pay it out of his grant for that month. It's an increase in expenditure.

As for Medicaid that they get, which is such a tremendous program - ask a doctor what he thinks of the Medicaid program and he will tell you that his Medicaid patients get what they pay for but his private patients pay more and get more for the same services.

Now, aside from the scandals that are involved with Medicaid, which we've turned up in Camden County and I am not really aware of what has gone on in other parts of the State, - aside from the scandals, this basic problem of underpayment to doctors results in undertreatment to Medicaid patients. So, aside from the fact that they get the bill paid, there is a question as to how much is derived from the benefits of Medicaid. This is another problem which, although the State of New Jersey claims to be working on, does not help the welfare recipient that much.

Although there are factors that are considered in what a welfare recipient needs to live on, in actuality it does not add up to the total need for total care.

The rental factor with regard to basic rent. The rent goes up, the grant stays the same. That's one factor. Another, housing shortage which everybody is aware of in New Jersey. But another factor that maybe you are not aware of is that a lot of realtors will not rent to welfare recipients and there is nothing

that we can do about it. There is no law that says you must rent to welfare recipients. It is very common in Camden County, very common in Gloucester County and very common in Burlington County.

ASSEMBLYMAN KENNEDY: Why is it a problem with the realtor?

MR. KLEIN: Why is it a problem with the realtor?

ASSEMBLYMAN KENNEDY: Yes.

MR. KLEIN: Because he can't depend on the State of New Jersey to maintain the level of benefits it has in the past, as indicated in the changeover of the AFWP program. The cutback here reduced a lot of welfare recipients' ability to pay the rent, especially in the AFWP program. You can see that.

ASSEMBLYMAN KENNEDY: Yes.

MR. KLEIN: They refuse to rent to welfare recipients now, as a blanket statement. If you come in there they ask your source of income and if it's from the State, they will not rent to you. And I would say - well, I have no idea what the figure is but many of our clients are having a difficult time finding housing because they are welfare recipients. And if the welfare recipient is fortunate enough to find a job, their chances are better of finding housing. But the fact that they are a welfare recipient is definitely a mark on their ability to get housing. So you have that under the shelter factor in the budget.

This gets to the fact of the housing which was discussed. Mr. Lehmann covered most of the factors I tried to discuss in my testimony which you have in front of you. One thing he left out of the debt factor is that the Federal Government has seen the wisdom of leaving this out of their program. There is no debt to anybody when you receive this type

of assistance, and the reason is the disincentive to get off on some marginal income situation.

With regard to the fraud factor. That's a factor that was not discussed. A client will not tell you - a client who has found a way that her husband can leave the house and then finds out that she gets more money, will not tell you that her husband is back in the house right away; she might not tell you that her husband comes back frequently to visit the family, stays over a couple of nights and then leaves, because they're separated because he doesn't have a job and they don't have enough money to live on.

Now I have a case that came into my office, Mrs. A. Mrs. A's husband couldn't find a job. He left. She got an increased grant. From then on, for the two or three months that he was without work, she never told the welfare board his whereabouts because she was afraid they would find him coming into the house one day. She would never tell them that she had any knowledge where he was. This is because of the economic situation. She needs the money to survive. She committed fraud. She knew she was committing fraud. I told her she was committing fraud. I advised her against it but I don't live her life and if that's the way she has to live, that's the way she has to live. Very few clients are going to come in to a Legal Services office and tell a lawyer that they're committing fraud in setting up their grant. It's very difficult to find out about these cases because they have a feeling that what they're doing is wrong but they're doing it and they're not going to tell you.

Similarly with caseworkers. Obviously they're not going to tell the State what they're doing. But this goes on.

ASSEMBLYMAN KENNEDY: Mr. Klein, do you subscribe to the theory that there are mass desertions

now because of the Working Poor program?

MR. KLEIN: There are mass desertions in the sense that there are desertions going on now that would not have occurred if it was not for the Working Poor program.

ASSEMBLYMAN KENNEDY: All right, but how prevalent are the desertions? Isn't this really the key issue. You mentioned Mrs. A. We may be talking about Mrs. A., Mrs. B., and Mrs. C. and that may be the extent of the problem.

MR. KLEIN: Well, unless you have statistics on what the desertion rate was under the ADC program and the aid to the working father that we had before, it's going to be very difficult to come up with an answer. All I can say is, I've heard many clients come into my office and I've sat there and had to explain to them. I have a case now where I couldn't even bring myself to tell the woman the best thing for her was to have her husband leave the house because she was in such an emotional state at the time that telling her that I think would have put her in an institution. It's impossible to estimate that figure based on our case load. First of all, in relation to the number of welfare recipients we get 10, 5% maybe, of welfare recipients in our office with welfare problems. And in those situations I would estimate in 5% of those I've heard people discussing what they are going to do about their income level and it eventually comes around to him leaving the home when they are aware of the fact that if he leaves the home their income is going to go up. What happens after that, I don't know because they are not going to come in and tell me that they forced a man out of his home or that they reported to the Welfare Board that he is not living there. I do know

of several cases where there are men in the home and the Welfare Board does not know about it. So I think if the Welfare Board found out about it, you might find those men out of the home.

Now I wasn't sure of the context in which you raised the FHA housing. But although the client may be able to meet the mortgage payment under the FHA housing, they have no money from which to make repairs. There is practically no such thing as emergency assistance payments now in any of the counties I work in.

ASSEMBLYMAN KENNEDY: Well doesn't the FHA more or less insure before the real estate closing that the house is in good condition?

MR. KLEIN: They don't enforce it. They don't do anything. We've had several clients who have contacted FHA - cases going back a year - where the problem has been there and FHA has done nothing to compel the contractor to come back and make repairs.

ASSEMBLYMAN KENNEDY: Before the welfare recipient took title to the premises?

MR. KLEIN: Even after they were inspected because it was a cursory inspection. Then within a day or two they found the defect, after they moved in.

ASSEMBLYMAN KENNEDY: After they took title.

MR. KLEIN: Right. After they moved in they found defects and they called the FHA and said, we have these problems and we want you to document them now. We've documented them as Attorneys but getting the repairs made is an impossible feat at this point. FHA has taken the position of no action.

ASSEMBLYMAN RYS: Mr. Klein, if I may, haven't the recent scandals in the FHA building program loan division been straightened out and these matters are being taken care of at the present time?

MR. KLEIN: Not unless you catch them will they straighten them out.

ASSEMBLYMAN RYS: I understand they were.

MR. KLEIN: No, unfortunately they're not, not to the extent repairs have to be made.

ASSEMBLYWOMAN KLEIN: Mr. Klein, you suggested that perhaps we need a law that would not allow us to discriminate against people who got their income through welfare.

MR. KLEIN: Welfare recipients need that law.

ASSEMBLYWOMAN KLEIN: Would you like to draft one?

MR. KLEIN: I would be glad to.

ASSEMBLYWOMAN KLEIN: I would be glad to have it.

MR. KLEIN: I understand it had been submitted a year or two ago and was defeated.

ASSEMBLYWOMAN KLEIN: We'll try again.

MR. KLEIN: Okay.

ASSEMBLYWOMAN KLEIN: Are you aware of any situations where public housing authorities are unwilling to rent to welfare clients?

MR. KLEIN: In the hope of not blowing an investigation, we have it on allegation that there are some buildings that have been put up where they are discriminating against welfare recipients. There are two problems there. Number one, you have to find out whether they are discriminating because of an inadequate income level, and then you have to find out whether they are discriminating just because they're welfare recipients.

ASSEMBLYWOMAN KLEIN: In public housing they can charge up to one-quarter of your income, is that right, for rent in public housing?

MR. KLEIN: I think this is too broad a statement. I think it's only in regard to certain types of public housing. I don't know if 236 housing is within that Brook amendment. I don't know if it's covered by the

Brook amendment.

ASSEMBLYWOMAN KLEIN: That they can refuse to rent if the income is not adequate?

MR. KLEIN: Yes. I think that type of case is hard to beat in court.

ASSEMBLYWOMAN KLEIN: In other words, the Federal Housing Law does not prohibit them from discriminating against people who don't have adequate income.

MR. KLEIN: Right.

ASSEMBLYWOMAN KLEIN: Well who is the public housing for?

MR. KLEIN: Well, it's for low income people but your income has to be sufficient to meet the rental standards.

ASSEMBLYWOMAN KLEIN: Well, if it's below that minimum, whatever that may be, --

MR. KLEIN: The welfare recipient's basic grant is not enough usually to get any public housing.

ASSEMBLYWOMAN KLEIN: Are you saying - and you admit New Jersey has a more generous program than most states - that under our welfare program the welfare grant that we provide does not meet the standards for minimum income public housing?

MR. KLEIN: I don't want to make that a blanket statement. I've come across cases where that's true and there is nothing we can do about it. I don't know how prevalent it is because I don't know what the public housing situation is outside the counties I work in.

ASSEMBLYWOMAN KLEIN: Is it true that under the AFDC program or under the AWP program?

MR. KLEIN: I would say obviously it's true under the AFWP program, but the cases I've had have been under the ADC program. So obviously it's more

difficult for the AFWP recipient.

I won't go over the rest of my testimony because Mr. Lehmann has covered exactly the same types of cases. (See p. 141 A)

ASSEMBLYWOMAN KLEIN: Do you also agree with Mr. Lehmann on the elimination of the ceremonial marriage?

MR. KLEIN: One of the cases I've listed indicates there is a child in that household not receiving any assistance whatsoever. It's not the only case I've had like that. It's just repetition. There are many children not receiving a grant because the parents are not married.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN KENNEDY: Thanks very much, Mr. Klein.

Our next witness will be Mary Ann McDade, Local Assistance Board Chairman in Morristown.

M A R Y A N N Mc D A D E: I am Ann McDade, Chairman of the Local Assistance Board in Morristown.

I've come here today to urge you to consider Ann Klein's bill, A-1201, favorably. Growing welfare is the net result of assorted social uglinesses which requires much deeper solutions than the provisions provided in Bill 1201. However, I am most deeply interested in seeing that the provision which would allow county welfare directors to pay up to a 33% addition of the average rent paid by tenants be enacted.

This one measure alone, if enacted, would go a long way in alleviating the hardships imposed on those recipients who have to cut into food and clothing budgets in order to meet the abnormally high rent.

In Morris County, as affluent as we may appear, many people exist who are marginally employed and living on fixed incomes. People pay, to my knowledge,

anywhere from $130 to $250 per month, often for substandard, deteriorating housing.

In my experience as a friend of the Welfare Rights Organization and a member of our Local Assistance Board, I have noted with dismay rent gouging and crummy housing as two of the most vicious realities that the poor people have to deal with every day.

Case A. This woman gets a total grant of $162 from Probation and County Welfare Board. She lives in - well, I will liken it to a railway substation. It is so drafty she spends most of her allowance on heat. Her rent is $110 a month. Her heating bill got so bad that nine months ago the Gas Company came and turned her gas meter off and she was surviving through the long winter with the oven. This came to my attention so I went down to the landlord and asked if he wouldn't consider reducing the women's rent, considering the fact that her husband was not always able to get his end of the probation up on time because he had difficulties of his own. And the landlord was indeed gouging for what the woman was living in. And he really thought I was asking him to cut off his arm so I slunk out of the office and felt sorry that I ever went there.

Another case is a rather bizarre one. The two cases that I'm thinking of, the rent gouging seems to know no bounds. It's very difficult to make landlords who own property of less than four rental units realize - well, they know very well that tenants are at their mercy and oftentimes raising the rent $25 a month just wipes people out and they end up doing without food.

Now I've never had the opportunity of such a captive audience so I would like to make a few general

statements.

I think the testimony here today has just pinpointed the depressing facts and is testimony to the survival of the human spirit in New Jersey with all the anguish that the welfare reform has caused here, the transitional payment just caused hardship. There is no other way to look at it.

Rising welfare costs are symptomatic of a system which has failed to meet the needs of its citizens. Jobs, adequate wages, family planning and education are the foundation with which society will solve its welfare problems. Unfortunately, the ragtag approach of the Federal administration toward welfare reform provides little basis for optimism when it comes to this Nation facing up to the needs of the poor, owing to a national policy that views the poor as poor because of their own defects and not because of the social policies which exclude and which perpetuate inequality.

I feel that Ann Klein's bill, if adopted, would mitigate the choices that most poor people have between paying the man for a roof over their heads and going without food.

It is distressing to hear Legislators compare one state's grants with another. Equality can't be a situation of comparatives. When you're cold and hungry in New Jersey, you're cold and hungry in New York. And for one state to say they give more than the other is not going to approach the problem the way we should.

The truth of the matter is that myopic legislatures cannot afford long-term consequences of continuing to neglect America's poor. It is time for our elected officials to see the plight of the poor as a tragic indictment on our national policy. We

are strained to justify political retort when it comes to welfare reform. The time has run out. Paraphrasing the great Joe Lewis, you can run off at the mouth but you can't hide. This Legislature must state its willingness to pay the bill for a realistic investment in human resources and then do it.

ASSEMBLYMAN RYS: Do you have extra copies for us?

MRS. McDADE: Yes.

ASSEMBLYMAN KENNEDY: Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: Mrs. McDade, you've indicated that the rents have been rising on the substandard housing. Originally, one of the thoughts behind the Flat Grant was that it would prevent landlords from raising rents because the people would not be able to pay them. Previously, when the State was paying existing rents there was some thought, and probably justified, that landlords were asking rents that were unrealistic because they knew that the State would pay it. Yet your testimony is that although we've gone to the Flat Grant that has not stemmed the rise in the rent.

MRS. McDADE: No, it hasn't. I hate to be judgmental but in Morristown we have a situation of deteriorating housing and I sometimes view part of the problem as the plain avariciousness of landlords that own just under five units. They can do as they will, and they do.

ASSEMBLYWOMAN KLEIN: Those units under five or under four do not come under the federal guidelines?

MRS. McDADE: No.

ASSEMBLYWOMAN KLEIN: There is a rent stabilization bill before the Assembly, do you think that would address itself to the problem more directly than trying to reach it through stabilizing welfare grants?

MRS. McDADE: I guess every little bit helps, Mrs. Klein, until the Legislature is going to be willing to attack the problem on all fronts. For the most part, I think the little bit we do is piecemeal and it's very discouraging to go back home and try to explain away why somebody has less money in their pocket.

ASSEMBLYWOMAN KLEIN: Well, one of the objections to the bill is that if a county were able to grant an additional 33% the landlords might then up the rent and gobble up the 33%. How do you suppose that could be handled?

MRS. McDADE: I would like to see some form of rent control in the State of New Jersey.

ASSEMBLYWOMAN KLEIN: You do think a rent stabilization act is the approach to it.

MRS. McDADE: Yes.

ASSEMBLYWOMAN KLEIN: Thank you very much.

ASSEMBLYMAN KENNEDY: Mr. Rys?

ASSEMBLYMAN RYS: No, I have no questions.

ASSEMBLYMAN KENNEDY: I have no questions either. Thank you, Mrs. McDade, for coming down.

Our next witness will be Leontine R. Young, Executive Director, Child Service Association, Newark.

L E O N T I N E R. Y O U N G: I am Leontine Young, Executive Director of the Child Service Association in Newark. This is a children's agency devoted predominantly to educational, group and counselling services for children and families. We're in the heart of Newark, on the edge of North Newark.

I really wanted to address myself today predominantly to the damaging effects our change in the Working Poor Law has on family breakdowns and this, in turn, upon what's happening to children.

I would like to make a general statement first

and then I would like to have Mrs. Thompson, who is a member of my staff and works directly with the families and children, discuss a couple of situations.

Family breakdown is escalating into one of the major social problems of our time. While it is not confined to the poor or inner-city residents, poverty and the congestion and social pathology of the inner-city environment are in themselves inimical to the stability of family life.

Many of the families are struggling to maintain a home environment that can defend their children against destructive outside influences. Those homes where two parents share the responsibility, where children have the concern and the parental control of both father and mother have obviously the best chance of providing protection and stability for their children. This has always been of importance to society but now it is a matter of desperate priority.

Children without a solid home base are now to a terrifying degree rootless, drifting, exposed to all the destructive forces around them. In the inner-city we see children who are out of school much or all of the time - that can run as high as - these are unfortunately guesses - 35% of the child population, children who have no place where they belong, who have viewed themselves as unwanted and worthless. Their parents - or parent, since many of them are one-parent families - unable to control their behavior, sometimes because a mother is working and there is no one at home.

Whatever the reason these children are beyond family control and in the city environment beyond community control all too often until or unless a serious offense or problem attracts official attention. The results are rising crime among children at earlier and earlier ages, as young as 8 and 10 - for some

stealing becomes a way of life, truancy to a degree that many do not go to school at all, purposelessness that denies a future, violence that becomes for some almost an obsession, irresponsibility that has serious implications for organized society, drug addiction -- in short, all the problems that plague our society. There are other consequences - children so depressed or so angry or so lost and confused that they require and will increasingly require expensive specialized help to become independent, functioning adults. For many chronic dependence may become a future way of life.

Children require roots, a core of belonging, for their growth into adequate adults. Anything which strikes at the stability of family life destroys some of that core of belonging for children. In turn that strikes at the viability of the community.

The loss of supplementary income to families where the wage potential of the father is simply not adequate for family needs has struck at family stability. It has already pushed some into the high risk group, and that adds to the problems as it restricts the solutions.

I don't know whether you would like to ask anything now or if you would like to wait.

(The following was read by Mrs. Mamie Thompson)

The Doe family was referred to Child Service Association on May 28, 1971 by the school social worker. At the time of the intake there were serious financial and health problems. The father was working and had held the same job for ten years as an unskilled worker. His income was low, $185.00 weekly.

This was a black, intact family consisting of the parents 37 and 39 years old and 8 children between the ages of 2 and 15 years.

The Doe family was receiving a supplement from welfare under the "working poor". This also enabled the family to be eligible for "medicaid" for the many physical problems.

New revisions in the welfare program last July, 71, made this family no longer eligible for the $64.00 supplement nor the medicaid benefits. The big loss to the family was the medicaid benefits. The family could not afford private medical care which was needed for plastic surgery and psychiatric treatment for two of the children and the mother.

Mrs. Doe has had several nervous breakdowns and is under constant psychiatric treatment. The 15-year-old daughter requires treatment at a local psychiatrist. The youngest child was born with a hair lip (cleft palate) and numerous operations of plastic surgery were needed for her normalcy.

With the elimination of the "Aid to the Working Poor" the family is unable to buy food stamps and medical treatment was in doubt. Under the new revisions "medicaid" was denied and Mr. Doe was forced to abandon his family so the plastic surgery on the 2-year-old could be continued. He knew that if he was not in the home the family would be eligible for a full grant but most of all, the seriously needed "medicaid" benefits which he could not afford from his salary.

Mr. Joe Doe is now out of the home. When he does visit he must sneak around for fear the neighbors will see him and report to the welfare board that he lives with the family.

Mrs. Doe receives a full "grant" and "medicaid". The 2-year-old has had two plastic surgery operations and now attends a clinic weekly for speech therapy paid for by medicaid. The 15-year-old has returned to the psychiatric treatment she needs but all is not well in the Doe family. Problems are appearing that were not evident when Mr. Doe was in the home. Mrs. Doe has been hospitalized with severe nervous exhaustion, the 15-year-old has cut school after feeling she cannot dress like other girls (this is important to a 15-year-old), the other children who the school reported were all very gentle and compassionate are showing signs of negative aggression. The 12-year-old boy is showing signs of pre-delinquency. The 10-year-old boy has asked Mrs. Doe on numerous occasions, "Why are you mad at daddy?" Mrs. Doe just tells him he will come back to live with them soon. Mrs. Doe knows it will not be soon because she will have to choose between the plastic surgery for the 2-year-old, psychiatric care for the 15-year-old and herself, food stamps and rent or a husband or father. She should not have to choose. She is entitled to both.

Mr. Doe is being adversely affected also; he worries constantly about his wife and children. He voluntarily sought help and abstained from drinking for three years. He is now beginning to drink.

10/20/72 dg

Family A (Status January 1970 to July 1971)

This is an intact family consisting of Mr. and Mrs. A and their ten children ranging in age from 18 to an infant of five months. The mother suffers from a rare illness and the father suffered a head injury in an accident. Mr. A says he is a skilled machinist (lathe-milling machines), but found it impossible to find work in his field. He has held numerous jobs as an unskilled laborer and the income from such labor was always inadequate to care for his family's needs.

The A's children were not known to the juvenile authorities and had never presented any behavioral problem in school. Attendance was excellent and academic progress average. The eldest son graduated from high school and joined the armed forces. This family was able to move into decent housing when the income was supplemented under the Aid-to-the-Working-Poor Program.

Changes in the Financial Situation and Its Effect upon the Children

In July 1971 the family received a drastic cut in their welfare grant. Mr. A, who had been employed, was laid off in August 1971; he was given his unemployment benefits. Mr. A was hospitalized and underwent major surgery.

Mr. A's failure to find employment made it difficult to pay the rent of $165, purchase food stamps consistently, and clothe his children. His anger and frustration were projected to his wife and children in verbal and severe physical abuse.

The A's 17 year old son, an 11th grade student, felt the brunt of his father's anger. The boy had worked in a shoe store "just sweeping up" after school since the age of 11; he was now a stock room boy after school and on Saturdays, using his earnings for clothing and transportation to school (out of his neighborhood but so designated by the Board of Education). Now the father demanded all the income. If the boy refused, he was not allowed to eat. The young man quit his job and dropped out of school. The A's were not aware that their son had quit his job and school. Mr. A's demand for money from his son increased. The young man began breaking and entering to steal and was arrested.

Intensive casework and counseling was begun for the A's and their son. Alternatives and resources were sought to remove him from the home. Mr. A's shame increased as his always neat but limited wardrobe became shabby and apparent to his neighbors. In an argument with his wife one night about their son's right to eat without paying for the meal, Mr. A stabbed the boy in the neck and hands.

He managed to get the boy placed in Residential Manpower in Edison, N. J. He did well and graduated, but there were no jobs and he was unable to find regular work. The young man returned home; conflict increased between Mr. A and his son. The boy began leaving home, remaining in the street, often sleeping in hallways for three and four days. He would return home to bathe, only when he knew his father would not be home. He began to use drugs and is now pushing drugs to support his habit. Attempts by the worker to get him to voluntarily enter a drug program have failed.

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Mr. and Mrs. B (Status January 1970 to May 1972)

This is an intact family consisting of Mr. and Mrs. B and their 11 children ranging in age from 17 to 1 year. Mr. B's educational status is total illiteracy. Mrs. B finished the 11th grade in the rural South.

The case was referred to Child Service Association because of two major concerns--housing and serious medical problems. One of the five year old twins is mute and both mentally and physically retarded, his brother legally blind. The infant girl suffered from severe convulsions. Mr. B had sustained permanent chest injuries in an automobile accident in the early sixties, had a leg ulcer, cardiac pathology and is also an alcoholic.

The children evidenced no signs of juvenile delinquency and were considered nice children. The oldest was determined to graduate from high school and go on to college. (Note: At this writing he is now 20 years of age and a third year college student.)

The B's purchased a well kept one family house under the FHA 235A program. The grant from ECWB was $607.00. On the basis of this income the mortgage was granted and subsidized by the government.

On July 1, 1971, drastic welfare cuts reduced this family to $440. The college student was dropped completely from the grant, denied medicaid and the student stipend of $50 per month. The B's son was able to remain at school living on campus with the help of CSA.

The B's, confronted with mortgage payments, fuel and gas and electric and how to purchase the greatly needed food stamps, began to suffer. They were never delinquent with mortgage payments but were often cold. Transportation costs to health care facilities were not in the budget. Health problems increased.

The 12 year old girl, a 7th grade pupil, dropped out of school because she no longer "looked like the other children." She began to run away from home. This girl often stole the food stamps, causing deprivation to the total family. She lived in abandoned houses and began to use drugs. It is known in the community that she was prostituting which has resulted in her now being pregnant.

Growing conflict between the parents caused Mr. B to consider abandoning his family and returning South. Mr. B entered into the WIN program where he was allowed to remain for three weeks but was dropped because of his physical disabilities.

The family situation was reviewed by the medical review board, and Mr. B's family was restored to a full grant in May 1972.

ASSEMBLYMAN KENNEDY: Thank you.

Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: Dr. Young, I would like to thank you for coming today and to say that I am an admirer of some of your work. I know that you have written some very definitive books on unmarried mothers, as I recall.

This case that you referred to, the case of the boy, is it your feeling that the reason all this happened is because of the cut from the ADC to the AWP program?

MRS. THOMPSON: Well, I feel that this youngster had been in the home 17 years, the other young man had graduated from high school and voluntarily joined the Armed Services. The problems between the father and the son began when the father was only receiving an unemployment check. And you see in the report, we verified this with the landlord, this family is still paying $165 a month in rent.

ASSEMBLYWOMAN KLEIN: And what is their income?

MRS. THOMPSON: Now Mr. A is employed under the Emergency Employment Act and I understand that's soon to be discontinued but I hope not.

ASSEMBLYWOMAN KLEIN: Do you know what the income would be?

MRS. THOMPSON: I do not know the income but I know they are no longer on welfare.

ASSEMBLYWOMAN KLEIN: If the "U" segment were restored to the AFDC program, as proposed in this bill, this family would benefit.

MRS. THOMPSON: Yes, it would.

ASSEMBLYWOMAN KLEIN: They would become eligible for an AFDC grant minus whatever income the father earns.

MRS. YOUNG: Supplementing the income. It isn't that poverty per se all alone causes all these problems, it is quite simply, in our society especially, they are close enough to the edge. Poverty is a further disorganizing factor that throws people over the edge. There probably were battles at home between father and son but as long as they didn't add this terrible financial strain they could make it. The difference in the result is sometimes night and day, of course, because the difference between a kid who goes through school and gets a job and keeps it, and the kid who hits the streets of Newark - a few years on the streets of Newark and you can forget him.

ASSEMBLYWOMAN KLEIN: Dr. Young, we had some written statement from the Department of Welfare of the State estimating the cost of restoring the "U" segment and carrying out the other aspects of this bill. Can you compare that in any way to the cost of our not providing adequately for children such as this?

MRS. YOUNG: Well I can't give you dollars and cents but they would be very easy to find if you look at what it costs to keep a child in a youth house or in a correctional institution.

ASSEMBLYWOMAN KLEIN: What does that cost, do you know?

MRS. YOUNG: Aren't they up close to $10,000 per year, per capita, now? I think it's very close to this if not actual.

Furthermore there are costs which cannot be measured in children without an education, children who do not read and write and go to school, children who are on heroin, the cost of all of the crime in terms of stealing cars and so on which is not caught and is very often not even reported nor recorded. These are astronomical and there is no way that I know of to estimate this. We have a whole group of children, of course, who are not learning. And I'm concerned not only about chronic dependence in our day but what is chronic dependence in ten years.

ASSEMBLYWOMAN KLEIN: Yes. In listing the various needs of these families, you said nothing about nutrition. Do you have any estimate of how these people eat?

MRS. YOUNG: Yes. Do you want to answer?

MRS. THOMPSON: Yes. The situation of the "A" family when the father stabbed the son because he wanted a meal, that night the argument stemmed over chicken backs and rice, no green vegetables, no milk.

ASSEMBLYWOMAN KLEIN: Thank you.

MRS. YOUNG: Nutrition is also Coco Cola and potato chips for lunch and breakfast.

ASSEMBLYWOMAN KLEIN: One of the men who was going to testify today and was unable to come has suggested that malnutrition is a basic cause for lack of learning by many of the children in inner-cities. Do you have anything that would substantiate that?

MRS. YOUNG: There is not absolute proof on this but there are a number of studies made and there is a great deal of evidence that serious malnutrition in the younger years especially may create almost

insoluble learning problems. In other words, we may actually create a degree of mental retardation by this.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN KENNEDY: Thank you, Dr. Young, for coming down and testifying.

It is now 1 o'clock. We will recess for lunch and resume at 1:45. We will take a break of 45 minutes.

(Recess for lunch)

(AFTERNOON SESSION)

ASSEMBLYMAN KENNEDY: If I may have your attention, please, it is 1:45 and we are going to resume. If you will be seated, please, then we can resume the public hearing.

Our next speaker is Loretta Hendrickson from the Morris County Economic Opportunity Council.

ASSEMBLYWOMAN KLEIN: She left her testimony, Mr. Kennedy.

ASSEMBLYMAN KENNEDY: Is Marilyn Brafman here?

Mrs. Brafman is the State Legislative Chairman of the National Council of Jewish Women.

M R S. M A R I L Y N B R A F M A N: I have with me, Rose Fishkin, who is one of the members of our Committee and also represents the American Association of University Women.

ASSEMBLYMAN KENNEDY: Do you have copies of your testimony?

MRS. BRAFMAN: Yes, I put it on your desk just before lunch.

My name is Marilyn Brafman and I am the Chairman of the New Jersey State Legislation Committee of the National Council of Jewish Women, an organization established in 1893 with a membership of approximately 10,000 women in 22 Chapters throughout New Jersey. Since its inception Council has always been concerned with the social problems which prevent a large segment of our population from enjoying the fruits of democracy. Our membership has reinforced its commitment to give priority to programs which meet the economic, social, and physical needs of all people, by endorsing the following resolution: "To work for a program of supportive services which upholds the rights and dignity of recipients and provides at least the minimum national standard of living for every individual."

We, therefore, appreciate this opportunity

to express our views on A-1201, legislation designed to amend changes in the welfare regulations enacted in 1971.

Last year when the Flat Grant was initiated, it was with the idea that many administrative expenses would be eliminated by averaging out the costs of all the special grants previously allowed for special and individual circumstances of recipients. This might have worked had the percentile of the "averaging" been placed at the 85% recommended by the Committee which made the study. However, the percentile allowed was 45% and it is this low figure which has caused great human misery and tragedy. Let us see why.

A single elderly person, living alone, is given a flat grant of $162.00 a month of which it is estimated rent is $48 and the balance is for food stamps and all other needs.

No consideration is given any special circumstances - the need for a telephone, practically a necessity for an old person, usually afflicted with a debilitating disease, arthritis, diabetis, high blood pressure, heart disease, blindness, any of which prevents him from leaving his lodgings. The telephone may be his only contact with the outside world, his only method of calling for help in an emergency. Indeed, under the present regulations should the social worker see a phone and learn that a relative or kind friend is paying for it, strict adherence to the rules would mean this payment should be called "income" and be deducted from the welfare allowance. In reality, the social worker usually ignores the phone.

Previously a blind person was allowed a little extra for dog food if a Seeing Eye Dog was in the house. This now must come from his own food allowance. If he needs someone to do his shopping, nothing extra is given to pay for this service - it comes from food

money. If a major expense occurs - a warm coat, a pair of orthopedic shoes, an unusual amount of medicine, a client probably will not have enough money to buy food stamps that month - and if 2 months elapse without a food stamp purchase, he must reapply. This necessitates a special trip costing car fare and does not get processed for another month or two so the poor person will not have the benefit of food stamps during this period.

Let's examine that rent allowance: In Governor Cahill's special housing message last March, he stated that New Jersey housing was in a state of crisis, bad enough to warrant immediate action for low and middle class housing. We have a vacancy rate of 1% of rental units in New Jersey. In the cities it is worse. There just is no housing available at $48.00 a month in an urban area. If, by some miracle, cheap quarters are located and a client wants to move, no moving allowance is made. How does one save $50 to $100 for moving-to move-out of a total allowance of $168 a month?

The case of the need for revising the flat grant is loud and clear to anyone who will take the time to learn the facts. What I wish to emphasize today is that the time is now. It is obvious that the people who have been hurt the most are the old, the sick, the disabled, the group which is unemployable and which everyone agrees is in need for all welfare services.

Turning to the case of the working poor - in the past, prior to the cuts of 1971, New Jersey was making headway in helping poor and still intact families stay together by granting a reasonable supplement to a father earning a minimal wage. Now in figuring a grant to this family only $50 a month of income is disregarded. This means that if the father leaves the home and the mother goes on an A.D.C. program, she may well be eligible for more money than the combination

of her husband's wages together with the welfare grant. To you and to me the sums may be small but the difference in a poor family may be the difference between meat on the table or beans, between a child having an occasional treat and parents always having to say "no." We know the evils that ensue from broken families and yet we cut the heart out of the one program which encouraged families to stay together. I urge your earnest consideration of this legislation, A-1201, which would specifically help this situation.

Lastly, I would like to call to mind what "average" can mean. Picture, if you will, a man with one foot on a keg of ice and the other foot in a pail of boiling water. One can say that his average temperature is normal but in reality one-half of him is in hot water and the other one-half is out in the cold, and so it is with those human beings who do not fit into the average mold of a flat grant allowance.

This is a different year from last year. Just this week the newspapers carried headline stories on the unexpected surplus in the New Jersey Treasury and this does not even take into consideration the revenue-sharing funds just beginning to be returned to our State. The proposed legislation carries with it a price tag of about $19,000,000, a sum which we seem to be able to afford and certainly a small amount relative to the severe hardships we shall be alleviating.

We, of the National Council of Jewish Women, urge you to think of people, not property, and to pass legislation which will enable citizens to live their lives with a little dignity and pride, rather than hungry and fearful of what expenses the next day might bring.

Parenthetically, not included in my remarks, I would like to add that we of the National Council of Jewish Women have no axe to grind. Our work is with community service projects throughout the State.

We probably do not have one member who would benefit from this type of legislation but we believe that the highest form of charity is that of Maimonides last rule which says, the best form of charity is to give enough to somebody to make him no longer dependent upon charity.

ASSEMBLYMAN KENNEDY: Mrs. Klein, do you have a question?

ASSEMBLYWOMAN KLEIN: I wondered if we should let Mrs. Fishkin add to what was said.

ASSEMBLYMAN KENNEDY: All right, Mrs. Fishkin?

M R S. R O S E F I S H K I N: I am the Legislative Chairman from the Middlesex County Branch of the National Council of Jewish Women but I am now here as the Legislative Chairman for the American Association of University Women, Princeton Branch.

The American Association of University Women has over one million members throughout the United States and we have twenty five branches here in the State of New Jersey.

All we have done, statistically, in relation to 1201, we have done simply as a public service. The Princeton Branch did a short survey. We simply took one month of want ads in the New York Times, the Princeton Packet and the Home News and we covered two hundred ads in the New York Times, three hundred ads in the Home News and one hundred ads in the Princeton Packet. In all these ads for the New York Times we found one ad that advertised three rooms for $100. The average was about $165 for a one-bedroom apartment and most of them said, very distinctly,"no children, no pets, business couple, married." In each instance they require one-month security and, usually, you have to sign a lease for at least one year, which eliminates anybody who has any children.

In the Packet we found no ads at all that were

$100. The only one that we found was an ad in Trenton for a three-room apartment which said distinctly, "no children", and one for an efficiency apartment for $75. The average rental was one-bedroom somewhere between $165 and $180 and this did not say anything about transportation or anything.

In the Home News, out of the 300 ads, the lowest rental that we found was a 2½ room apartment in New Brunswick - an efficiency apartment - for $115.00. There was one for four rooms, listed with an agency in South River, which was $125 and it said, "older couple preferred." The only other one that was $125 was four rooms in Piscataway - that was plus utilities.

It affects not only people who are on welfare and people who are on sub-standard income but, for example, just recently there was a young man who has a $4,800 grant for a Fellowship at Princeton and he simply has no place to live. He cannot find any place to live. There is a woman who is the widow of a professor at Princeton. Her husband died recently. They own a condominium in Rossmore. She cannot stay there because she cannot afford to pay the $200 a month maintenance fee that is required. People who are on maximum social security who receive anywhere between $500 and $600 per month - this is maximum - cannot afford to live anywhere in Mercer County, Middlesex County or Somerset County.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Fishkin.

Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: Just one statement I would like to make. You mention the price tag of this bill as being $19 million. I would just like to clarify that that is an estimate that was made when the bill was filed last June and of that $19 million, $13 million was to be Federal matching funds which we would recover under the program, so that the cost to

the State was meant to be about $7 million. Figures that have been promulgated by the Department of Welfare say that the flat rent grants, as they estimate it, increasing the rental aspect, would cost $7 million and increasing the AFWP from 66% to 85% would cost $3¼ million. They have said nothing, as far as I can see, about the restoring of the U segment.

I just wanted to clarify that because of the statement that you made on the cost of the bill.

ASSEMBLYMAN RYS: I think Mrs. Klein asked the question that I was going to ask on the $11 million difference.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Brafman and Mrs. Fishkin.

Our next witness is Margaret E. Drake from Rockaway, New Jersey. Is Margaret E. Drake here?

(not present)

Our next witness is the Reverend Frank D. Testa from Plainfield, New Jersey.

R E V. F R A N K D. T E S T A: Thank you very much. I am a priest engaged in full-time urban work in the City of Plainfield for the Catholic Diocese of Newark.

During the last six years I have been working with community groups and governmental agencies concerned with housing as well as with families in need of housing. I have been involved with State housing groups and on the local scene too with housing groups.

I have just completed, in November of this year, a survey of rental housing availability and cost in eight counties of northern and central New Jersey where two-thirds of the population of the State lives - Bergen, Passaic, Essex, Hudson, Union, Morris, Somerset and Middlesex Counties.

The survey deals with the number of rental

units, apartments and homes, over a one month period and the average cost per unit. The results of this survey, I feel, relate especially to the section of 1201 dealing with hardship rental allowances, which certainly would not offer an adequate and just response to the housing situation of welfare recipients but would offer some relief.

The sources for this survey were realtors throughout the eight counties, those participating in Multiple Listing Services, newspaper listings covering each county and employees of County Welfare Boards.

In Bergen County, according to realtors, there is an average of three apartments available per month. The average cost for a 3½ room apartment is $200. According to the newspaper listings for a one month period the average number of rental units is 316 and the average cost is $279.

In Passaic County, according to realtors, there are only a few rental units listed per year. According to newspaper listings the average cost is $186 and the average number of units is 40 per month.

County welfare recipients are paying an average of $150 for rental housing. This average includes the housing of Jackson Whites, most of whom pay as little as $40 a month for their shacks in the Ramapo. This factor contributes to the apparently low figure of $150.

The only available housing in Passaic County is substandard. More than 50% of county welfare recipients live in substandard housing, 25% live in dilapidated housing.

In Essex County, according to realtors, there are no apartment listings under Multiple Listing Service but in East Orange the average number of rental units listed with realtors is 3 to 5 a month. In Newark the average is 7 a month.

According to newspaper listings the average number of rental units is 120, the average cost is $180. 90% of Essex County welfare recipients live in substandard housing. The average housing cost for welfare recipients is $150. There is an average of 80 evictions a month of welfare recipients. Most are traceable to the "flat grant" program.

In Morris County, according to realtors, the average number of rental units is 10, the average cost is $325. According to newspaper listings the average number of rental units is 50 and the average cost is $320.

In Hudson County, according to realtors, the average number of rental units is 3 and the average cost is $150. According to newspaper listings the average number of rental units is 220, and this includes cold water flats. The average cost is $195.

In Union County, according to realtors and Multiple Listing Services, there is an average of 2 rental units over a 3 month period and an average cost of $250 per unit. According to newspaper listings the average number of rental units is 14, the average cost is $220. The average rental cost for welfare recipients, at present, is $180 a month.

In Middlesex County, according to the largest rental housing agency covering the county, there are approximately 400 requests for rental housing over a 2 month period. The number of apartments available is 5 to 10 a month. The average cost is $200 to $265 a month. According to newspaper listings the average number of rental units is 8 and the average cost is $211. The average rental cost for welfare recipients is $175 to $180 a month. Only 20% to 30% of welfare recipients live in adequate housing.

The District Court has expanded its housing court hearings to 5 full days a week to handle the

increased number of evictions. This, again, is traceable to the "flat grant" program.

In Somerset County, according to realtors, the average number of apartments is 6 per month and the average cost is $250 a month. According to newspaper listings the average number of rental units is 17 and the average cost is $233 a month.

In all counties, security is required for almost all rental units and utilities such as gas and electric are supplied by the tenant. Many also pay for heat and water.

There is a housing crisis in New Jersey, especially for low income families. The scope of the crisis has been well documented by the Department of Community Affairs study in 1970, "The Housing Crisis in New Jersey." According to this study, it is estimated that two-thirds of all households receiving welfare assistance live in substandard and dilapidated housing.

Whenever there is a severe shortage of housing, even substandard housing, rents are inflated because competition permits it.

The "flat grant" program of the State Division of Public Welfare compounds the housing crisis that welfare recipients face and adds injury to injury. Many families are being evicted because their "flat grants" do not permit them to pay rent and minimally care for their families.

Welfare grants must take into consideration the actual cost of housing in a particular locality. Anything less is an injustice and further victimization of the poor of this state.

The customary rule that a family earning $5,000 a year should not pay more than $97.00 per month for housing is totally inapplicable to actual rental costs in New Jersey. The Division of Public Welfare has based its rental housing average of $97.00 on this

hypothetical rule which bears no relationship to the actual housing market in the state. It is gross deception and destructive of the public welfare.

ASSEMBLYMAN KENNEDY: Thank you, Father.

Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: Father Testa, on the Essex County figures that you quoted, you just said that 90% of Essex County welfare recipients live in substandard housing. Do you include public housing in that definition?

FATHER TESTA: Yes. I believe it is included, yes - in the figures that I got.

ASSEMBLYWOMAN KLEIN: And does the average cost of $150 include the cost of housing and public housing?

FATHER TESTA: I believe that is included. I cannot get that for certain. These are figures that I got from somebody on the Welfare Board.

ASSEMBLYWOMAN KLEIN: Do you, by any chance, know how many Essex County welfare recipients live in public housing?

FATHER TESTA: No, I don't.

ASSEMBLYWOMAN KLEIN: Do you have any idea what happens to the people when they are evicted?

FATHER TESTA: In Essex County or in other counties?

ASSEMBLYWOMAN KLEIN: Well, I was thinking of 80 evictions a month. Where are they going?

FATHER TESTA: Considering the vacancy rate in Newark and elsewhere, people are moving in with other people and therefore intensifying the overcrowding situation. People are moving out, searching for another county where there might be more housing. So, we have people going from county to county to find housing.

In the Plainfield area we have had people sleeping in cars because they cannot find housing.

They are going everyplace possible. Very often

they disappear from the scene, from people who would be able to record what is happening to families, because they cannot find housing in the area in which they are at.

ASSEMBLYWOMAN KLEIN: It has been suggested to me that in some cases they are playing a kind of musical chairs, which means that one family moves out for non-payment of rent, another family moves in and then they are evicted for non-payment of rent and somebody else takes their place. In fact, the families are switching apartments around as a kind of way of-- Do you have any knowledge of that?

FATHER TESTA: Yes, this I have seen. I have seen families who have done this; they have had to move from one county to another in search for apartments. They get in and then get into the same problem. People have been evicted three or four times from apartments because they could not carry the rent cost.

ASSEMBLYWOMAN KLEIN: Thank you, Father Testa.

ASSEMBLYMAN KENNEDY: Father, along with the figures for Essex County, you state that there is an average of 80 evictions a month of welfare recipients. For my information, that is 80 out of how many? How many families would you say there are on welfare, renting in Essex County?

FATHER TESTA: I just know that figure of 80 a month.

ASSEMBLYMAN KENNEDY: Your statement further states that most are traceable to the flat grant. Could you define "most"? Just what are you talking about, more than half?

FATHER TESTA: That was stated to me by someone who works for the Welfare Department.

ASSEMBLYMAN KENNEDY: Do you know what the number of evictions were, or what the average was, before the flat grant was instituted?

FATHER TESTA: No, I do not.

ASSEMBLYMAN KENNEDY: You see, the figure itself is rather meaningless without this information.

FATHER TESTA: Well, it depends upon how you look at it. I think it is significant. Eighty families a month being evicted is a sizable amount.

ASSEMBLYMAN KENNEDY: Yes, I mean with regards to the flat grant.

FATHER TESTA: Well, I think it stands to reason that if people-- and this is not simply the case in Essex County, it is the case in my own county of Union. There are many more families being evicted now, and even people on the Welfare Board who are working there, working with families, will say this point blank. It is an obvious fact that when someone is receiving less money, less of a welfare grant, that he is not able to keep up with the cost of housing. Housing costs continue to be inflated and increased and people's welfare grants have been cut so that evictions are caused by this.

ASSEMBLYMAN KENNEDY: Well, you see we have been discussing this all morning and into the afternoon. The question is, how many evictions are really resulting from the use now of the flat grant system? It is very possible, for example, that there are 70 evictions - a monthly average of 70 in Essex County before the flat grant was initiated - and therefore the problem of why a welfare family is being evicted may not basically lie with the flat grant, if the average were 70 before the flat grant came into existence.

FATHER TESTA: Well, in talking with welfare officials in other counties, welfare staff people have stated to me that evictions had increased because of the flat grant, because people do not have enough money to pay for the rents that have increased.

Certainly that is the case in Union and I suspect the same in Essex County. Again, I can't say, before the flat grant, what the figure was. Maybe somebody else here can state that.

ASSEMBLYWOMAN KLEIN: Mr. Chairman, I see an authority from the Essex County Welfare Board is here. Now she is not planning to testify but I have heard her speak on this previously and compare the number of evictions before the flat grant until after. Perhaps she would care to tell us what it was before the flat grant went into effect. Would you be able to?

MEMBER OF AUDIENCE: Five to ten a month.

ASSEMBLYWOMAN KLEIN: Five to ten a month was how I recalled it. So that before the flat grant it was five to ten evictions a month of welfare recipients and it is now up to an average of eighty a month, is that correct?

MEMBER OF AUDIENCE: It is higher now.

ASSEMBLYWOMAN KLEIN: You say it is higher now?

ASSEMBLYMAN RYS: Mr. Chairman, I am also faced with the same question that I would like Reverend Testa to answer.

Reverend Testa, in your testimony regarding the district courts, I presume that you got this information from the welfare center of a community. Do you know how many evictions were processed by these courts, working five full days a week?

FATHER TESTA: How many evictions, no. I just know that it is increased because of the fact of increased evictions.

ASSEMBLYMAN RYS: Well, just because the court has been expanded, working five days a week, maybe one case has been processed and one eviction - in other words, true figures haven't been forthcoming in that Middlesex County report that you submitted here.

FATHER TESTA: A statement made to me, in talking to people working on welfare boards, is that this increased time for the housing courts is due to the number of evictions that are increasing, especially for welfare recipients.

ASSEMBLYMAN RYS: I was just trying to determine the figure, based upon the previous question that was asked by Mrs. Klein and our Chairman. It seems to me that a district court, working five days a week, would have an awful complement of cases before them. I was trying to determine their jurisdiction and how these cases were processed, whether they were all positive or all negative. That is all I wanted to know but you can't provide the information.

FATHER TESTA: No, I can't, sir.

ASSEMBLYWOMAN KLEIN: It seems like the Director will be here to testify, maybe they can tell us.

ASSEMBLYMAN KENNEDY: Thank you, Father, for coming down to testify this afternoon.

Our next witness is Mrs. Mary Hollis, the Welfare Director of the Middlesex County Welfare Board. Mrs. Hollis?

M R S. M A R Y H O L L I S: I am Mary Hollis, the Director of the Middlesex County Welfare Board. I would like to speak to the point of the effects of the Assistance to the Families of the Working Poor Program in Middlesex County.

In July of 1971 the so-called "welfare-reform" went into effect. Its most significant features were, (1) the institution of a flat grant based entirely on family size and, (2) the replacement of the AFDCU Program with Assistance to the Families of the Working Poor Program - this last program based on 2/3 the calculated standard of need for the regular ADC program. It is my intention to discuss each point separately.

Housing is the Key

In principle, there is little opposition to the flat grant, but in operation, in New Jersey, the results have been disastrous. The problems engendered by this particular "reform" can be traced almost exclusively to the severe housing shortage in our state and the consequent exhorbitant cost of shelter. It is estimated (by the Department of Institutions and Agencies) that a welfare recipient ought to pay 30% of the flat grant for housing. (Here it would be wise to remember that most budget advisors recommend paying no more than 25% of the monthly income for housing even for families with much greater incomes.) According to this standard, one person living alone and receiving assistance under the OAA or DA program in the amount of $162.00 ought to pay no more than $48.60 per month for shelter. A family of four receiving $324.00 under the ADC program ought to pay no more than $97.20 for his monthly shelter cost.

The institution of the flat grant was supposed to give the welfare family the dignity of competing for goods and services on the same basis as non-welfare families. Thus one old or disabled person was given the "dignity" of competing for an apartment on the open market with his $48.60. Gentlemen, it is not even possible to rent a room in the YMCA for $48.60 per month. The only option left is to cut into the food budget. The mother in an ADC family of 4 is given the same dignity to compete with her $97.20. In the more highly populated areas of New Jersey apartments cannot be had at all for such prices and in rural areas they are becoming increasingly rare. Yet if it is difficult for an ADC mother of 3, consider the plight of the working poor family of 4 - father, mother and 2 children. Because the need schedule for the AFWP program is calculated at 2/3 of that of the ADC program, this family is expected to make do with $216.00 per month or a rental allowance of $64.80.

Unless the State of New Jersey is prepared to provide low-income housing for all those who need it, or unless it is prepared to impose rent controls involving significant roll-backs, simple justice requires some fairer adjustment of welfare payments. Perhaps the flat grant covering all needs with the exception of shelter could be retained, with the actual cost of shelter to be paid over the flat grant. Or the flat grant could be supplemented when the actual cost of shelter exceeds the 30% estimate.

New Program Was to Prevent Family Break-Up

At its inception in 1969 the stated purpose of the AFDCU Program was to help prevent the break-up of normal two-parent families caught in the throes of severe financial distress. The social costs of such family disruption - delinquency, foster care, disruption of school progress, etc. - have been recognized for years. Prior to 1969, a family with both parents in the home was not eligible for assistance unless one parent was either physically or mentally incapacitated. The man who, after years of full time employment, was laid off and could not find work, or the man who worked full time at a job which did not pay enough to support his family was simply out in the cold.

The Typical AFWP Family

The typical AFWP family consists of two parents and 2.3 children, and is headed by a male with less than a ninth grade education. There are no federal re-training programs available to this bread-winner. Such programs are available only to recipients of ADC. If this same worker is eligible for $72.00 per week unemployment insurance (UIB) he will not be eligible for AFWP and accompanying medical benefits unless his family size is 8 or more.

These were usually families in which the father had always been able to support his family up to the point at which the crisis occurred. The crisis usually took one of two forms. It might be medical. For example, a 40 year old truck driver with an 8th grade education who suffers a heart attack and recovers. Because of his medical history he is no longer allowed to work at his former job. His educational level fits him only for physical labor which he can no longer perform. His wife may have even less education than he and certainly has less working experience. Usually there are several children. Even if she is able to obtain employment it is unlikely to support the family.

Or he may have been employed for many years and due to economic cut back laid-off. This has occurred with increasing regularity during the past two years.

Incentive to Desertion

For the middle-aged, low skill, worker there are few jobs available. For such a man the only practical alternative is desertion. If he deserts his wife and children become eligible for a full money grant of assistance. Of even greater significance, she and the children get the all-important medical coverage. True, the mother is required to file for desertion or non-support. However, the amount the Court orders a father to support is based on his ability to pay. This had long been recognized as a major factor in the swelling ADC rolls. It was also recognized that a father who did not earn a sufficient amount to fully support his family might yet earn enough to significantly reduce their welfare grant, if his money were available in the home. Thus the 1969 AFDCU program served two socially valuable functions. First, it did indeed keep families together, and, in fact, encouraged some to reunite. Secondly, it allowed welfare boards to budget the husband's entire income when considering family need--not just a token payment. Thus instead of paying a full grant to a woman with two children, a welfare board paid the grant for a family of 4 reduced by the amount of the husband's calculated earned income.

Medical Benefits Important

If the husband was working, or receiving unemployment this second figure was significantly less than the first. Many such families received no money payments at all but remained eligible for the medical benefits which loom so large to families at the edge of poverty.

Shorter Length of Time on Aid

An even more important statistic from the fiscal point of view, involves the length of time during which a family receives welfare. The national average length of time a regular ADC family remains on assistance is two years. In the AFDCU program that average was 6 months. This statistic reflects the fact that, in our society, the poor family most likely to become self-sufficient is the family with both parents in the home and the father working. This program, by helping to prevent desertion also

tended to avoid, for these families, the longer period of dependency seen in the regular ADC program.

When the 1971 welfare reforms went into effect in July, 1971, all those families composed of legally married husband and wife and their mutual children were cut off the welfare rolls and were advised to apply for the newly instituted Working Poor Program. As the schedule of need for this program is only 2/3 of that of the ADC program many were, of course, ineligible for assistance at all. The remainder had to exist in July on 2/3 of the amount the State said they needed in June.

Many two-parent families, whose eligibility ended in July, 1971, soon split up under unbearable economic pressure. As proof of the incentive to family heads to desert, to permit the family to become eligible for ADC grant, a review was made for the full fiscal year 1971 of the 168 cases discontinued from ADC, who reapplied under the new AFWP but who subsequently became eligible for ADC. Of these 168 cases, 59 - or 35.1% - were eligible based on desertion of a parent from the home.

I have, in addition, a letter from Judge Alan Rockoff, Domestic Relations Judge in Middlesex County. I received this letter regarding an active ADC case which I would like to present in testimony. The name of the family has been blocked out to protect the confidentiality of records. I would also like to point out that paragraph 5, section 3, is in error; Mr. "A" would be ineligible whether he worked or not. May I read the letter, please?

ASSEMBLYMAN KENNEDY: Sure.

MRS. HOLLIS: "Dear Mrs. Hollis: As indicated by telephone I am quite concerned over the inability of the welfare system to provide within its mechanism a method for assisting in an 'A' type situation.

"I have unfolded from testimony the following existing circumstances:

"Mrs. 'A' lives with nine children, without her husband. She is pregnant with her tenth in a home that is being foreclosed for non-payment of six months mortgage. Mr. 'A' lives in one room somewhere else.

"Mr. 'A' earns approximately seven thousand dollars a year as a custodian in the Madison Township Board of Education. From his salary each week, a garnishment is taken along with the standard deductions leaving a take-home pay of $99.00.

"In my court, because of Mr. and Mrs. 'A's representation of love for each other and desire to reconcile, I suggested same. But the consequences of reconciliation, creates this hopeless dilemma:

"a. At present, Mrs. 'A' received Aid to Dependent Children payments of $580.00 per month plus Medicaid and Food Stamps.

"b. If Mr. 'A' returns home, with a revised family budget and income, they would not be entitled to any aid and welfare would be terminated. (No income disregard is given for the garnishment of his wages.) Therefore, the net family income for one month (4 1/3 weeks) would be $429.00, or $151.00 and Medicaid, less than Mrs. 'A' would receive if her husband remained away from the home.

"c. If Mr. 'A' comes home, quits his job and application is made for Aid to the Working Poor, the family would receive $414.00 a month plus Medicaid." This is the part which is incorrect because if he quits his job he is not eligible for at least a 90 day period. In parenthesis he says, "Which would be more than the family would receive if Mr. 'A' would continue to work, bringing home his $429.00 for the month.

"If my alternatives are correct, and I ask you to examine them for accuracy, then the system appears

to promote marital separation, abandonment and even criminal desertion.

"In addition to the aforesaid problems, it also shocks the court to learn that there is no fund or mechanism available in the welfare system to save a home from foreclosure by arrangements with the mortgagee to have the arrearage assumed by the Welfare Board. (Even if a deed in trust, executed by the 'A's would be required.)

"The 'A' family will be on the streets of Middlesex County in the next couple of months. They will be forced to leave their home. Welfare has no place for them to relocate. If Mr 'A' returns to his family, welfare will not become involved any further. If Mr. 'A' stays away from his family, then the desperation of Mrs. 'A' deepens, after having her tenth child, she has represented to the court that she will immediately thereafter have a medically required hysterectomy.

"The court is frustrated by its inability to effectively resolve this problem. I realize that the function of the court should remain separate from the function of the legislature, but someone must alert our elected representatives to the inequities of the present Welfare system and the need for reform. I would appreciate if you would do so for me. Very truly yours, Alan Rockoff, Judge."

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Hollis.

MRS. HOLLIS: I have one concluding statement.

ASSEMBLYMAN KENNEDY: All right, fine.

MRS. HOLLIS: In conclusion I would like to voice my support for A 1201. I believe that the past year has shown that the principles which guided the institution of the AFDCU program in 1969 were indeed correct. The savings attributed to the "welfare reforms of 1971" were largely illusory. The costs of desertion and of eviction through inability to pay rent

were borne in other forms - longer dependence of deserted families, foster home placements, etc. These too are costly.

The increased cost of a higher AFWP grant is the cost of prevention and prevention is always cheaper than treatment.

ASSEMBLYMAN KENNEDY: Thank you again, Mrs. Hollis.

Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: Yes, I do. Mrs. Hollis, thank you very much for your careful testimony. I am interested in the figures that you gave under desertion. I think you said you did a study of the families that were moved from the AFDCU program and what happened subsequently, right?

MRS. HOLLIS: Yes.

ASSEMBLYWOMAN KLEIN: And out of 158 families who were discontinued from ADC in June of '71, who returned on Working Poor assistance at some time after that and, subsequent to that, came back on ADC, how many where there? I can't remember.

MRS. HOLLIS: There were 168.

ASSEMBLYWOMAN KLEIN: There were 168?

MRS. HOLLIS: Cases.

ASSEMBLYWOMAN KLEIN: It has been very difficult to get these kinds of figures.

Of the 168 cases discontinued who would reapply under the new AFWP but subsequently became eligible for ADC, that was the whole 168?

MRS. HOLLIS: Yes.

ASSEMBLYWOMAN KLEIN: Of those 168, 59 were eligible based on desertion of a parent from the home?

MRS. HOLLIS: Yes.

ASSEMBLYWOMAN KLEIN: What was the eligibility for the others based on?

MRS. HOLLIS: A great many of them were based

on the incapacity of one parent.

ASSEMBLYWOMAN KLEIN: You mean if one parent were disabled they could then qualify?

MRS. HOLLIS: That's right, yes.

ASSEMBLYWOMAN KLEIN: I see.

I ask this question because the State asks these questions when we present material like this. Do you have any way of comparing this with the desertion rate, let's say, of families who would not have been discontinued, but just in the normal course of events?

MRS. HOLLIS: No, because we do have applications almost constantly from ADC mothers or fathers and children, based on desertion and who do not fit into this category.

ASSEMBLYWOMAN KLEIN: You have been working in welfare for how long in Middlesex County?

MRS. HOLLIS: Nine and one-half years.

ASSEMBLYWOMAN KLEIN: And is it your feeling, from the experience that you have had and from the cases you have seen, that you would support the idea that the working poor program has contributed to the necessity of desertion in order to qualify for higher welfare payments?

MRS. HOLLIS: Yes, absolutely. I would support this. I think that it is the only way for many families to see that their children have enough food, literally, to eat.

ASSEMBLYWOMAN KLEIN: Have you ever had cases of families who have had their houses foreclosed since the institution of the flat grant?

MRS. HOLLIS: Very many. I don't have a figure for you.

ASSEMBLYWOMAN KLEIN: Do you have any idea of how many?

MRS. HOLLIS: I would say in the vicinity of 40 a month, and this compares to something like 2 to 5

a month before July of '71.

ASSEMBLYWOMAN KLEIN: Approximately 40 a month in Middlesex County of foreclosures on mortgages?

MRS. HOLLIS: No, I'm sorry, either foreclosures or evictions.

ASSEMBLYWOMAN KLEIN: Foreclosures or evictions? The case referred to was a foreclosure?

MRS. HOLLIS: Yes, it was.

ASSEMBLYWOMAN KLEIN: Do you know how many foreclosures you might have?

MRS. HOLLIS: No, I think my housing unit might have but I do not.

ASSEMBLYWOMAN KLEIN: Can you give me any idea of what happens to a family after they are evicted or foreclosed upon?

MRS. HOLLIS: What we have found is that they move in with another family until that family is threatened with eviction and moves in with another family, and this is an endless cycle. A point to remember in every one of these moves is that if this is in a different school district, this means children have to change school districts, which requires an additional period of time for the children to become accustomed to school and they fall further and further behind.

ASSEMBLYWOMAN KLEIN: The State has been told numerous times that if we continue this that people are going to be actually on the streets but somehow or other we never see the evidence of this.

MRS. HOLLIS: We have one family who is living in a church in Perth Amboy.

ASSEMBLYWOMAN KLEIN: You have a family living in a church?

MRS. HOLLIS: They are now living in a church and have been since September. We had a family who was evicted - not for non-payment of rent, but for whom we could find no new housing - who lived in a motel for

four months.

ASSEMBLYWOMAN KLEIN: They lived in a motel?

MRS. HOLLIS: Yes.

ASSEMBLYWOMAN KLEIN: On your welfare grant?

MRS. HOLLIS: We paid an additional emergency housing cost for them for the two months we are allowed to under the manual.

ASSEMBLYWOMAN KLEIN: The manual permits you to pay two months of the --

MRS. HOLLIS: If the eviction is through no fault of their own.

ASSEMBLYWOMAN KLEIN: In other words, if it is not for non-payment of rent?

MRS. HOLLIS: Right - if the landlord sues for possession.

ASSEMBLYWOMAN KLEIN: Because he is going to move in?

MRS. HOLLIS: Because he is going to move in, or a relative is going to move in, or something such as this.

ASSEMBLYWOMAN KLEIN: If there is nothing available then you are allowed to put a family in a motel or a hotel?

MRS. HOLLIS: In the least expensive emergency housing.

ASSEMBLYWOMAN KLEIN: Have you had many instances where you have had to do this?

MRS. HOLLIS: Yes, we have. I would say we have an average of 5 families a month.

ASSEMBLYWOMAN KLEIN: Five families a month who are housed in emergency housing?

MRS. HOLLIS: Yes.

ASSEMBLYWOMAN KLEIN: And who pays that bill? Is that paid by the State, the County, the Federal Government, who pays that?

MRS. HOLLIS: State, County and Federal.

This comes from the assistance grant, from the assistance account, so that it is Federal, State and County.

ASSEMBLYWOMAN KLEIN: That would be if it were an AFDC family?

MRS. HOLLIS: That's correct.

ASSEMBLYWOMAN KLEIN: Suppose it were not an AFDC family?

MRS. HOLLIS: Then it is State money.

ASSEMBLYWOMAN KLEIN: And the County pays a share of that?

MRS. HOLLIS: Yes.

ASSEMBLYWOMAN KLEIN: Does your county, or do most of the communities in your county, participate in the State General Assistance Program?

MRS. HOLLIS: Most of them, yes. I think there are only one or two of them who do not participate.

ASSEMBLYWOMAN KLEIN: In that situation, when General Assistance is given, the State pays 75% of the cost, is that correct?

MRS. HOLLIS: Yes, that is correct.

ASSEMBLYWOMAN KLEIN: Thank you very much.

ASSEMBLYMAN KENNEDY: Thank you very much.

Mr. Rys, do you have any questions?

ASSEMBLYMAN RYS: No, I have no questions.

ASSEMBLYMAN KENNEDY: Mrs. Hollis, throughout your statement runs the basic idea that once New Jersey adopted the U segment of the ADC program that the desertion rate dropped, if I follow what you are saying.

MRS. HOLLIS: That's correct.

ASSEMBLYMAN KENNEDY: It dropped significantly.

MRS. HOLLIS: I would say we had families who previously were on assistance because of separation who were reunited and then were on either ADCU unemployed or underemployed status.

ASSEMBLYMAN KENNEDY: And then you have the desertion rate going up when the State instituted the Working Poor Program.

MRS. HOLLIS: Yes.

ASSEMBLYMAN KENNEDY: I remember studying this about a year ago with the Welfare Study Council and I recall very vividly the point being made that when the State initiated the ADCU Program that the desertion rate, as such, continued at the basic same level and that there was not this noticeable depreciation in the desertion rate in 1968 or 1969, or whenever it was that we went into the new segment. Do you have those statistics available to back this up, as far as Middlesex is concerned, which shows a decline in the desertion rate when New Jersey adopted the U segment?

MRS. HOLLIS: If you remember I did not base my statement on any statistics, but on a recollection of certain cases where the family had previously been receiving, based on the absence of a parent, which subsequent to this ADCU program were reunited. I have no statistics.

ASSEMBLYMAN KENNEDY: Thank you.

ASSEMBLYWOMAN KLEIN: Would you be able to get any statistics? Are they in your records? Are they in individual records?

MRS. HOLLIS: There is something like 6,000 cases to go through. One of the real hindrances is that at the county level there is no one person in most counties who is a research person, who could collect statistics such as this. The things that I have presented were dug up, if you will, by my employees on extra time - free time. They devoted this free time simply for the cases to be presented today.

ASSEMBLYMAN KENNEDY: You make a good point, Mrs. Hollis. When the Welfare Study Commission, as such, went into this a couple of years ago it

became very noticeable immediately that there was a lack of material available at the State level to digest the feasibilities of the current welfare program.

ASSEMBLYWOMAN KLEIN: Mrs. Hollis, you were the Director of the Welfare Program in Middlesex County at the time of that study made by the Welfare Commission.

MRS. HOLLIS: No, I was not Director at that time.

ASSEMBLYWOMAN KLEIN: You were employed there?

MRS. HOLLIS: I have been Director only since July 1st of this year.

ASSEMBLYWOMAN KLEIN: I see. Do you happen to know whether anybody from Middlesex County Welfare Department was called to testify, or to present information, to that study commission when it met?

MRS. HOLLIS: No, I do not know. I don't believe so.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN KENNEDY: Is there a Mrs. Ann Mufson here, the Assistant Administrator of the Middlesex County Legal Services?

(not present)

Philip E. Kunz, Director, New Jersey Council of Churches?

P H I L I P E. K U N Z: My name is Philip E. Kunz, I represent the New Jersey Council of Churches and, by agreement, what we are proposing to do here is to insert into the record the written copy of our testimony rather than reading it and also to utilize this slot, and the slots put on the roster by the committee staff, through the Chairman, in the past, for the Reverend Mr. Hatfield of the American Baptist Churches, for Mrs. Webber, who was called this morning from the United Church Board of Homeland Ministries, and several other slots, which the Chairman is aware of, to use these combined slots now in very close order to put into the record several individuals

who will offer a package of testimony which will build one upon each other. These individuals will represent their own organizations, separately, and our hope here is to get different kinds of things into the record this way very quickly and to save on the Committee's time.

I just would like to make one or two quick observations and then the Reverend Dudley Sarfaty is here representing the Presbyterians in the State of New Jersey through their organization, the Presbyterian Synod of New Jersey.

I want to underline only a point or two which is in the written testimony of the New Jersey Council of Churches which is kind of by way of a preliminary conclusion, based on what we have said here and what we have been collectively listening to this morning already.

You will find on page three a series of seven of our recommendations that we would like the Committee to consider, including, of course, total support for A-1201.

But in addition to that, not here, it seems very clear to us that A-656, Mr. Kean's rent leveling bill, would be a most beneficial kind of back-up for the deliberations that you are involved in here.

I'd also like to call for the Committee's consideration, another bill, or some kind of an amendment in an appropriate place, simply doing away with the concept of illegitimacy in the State of New Jersey. You could write a bill that would consist of about three lines and would move all kinds of ends for all kinds of people constructively in the State and save a lot of energy to the entire administrative apparatus.

My final comment is that to the testimony of many organizations, especially, for example, this

morning, the Camden Legal Aid attorneys, the Director of Middlesex Welfare, and Father Testa's testimony before, we are beginning to see the hard core statistical, as well as the individual, case documentation for all these allegations that have been around for more than three years; that a substantial number, literally thousands of children and grandmothers and people who are not able to locate gainful employment, are suffering in the State of New Jersey. What I am submitting is that by the time we all go home this afternoon there will be more than enough documentation in the Committee's work, coming in from these private and from State sources, to back up the contentions.

Now, without going any further, Dudley, you have an official statement from the Presbyterians, I believe.

(see page 142A for N. J. Council of Churches statement)

R E V E R E N D D U D L E Y S A R F A T Y: Mrs. Klein, Gentlemen, I don't want to take more than a moment of your time. You have considerable accrued specific testimony. The Presbyterian Church of New Jersey is not composed of public assistance recipients. By and large they are non-poor, non-black, middle-class and maybe disoriented in terms of a humane perception of what's going on in New Jersey. I just walked in past the new sign that talked about the century of progress. That has stuck in my mind since I have seen it.

The Presbyterian Synod has been voting for a broad-based tax in Ocean City, New Jersey off and on for the last six or eight years. It doesn't do very much good for them to go to Ocean City and vote for a broad-based tax when the place a broad-based tax will come from is here. But when I have represented them before any of your committees it has generally been

in something that was going to drive up the cost of government, so let me remind you that as Presbyterians we are, and I hope you are, willing to pay our share of a broad-based tax.

Beyond that, I would like to say that the official clerk of our governing body happens to be the President of the Welfare Board in his own county and I will see that you will get sent - which I think he will enthusiastically do - a letter affirming that our denomination, in absolute and specific sense, not in a generalized, do-gooder, bleeding heart way, is behind this legislation and deeply concerned that if we are going to have a century of progress or a humane New Jersey, that it is our moral perception that the Legislature, which I realize is a long distance removed from this hearing, even through your whole Committee and to the floor itself, is going to have to do something so similar to Mrs. Klein's bill that, as I drove down and wondered if I said it I would cost the whole Presbyterian denomination their tax exemption, I at least hope that I will be able to communicate that they are really behind this program. Thank you.

MR. KUNZ: The Reverend Horace Hunt of Newark, New Jersey, Mr. Chairman, is going to more or less bring in these series of people under close order now to complete the testimony.

ASSEMBLYWOMAN KLEIN: Excuse me, but are you going to be leaving the rostrum? What was your name please, sir?

REVEREND SARFATY: Dudley Sarfaty I am the Associate Executive from the Presbyterian Synod of New Jersey.

I understood through Mr. Moore s office my name was on the list but my name isn't on the list.

ASSEMBLYWOMAN KLEIN: Reverend Sarfaty, how many people did you say that you represent?

REVEREND SARFATY: This is a very interesting point.

ASSEMBLYWOMAN KLEIN: Maybe I shouldn't have asked.

REVEREND SARFATY: Ever since the Presbyterian Church - I see two Presbyterians in the room as far as that goes--

ASSEMBLYWOMAN KLEIN: Do they wear something special that identifies them?

REVEREND SARFATY: Ever since the Presbyterian Church established its fund for legal defense and justice and gave $10,000 to the defense of Angela Davis in California, who according to the American Constitution is now innocent, there has been a constant furor around our Church as to who speaks for whom. The only way you would know how the Presbyterian spoke would be to have a mass meeting of all of them.

However, the General Council, which I am speaking for, is the official governing body which has the authority to speak in its own name. It speaks in the sense that the Legislature can speak for the Legislature but it can't speak for all of the citizens of New Jersey in relation, say, to the Port Authority in New York. So, it is the most official body.

If you want me to say there are 400,000 Presbyterians who agree with the General Council, I won't because some of them will read it in the Trenton Times and be upset and write nasty letters to our office and take our attention away from what we ought to be doing. But the General Council is the most official body which the Presbyterian Church does have in New Jersey.

ASSEMBLYWOMAN KLEIN: So you are the official spokesman for this group?

REVEREND SARFATY: Oh yes, and I will see that the stated clerk, who is even more official than I

am, does send a letter communicating that to your Chairman.

ASSEMBLYWOMAN KLEIN: And you will let your members know what you are saying and you will urge them to support what you are saying?

REVEREND SARFATY: Yes, we do that continually. In fact, my name is in the Attorney General's little file of people who come down here once in a while to speak to you all and I assure you last time I spoke I followed some people who make construction equipment, who were urging the Legislature to appropriate more money for roads. Now I am not in the same boat. The Presbyterian Church is not going to benefit as such. There are very few Presbyterians on public assistance. So, I am not a lobbyist in the sense that I can sell somebody some machinery if you will appropriate some money for a new State program. It is a moral concern of the Church, as someone who is concerned for people, that brings us here.

ASSEMBLYWOMAN KLEIN: The reason why I bring it up though is that we have had many representatives, representing many organizations, which represent a great many people, who have been speaking on behalf of this bill and yet, the climate of opinion in New Jersey in terms of providing a better minimal standard for welfare recipients is not what I would call a friendly climate and I am just wondering what your organization is doing to improve that climate because legislators can only act to a degree within the climate of opinion and the wishes of their constituents.

REVEREND SARFATY: Right. The General Council has a program and my particular office has a responsibility to communicate information about the issues to Presbyterian and other citizens of the State of New Jersey. But the Presbyterians have a little twist in their form of government that we do

not make our decisions on the basis of a referendum of our whole membership. We make our decisions of policy on the basis of delegated committees that have studied the issues and our General Council has twice studied this problem of welfare reform in the last two years. So, it is as informed and official as a Presbyterian body can be. The whole Presbyterian Church doesn't vote, as I personally might prefer.- the whole membership - or there would be a lot of things different in New Jersey.

But, be that as it may, we do make our efforts to communicate with our people and to draw to their attention our deep concerns, and this is one of them.

ASSEMBLYWOMAN KLEIN: Well, all I can say is we have a lot of Presbyterians up in Morris County and I hope you will be in very careful communication with all of them.

REVEREND SARFATY: I will take that to heart. Thank you.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN KENNEDY: May we have your copies before you start, sir?

R E V E R E N D H O R A C E H U N T: Yes, I am just going to make some introductory remarks and I will give you copies of practically all of the people who will be coming.

As Mr. Kunz explained, my name is Horace Hunt and I am a member of the Social Concerns Action Network with headquarters at 237 Broadway in Newark and we are going to present a flock of testimony because we think it is concise. It gives you representation of some of the different issues involved in our support of 1201.

Not to belabor the point, therefore, I would like to move immediately to begin that testimony and the first speaker is Mrs. Guida West of Montclair,

New Jersey.

M R S. G U I D A W E S T: My name is Guida West and I reside at 87 Cooper Avenue in Montclair, New Jersey and I am presenting testimony this morning and you have copies of same before you. I am going to condense this testimony because I think much of what is written here has already been said.

I am speaking for the National offices of one of the major denominations, Protestant denominations - the United Church of Christ. The Board for Homeland Ministries of the United Church of Christ established a program on welfare in April of 1970 and has established a welfare priority team on which I served as a member and as a consultant.

I have been engaged in working and studying welfare reform for the past six years with the New Jersey Council of Churches, with the Bureau of Community Services for Rutgers University and now as a consultant with the welfare priority team. I am also a doctoral student and candidate at Rutgers University in the Department of Sociology.

Dr. Howard Spragg was supposed to be here today to give the testimony and he was unable to come when the date was changed.

I should like to begin my testimony by stating that the National Welfare Priority Team of the United Church of Christ is testifying on this particular State bill because we have been very involved, even though we are a national body, on welfare reform in many states. We have established task forces on welfare reform in many states throughout the nation.

In New Jersey we have been participating regularly for the past two years in meetings, workshops and local projects. We have worked with churches, constituenciesand with welfare recipients and it is becoming very evident to us that the state problem

cannot be isolated from the national problem or from other state problems; they are all linked together.

Secondly, there is a growing conviction that the poor have no voice and they are never given the chance to be heard and therefore it becomes morally the responsibility of the church, and the Christian Church, to speak out for the poor and for humane legislation. This is how I come here to speak to you today, to ask for the support of Ann Klein's bill - A-1201 - as a morally, responsible, humane piece of legislation.

The United Church of Christ stands for economic justice, for adequate guaranteed income, for increase in the minimum wage, for the opening of jobs and educational opportunities, for comprehensive health programs, quality day care and long-term no-interest business loans.

We support this bill and we represent approximately - The United Church of Christ - 90 local congregations in this State, approximately 25,000 adult residents. This testimony is prepared by a national body and all the information that they gather and examine is distributed to all these bodies. This information will be distributed to all the bodies here in New Jersey.

The United Church Board of Homeland Ministries commends A-1201 for enactment. Specifically, it supports the rent supplement payments. It supports the equalization of the payments for the fatherless and unemployed fathers of families. It supports the deletion of the repayable debt. It supports the section for continued educational support of the children and it also supports, very strongly, the deletion of the ceremonial of marriage section. Thank you, very much.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. West.

Are there any questions? Mrs. Klein? Mr. Rys?

(no questions)

Thank you. (full testimony on page 145A)

REVEREND HUNT: Next I would like to introduce Mrs. Helen Mitchell, Chairwoman of the New Jersey Welfare Rights Organization and a resident of Newark.

M R S. H E L E N M I T C H E L L: I am Helen Mitchell, Chairman of WRO. As Chairman of the New Jersey Welfare Rights Organization I urge you to support the Klein bill, A-1201.

Many of our Welfare Right members are suffering severely because of the inadequate flat grant. Hundreds of other poor families have been unable to adequately feed their children and at the same time pay their rent. The flat grant is totally inadequate for more than half the welfare recipients.

Let me illustrate. This morning I met a mother of nine children who is living in a welfare hotel at a monthly rental of $300. She had been burned out of her home and is now trying to stretch her monthly welfare grant of $427 to feed her children and avoid eviction. As you can see, after paying her rent, she has $127 left to feed a family of 10. This would give them each 45¢ a day, which is less than half the amount absolutely necessary for bare subsistence. And if they spend 45¢ a day, there will be no money for utilities, clothes and carfare, or anything else.

I have given you just one case. There are thousands in our county in desperate straits. At least one-half the Essex County welfare recipients are now having to choose between malnutrition or eviction. My organization sees children going to hospitals, mental institutions, reformatories, and prison as a result of totally inadequate money to get off welfare. The Klein bill will help remedy some of this.

Many of our children are starving and many of the taxpayers will pay the bill for keeping them in institutions. Please help us change the situation. It is either change or social disruption.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Mitchell.

MRS. MITCHELL: I would like to add something. I think Father Testa was asked the question, "where do these people go when they get evicted." You can see that we have a hotel in Newark. It is called the Park Lane Hotel. Those people living there are fire victims and people that have been evicted. You will find there are over 65 of those people who live in the Park Lane Hotel and the rent is very steep. There is very little space. The nine people that I mentioned who are living there only have two rooms to wash their clothes, wash the dishes - do everything - because there are no cooking facilities there.

Also, about the working poor, when the flat grant came into existence on July 1st a lot of men left their homes. The fathers did not want to leave their children but when they were given-- Before the flat grant came into existence if there was a father and ten people in the family, if the man was working - or one person was working in the home - at least they would give them a supplemental aid to bring up their living expenses. For example, for a family of 12, with the supplemental aid they received from welfare, their grant was brought up to $938 a month. When the flat grant came into existence on July 1st everybody was put on a flat grant and according to ten people the grant was only $325 a month and if anybody in the household went to work, nobody was eligible for welfare.

ASSEMBLYWOMAN KLEIN: You said you know of many families where the fathers have left the homes?

MRS. MITCHELL: Right.

ASSEMBLYWOMAN KLEIN: How many would you say you know?

MRS. MITCHELL: Approximately 50.

ASSEMBLYWOMAN KLEIN: That you know of personally? Fifty families?

MRS. MITCHELL: I know of them through going to different meetings and through children that come into pre-school and day care. According to the records, the fathers are not at home. The fathers have left their homes because of these conditions.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Mitchell.

ASSEMBLYMAN RYS: Mrs. Mitchell, I have a question. In your illustration, the second paragraph, where you say "burned out of their home", is this a rental or an ownership? Because under the ownership we have a special premium that every person who owns a home in the state of New Jersey has. It is a special rate and I think a percentage of 1½% goes to restoration of the homes that were burned out.

MRS. MITCHELL: These are rental.

ASSEMBLYMAN RYS: They are rental, so it doesn't apply to this case.

REVEREND HUNT: Representing the Salvation Army is Captain John R. Cheydleur.

C A P T A I N J O H N R. C H E Y D L E U R: My name is Captain John Cheydleur, I am the Executive Director of the Salvation Army in the Oranges and Maplewood and I am here today representing Major David Baxendale who is the State Commander of the Salvation Army for New Jersey.

One hundred years ago, William Booth told a story, which he said he didn't believe but it illustrated a point, about a sad, cold, hungry girl who asked for shelter in a mission established to rescue "fallen women." The girl was turned away

because of her innocence, only to return later, having tearfully surrendered her virtue in order to qualify for assistance. The point of the illustration - that the denial of legitimate need may lead to greater need and tragedy and immorality - is apropos to our discussion of Assembly bill #1201.

The Salvation Army, with its 26 Corps centers, 7 institutions, and 175 local service Units, is, perhaps, the largest single private agency in New Jersey providing direct service and casework to welfare clients and marginal income families. Our experience during 1972, subsequent to the change to a flat grant welfare income maintenance system, indicates that the two major provisions of Assembly bill 1201, that is, the provision of a rent increment in counties where rent exceeds the average and the increase in aid to two-parent "Working Poor" families to a level equal to 85% of that paid to families of unmarried mothers, are necessary and vital.

In review of cases from our Newark Salvation Army Family Service office alone, the number of emergency housing placements quadrupled between 1971 and 1972, from 497 to 2007. More than 2,950 meals had to be provided in 1972, compared with only 635 in 1971. We are not talking about men transients nor Bowery type people, these statistics don't include that. Necessary clothing, grocery and furniture assistance doubled. As a result, the Newark Salvation Army office had to cease all direct assistance for two months, from August 15th to October 15, 1972. Many of our smaller offices in the State have exhausted their resources or have been forced into the position of giving a $15.00 food order to a family of nine to try to purchase sufficient groceries for a week. I might add that what also has happened is that a lot of our officers, in smaller communities,

are simply taking three-hour lunch breaks, not because they want to take three hours for lunch but because they can't stand saying no to people who really need help. It has gotten to that. We have prided ourselves on never having to turn away somebody with a legitimate emergency need and we are so swamped, we can't say that anymore.

One of the major causes for the overload which Salvation Army offices in urban centers are experiencing is that of abnormally high rents, rents which cannot adequately be met by persons receiving categorical assistance at current grant levels. While the intent of eliminating "actual cost" rent allowances is to force landlords to discontinue rent escalation at the expense of the State, the result has been that what little control there was on rents - because the case workers would try to beat the landlord down a little bit - has been lost. Rather, landlords are asking families to reduce their food intake below tolerable levels in order to pay increasing housing costs.

I am going to skip the case summaries because of the time. You have heard case summaries of all of these types of things that I am doing. I have here a case summary from Morristown.

A survey of senior citizens attending the Salvation Army Janet Garvey Senior Center in East Orange indicates that it is not unusual for these older people to pay $120 to $160 per month for housing with incomes that rarely exceed the $162.00. The same thing applies to Trenton. The problem is especially acute in Northern New Jersey and this is one of the problems with the flat grant system. It does not cost the same amount to live in this State in different places, which means that the people in lower cost counties are being supported more fully

by the State than those in higher cost counties. The need for continuing help is far too great to be met from private agency resources. Many non-public agencies have discontinued all forms of direct assistance. Even the Salvation Army will have to close down offices or adopt harsh and restrictive policies forcing people into slow starvation unless some measure is adopted to meet the spiraling rent costs for these families. Rent stabilization, as important as it would be, would not be sufficient. We must start having people cut the rents, which many landlords couldn't do.

A second major feature of the proposed bill is to effect an increase in "Assistance to families of the Working Poor" which would allow these families 85% of the grant available to ADC families, rather than the 66% grant now allotted. This measure is crucial to family stability. The intention, of course, of reduced aid for Families of the Working Poor, is to induce one of the partners to go out to work on the presumption that the husband or wife could at least find some type of part-time employment. There are some difficulties with this concept.

Many family partners do not possess marketable skills, or if one partner could work the spouse is not able, for reasons of physical, emotional or intellectual deficiency, to provide adequate care for the children over prolonged periods of time.

I then have a case here of a husband who deserted and a case of a husband who is thinking pretty seriously about it, but hasn't yet.

There have been people giving testimony who suggested that it is not the business of the State to legislate morality. I would suggest that it is not the business of the State to penalize morality, and the law, the way it is set up now, penalizes

the ceremonially married family, as compared to the unmarried family or the family where the husband leaves. I think that is just not good social law. There are a few paragraphs here that state our contention that private agency resources ought to be used as a tactical force, as a way of dealing in a concentrated way with families who can be helped either to keep working as marginal income people or to get off of welfare, if there is a possibility of that. Our case workers have been doing those kinds of things in the past. What has happened now is they are just simply being swamped by the numbers of people that they are getting and they can't do it. They just don't have the time any more.

That is really the substance of the written testimony. I might just point out a few side things. Normally the Salvation Army is famous for giving out toys at Christmastime. My office will not give out any toys this Christmas. We are putting all that money into clothing. Here it is December. Most of the families that we are interviewing do not have funds. If the kid has grown out of the jacket that he was wearing last year, the kid is still running around in, you know, like two shirts to go to school. They cannot afford to buy jackets this year. We are going to put the money into clothes and it is still not going to be enough.

The private agency sector can't do the job. Now, I don't know where the State is going to find the money to do the job either but you have a lot better chance to do it than us and we would prefer not to go out of business and to be an emergency back-up and that means that you have to do the part that is the bigger part. Thank you.

ASSEMBLYMAN KENNEDY: Thank you, Captain.

Are there any questions?

(no questions)

REVEREND HUNT: Next may I introduce Mr. Charles Morrison who is the Chairman of the National Association of Social Workers, the New Jersey Chapter.

C H A R L E S M O R R I S O N: I serve in a dual capacity also as Vice President of the Social Concerns Action Network.

As President of the New Jersey Chapter of the National Association of Social Workers, at the national level NASW represents 58,000 professional social workers from a wide variety of agencies. The New Jersey Chapter represents over 2,000 social wokers. They are employed in different capacities, including case work, group work, administration, consultation, planning, community organizing, policy analysis and research. My concern today is not to overwhelm the committee with statistical displays, so competently presented by previous witnesses. The reason for my testimony is to request the committee to ponder the question of a social insurance system and then to act.

When one hears of the current state of affairs in New Jersey a wide variety of responses are possible. While considering what course of action to follow, the voice of the social work profession should be heard.

There is considerable disenchantment with professionalism today. However, it is the professional who daily handles the problems of the system which the policy makers, the Legislature, create. I am sure this committee has listened carefully to the many voices heard today on behalf of the welfare recipient and I want to commit the New Jersey Chapter of the National Association of Social

Workers to assist the committee in any way possible to effectuate welfare reform.

Of the many issues raised by the Klein bill, A-1201, I wish to address my comments to the income provisions. I begin by quoting from the position papers of the National Association of Social Workers. Recommendation three, regarding income maintenance reads in part: "Improvement and expansion of the social insurances . . . in order to help make the fullest possible contribution to filling the gap that now exists between income from work and decent income for all citizens." A-1201 addresses this goal. New Jersey welfare system has been a leader in many respects. However, there have been a wide variety of inadequacies.

In 1971 a major welfare reform package passed the Legislature. The effects of this legislation are being presented today. I think you will all be moved by the suffering which this has caused. The problem for NASW is not that a flat grant was instituted but that the level of the grant, when it includes shelter costs, is too low. A flat grant sets one payment for all public assistance families of the same size. It is very expensive to live in New Jersey today. If public assistance is to function as a barrier to destitution, it has to help a family return to the work force intact. It must eliminate the inadequacies and inequities of the two-third of need grant to working poor families. I urge you to support the Klein bill. Thank you.

ASSEMBLYMAN KENNEDY: Thank you, Mr. Morrison. Are there any questions?

REVEREND HUNT: Next I would like to present Mr. Elsworth Morgan, Chairman of the Newark Tenants Organization, who would to insert some verbal testimony.

E L S W O R T H M O R G A N: I am with the

Newark Tenants Organization and the Statewide Tenants Committee.

We appreciate being asked to appear to give testimony. We support Ann Klein's bill. Our concerns, perhaps, are not statistically-- And I am not sure that public hearings are geared for the kinds of testimony that we give but we certainly hope that we will be heard and that you will use your influence to influence the politicians and your cohorts in the Assembly and in the Senate so that when the real decisions are made - not just based on public hearings- there will be some consideration given to some factors that are not statistical.

We have heard that, in fact, New Jersey is very generous with its poor but we hope that that is not one of the major criteria by which we pass legislation -- that New Jersey treats poor people as well as Mississippi. We would hope that there will be other considerations given as to the passing of legislation.

We are very concerned that the politicians are again playing games with the lives of poor people and black people in particular. For instance, that segment - the U segment - came into existence because back in 1967 when people took to the streets all over this country, in what was known as riots, the Governor's Commission on Civil Disorders, I believe, recommended that, in fact, people not be penalized in the homes where there were fathers who were unemployed or underemployed. As a result, the U segment came into being. We would hope that folks do not feel that five years later we do not have that kind of volatile situation so, therefore, we can give one year and two or three years later take it away since things are cool now; we can now wipe out what was considered five or seven years

ago as very necessary.

We hope that folks will not continue to make welfare issues political footballs of people's lives.

We also view the present welfare laws - when folks talk about welfare reforms and what they will give and what they will not give - with the knowledge that in many ways welfare is considered, in urban situations, to really be a black issue. We know that folks do not like us to refer to the black and white issues but they are realities, just as you indicate what are political realities. We feel that the welfare situation, and the part that we are talking about in particular -- Folks ask for statistics when they know that it is a fact that a family can make more money by saying that the father is not in the home. A mother who is concerned about her children will lie and say that the father is not in the home. Folks know that this is happening. We see this as a break-up of poor families, a break-up of black families in particular. Such things have been going on since black folks came to this country on slave ships many years ago. Folks worked very, very, hard so that black families were broken up - so there was no stability in black families.

We see the welfare system as a continuation of this, an economic replacement for the plantation system. Folks know what they are doing even though they pretend that they do not. We would just like to publicly say that we poor folks recognize what is going on, we just do not have the power to change that. When you tell people that they can get more money if, in fact, there is just a mother in the home and just the kids and that there is not a father there -- The father endures the loss of pride, etc., when he, for whatever reason cannot earn money,

when he cannot be the breadwinner - what that does to a man inside is that it eats the man inside - and a woman has to put him out in order to feed her kids. You understand she cannot get money if, in fact, she goes down to the welfare agency and indicates the father is in the home.

For agencies to indicate that folks have to have ceremonial marriages before they will be recognized as human beings is ridiculous. It is ridiculous and folks know that. In fact, in many black families and many poor families, for whatever reason, people will live together without going through a ceremony. We think that it is ridiculous that legislation would say that, in fact, we have to legislate morality.

We, as an organization, are particularly concerned with that part of the legislation that refers to housing. It is, again, ridiculous for the Committee that came up with welfare reform legislation in 1971 to indicate - to put it in writing - that welfare recipients should go and bargain with landlords to reduce their rent. Knowing political realities you should also understand economic realities. You should understand that welfare recipients cannot go to landlords and say, "the Welfare Department only gave me $100 this month, would you take $100 instead of $165?" That is ridiculous and we say that we know that the people who put that in knew that would not happen. We would ask that you use your influence and go back to the same politicians and ask them to set up an agency that, in fact, would bargain with landlords and see if they have more success than welfare recipients have had since 1971 in bargaining for a reduction in their rent. A landlord will say, "if you don't want it, with the housing crisis that we are all aware of, then you can move."

What this has resulted in, without going over a whole lot of statistics - and if it happened in your family you would be aware of it and you would not need a statistic - is welfare recipients are using their food money to pay their rent. They are using their food money to pay their rent and where they are not paying their rent we are having a tremendous amount of evictions. If you want to move the people in this Chamber to any landlord-tenant court in any urban city in this State you will, in fact, see eviction proceedings taking place constantly. If you want to bring in a yellow pad and count the numbers, I am pretty sure that you can come up with some statistics, if, in fact, you will not be influenced unless there are statistics. Poor people are being put out in the State of New Jersey because we have gone to a flat grant which says, if you cannot pay the amount of rent, we will give you a flat amount for rent and you should bargain with your landlord. That is ridiculous and you do not need statistics to know that.

The other thing that we are about to see happen in the State of New Jersey is the creation of welfare hotels. Folks like to read about this in New York and other places and say it doesn't happen here, but I assure you it is happening in the State of New Jersey and it is going to increase. I heard someone talk about welfare motels. I assure you that is not the exception to the rule. Poor folks are very much aware of it and do not have statistics. But we are paying ridiculous amounts of money for poor people living in hotels. The case that Mrs. Mitchell cited was one that we were involved in and we can give you statistics on that case if, in fact, again, you would carry these proceedings from these Chambers and bring them to Newark or

some of the other urban cities where a welfare mother was paying $300 for two rooms that were no bigger than these two desks, and she had nine kids. I hate to take pictures, like folks like to do, to talk about how ridiculous those two hotels are. I'm not sure that you need statistics. I'm not sure you have to see that a thousand times before you believe that it needs to be changed.

I am sure one case is one case too many and I will not talk about New Jersey being generous in comparison to other folks.

The other thing that we also know is - just like black people know without going out and getting a whole lot of surveys - there is discrimination in this country and black folks cannot rent wherever they want to rent. Whether it be because of zoning laws or whatever, welfare recipients cannot rent anywhere they want. There is discrimination against welfare clients. As soon as landlords begin to check your source of income and know that you are on welfare, your chances of renting that place are not as great as people who do not live on welfare and I am not sure that we have to have statistics so that we can compare whether this is happening in Mississippi, Georgia, Chicago or New York before New Jersey is willing to deal with it.

The other thing is, the FHA foreclosures. We are, in fact, involved in that every day. Talking about statistics, how many headlines do we need in order to find out that there is, in fact, graft taking place in FHA Agencies? There are a tremendous amount of foreclosures taking place in agencies and I do believe that the State of New Jersey was one of the first, if not the foremost State, where there was indictment and convictions through FHA proceedings - where folks were making money from poor folks because of the housing situation. I am not sure that we need

one thousand statistics before we do something about that.

I am pretty sure this has been said before, but we need some form of rent control - whether you call it rent levelling or whatever. We certainly do need rent control and I am not sure that we have to have statistics to prove this.

In closing, I would just repeat what it is that we want. We would like to see you use your influence - we are not sure you have the power to insure this will happen - to help pass Ann Klein's bill, A-1201. Not that we think it goes far enough, but we think that Mrs. Klein is a political realist and perhaps realizes that this is the kind of legislation that might pass. Stronger legislation would be kicked out immediately. We hope that this legislation would be supported.

Two, we hope you would use your influence to pass some form of rent control, whatever it is called - rent levelling, the present bill or, in fact, setting up some other bill, because we certainly need some form of rent control. I believe the 11:00 news last night indicated that President Nixon is going back before Congress and asking that the price controls be continued and not come off in April. Nationally they see a need for some kind of control. I would hope that politicians will be influenced, perhaps, by national politicians who understand we need some form of rent control in the State of New Jersey, since we seem to like to compare what other folks are doing.

Three, we would ask you to pay the actual amount of rent. However you want to word, or draw up, that bill to make it come out looking legal, we are saying poor folks - welfare clients - need, in the grant they are given, their actual amount of rent to be paid. If you feel that the State would lose money

because of the amounts of rent the landlords are asking for, we would ask that the State set up an agency that can bargain with landlords. Welfare clients are not very successful at bargaining with landlords.

Five, we would ask you to use your influence to stop passing laws that divide and break up black families.

Six, we would ask that you use your influence to pass laws that would prevent the creation of welfare hotels in the State of New Jersey.

Seven, we would ask that you use your influence to help pass laws that will prevent landlords from discriminating against welfare recipients.

Eight, we would ask that you would use your influence to stop the passing of riot legislation, such as the U segment was in 1967 - or was it passed in 1969 - but which is no longer needed in 1972.

In closing, we would say that our organization will work very, very hard to reelect the members of this Commission or any politician, black or white - just as we worked very, very hard for the election of Kenny Gibson in Newark - if, in fact, the politician is sensitive to the people and not just sensitive to statistics and their own constituency, and just want to be reelected. We thank you.

ASSEMBLYMAN KENNEDY: Thank you, Mr. Morgan. Are there any questions?

(no questions)

REVEREND HUNT: Next, representing Mr. Terry Richardson of the Newark Relocation and Review Housing Board is Mrs. Renee Pierce.

M R S. R E N E E P I E R C E: Thank you. My name is Mrs. Renee Pierce and I am a Field Representative for the Relocation Review Board. We have prepared a statement and I have sent the copies in.

In New Jersey especially in the City of Newark, we have vast areas of vacant lots and abandoned houses. The one thing that is needed most in our city is houses and apartments for large families. There is not any place to relocate large families and especially Essex County Welfare recipients.
In some of the Newark Housing Authority projects there are some apartments vacant for large families, but because of the Tenants Association request to depopulize the projects these apartments can not be used and are being considered for day care and recreational centers. Housing is not only a problem for large families in the City of Newark but also for most families on Essex County Welfare, they have a problem in securing standard dwelling units.
Today's rents are out of reach for most families with the reduction in their total grant, as of July 1971. It is humanly impossible to expect a family to pay rent and have the necessities that are essential to live a healthy and normal life on the amount that they are allotted by the welfare system. In large apartment buildings today the market rent average is $192 per month for a one-bedroom apartment, $228 per month for a two-bedroom apartment, and $285 per month for a three-bedroom apartment. A family of three receiving a grant of approximately $282 per month and a family of four receives $324 per month, can not be expected to pay $150 per month rent and live the remainder of the month on $132.00.

There are the bare necessities that must be purchased, utility bills must be paid, and miscelleanous articles must be bought. In private developments the rental is estimated to start at $120 per month through $180 per month for a three room apartment or a one-bedroom unit and $175 per month through $250 per month for three-bedroom apartment or five rooms. The 235 Program is a relief for low income and welfare families with five or more children. This was taken away from our citizens because some realtors sought to exploit the program and the people.

The Relocation Review Board have found that families residing on the Board of Education Sites for the proposed new high school have had difficulty relocating because, the relocation agency can not find any standard housing for large families. The Board of Education has purchased these properties and because there are no houses available for these families to relocate, therefore the plans became obsolete and had to be returned to the drawing board; which is an added expense for the taxpayers.

We have found families living in hazardous conditions in the City of Newark, that can not be relocated. We need people in elected offices who are interested in the City of Newark and its citizens as they are in suburbia. We feel that the state could and should share an equal responsibility in working for larger dwelling units. We believe it is the responsibility of all of the elected officials to vote for legislation to alleviate these conditions that exist in our urban cities,

and it can be done if our elected officials would take their responsibilities and dedication seriously.

The Relocation Review Board supports the bill #1201. With the inadequate supply of houses and the high rentals being paid, passage of this bill would help relieve the hardships that our senior citizens, as well as the working poor families are facing since the flat grant system.

The Relocation Review Board urges all of our Legislators to support this needed bill and we do expect the support of our Governor.

I would just like to say this, in traveling throughout the City of Newark and visiting various families we find that this is one of the biggest problems that we have. There was a time when people would not want to go into public housing but because of today's rents they cannot go anywhere else and so they are crying for public housing. We have found that senior citizens are begging to go into public housing because they receive, from their social security, approximately $90 or $99 and then the assistance comes from welfare which gives them a total grant of $162 to $168. Now when they go into public housing their rents are reduced to approximately $37. This gives them something to work with. But if they have to pay $125 or $150 to $180 out of the grant of $282, this is just impossible for them to live. They just cannot live under these conditions.

I then find that an elderly person, if they are living with someone, has their grant reduced to approximately $111. Now we have many, many cases that we can quote. I just found a senior citizen the other day and she is living in a hallway. This is utterly ridiculous. It is a two-family dwelling and as you go in, on the first floor, right up under the steps, this is where this lady's bed is. She is

72 years old. She is crying for public housing. Her rent is $50. This is what she is being charged.

So, you see, we are interested in doing something for our people in the City of Newark - senior citizens and large families. We just cannot find anyplace to put a large family. We have several families with 10 or more children and they just cannot be relocated. We have one that is living in four rooms and I believe there are something like 10 or 11 persons there.

So, you see, we do hope that something can be done and, of course, we feel that just a little more money added to the welfare system would help our people to be able to pay rents where they might be able to live a little bit more comfortably. Thank you.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Pierce.

ASSEMBLYMAN RYS: Mrs. Pierce, those abandoned properties in the City of Newark, could they be made liveable by the city? I presume they are owned by the city at the present time.

MRS. PIERCE: We do have a rehab program presently going and they are doing a tremendous job in rehabing most of the apartments that can stand it. We have a number of brick buildings that are being rehabed now but it is just not sufficient, it is just not being done fast enough.

ASSEMBLYMAN RYS: What I am trying to get at is, in other words, you have vacant lots and these old abandoned properties. It certainly will help, it will alleviate the condition if the city moves with the help of the State of New Jersey.

MRS. PIERCE: Yes. That will be a help but I understand that there is a law that requires the city not to take these abandoned properties until four years.

MRS. RICHARDSON: I just want to make that clear. I am Mrs. Richardson from the Relocation Review Board. These abandoned properties cannot be used until they are declared really abandoned. We have houses on our street that have been vacant for three years. They are boarded up. They are liveable. They were brought to court but they cannot be used until they are declared abandoned.

Then too we had a hearing last week on properties that were being sold and there were some properties bought and they are thinking that they might be rehabilitated but until this happens, nobody is really bothering about them, they are just standing vacant.

ASSEMBLYMAN RYS: I am going to look into that.

REVEREND HUNT: Mr. Taliaferro would like to speak to the question of the abandoned buildings.

J O H N T A L I A F E R R O: My name is John Taliaferro and I am Deputy Administrator of the Relocation Review Board and to the gentleman's question about utilizing abandoned buildings for the possible relocation resources, I can speak very intelligently on that because I am also a member of the Newark Housing Council and we have been working since 1968 trying to rehabilitate some buildings which would house large families. The problem with rehabilitating buildings for large dwelling units is a thing that is called feasibility.

You can only collect so much rent for any given dwelling unit. If a dwelling unit costs more-- If you get a 40 year mortgage to rehabilitate a building, the only resource that you have to repay that loan is from the rents. It costs, say, $40 thousand to rehab one dwelling unit to house one large family. What we are talking about are large dwelling units with four and five bedroom apartments, and I stand to say, right here, that there is nowhere in this country that four

and five bedroom apartments are being produced today. The cost is just so high it is unbelievable.

Now the suggestion of using these abandoned buildings is fine. It is a good idea. We have a project rehab going in Newark and it is working tremendously well but the only thing is, once those apartments are rehabed, at the rents that the welfare recipients are paying today, they cannot even afford them, even under the 236 program, they can barely get by on the grants they are getting. This is what the problem here is. The income of these people is so low they can't even afford apartments in dwellings that are being rehabed. This is why it is very, very important that these people receive more money to be able to even afford what apartments become available for them.

ASSEMBLYMAN KENNEDY: Thank you.

The next speaker that we will have will be Nina McCall, President of the League of Women Voters of New Jersey.

J O A N C R O W L E Y: I am Joan Crowley, Chairman of the Human Resources Committee for the League of Women Voters of New Jersey. I am speaking for the League today.

The League of Women Voters of New Jersey supports Assembly bill 1201 which we believe will ease hardships imposed on welfare recipients by the July 1971 welfare changes. After a year of study, League members reached a consensus favoring welfare reform. The members agreed that the federal government should bear the major responsibility for an income assistance program which meets the basic needs of people unable to work or whose enarnings are inadequate or for whom jobs are not available. Work incentives are essential, along with realistic job training. Lacking federal reform, we endorse the adoption of such measures at the state level.

While we support the entire bill, we are directing our statement on A.1201 to three areas:

1. We endorse the provision which restores the eligibility of two-parent families with an umemployed father for Aid to Families with Dependent Children (AFDC). Not only would this bring in federal funds to New Jersey but, more importantly, it would rectify the current policy which allows children in two-parent families to live on less than children in one-parent families -- a policy which cannot be justified. Moreover, we believe the non-federally funded "working poor" program for which two-parent families are eligible is misnamed. In Essex County, which has 26% of the state's caseload in this category, almost 80% of the families in the program have no earned income. (22 1/2% have earned income according to the Essex County Welfare Board.) This means that a family of four -- two parents and two children -- has a total income of $216 monthly, while a one-parent family of three gets $282.

   The theory is that this policy provides an incentive for the unemployed to seek work. The fact is the poor, especially the uneducated and unskilled, have little access to the labor market. In October 1972 in New Jersey 228,600 persons were unemployed -- or 7.2% of the work force. According to the State Manpower Planning Council, the unemployed are disproportionately represented by youth, the undereducated and non-whites. However, these are statewide unemployment figures and do not reflect the higher rates in cities and rural areas or among minority groups. Nor do they reflect those outside the labor force needing training and services in order to work. The Manpower Planning Council estimates that 500,000 people need these services and, of these, 100,000 are welfare recipients.

   The Work Incentive Program (WIN), conceived in an effort to reduce rapidly growing AFDC rolls by compelling work, addresses itself to the problems of the employable welfare recipient by providing education, training, job placement and supportive services. It is ironic that the unemployed male -- the target group of the WIN program -- enrolled in the "working poor" program in New Jersey is not eligible for these services since they are only extended to those on AFDC.

   Even if manpower programs were available for all who need them, they often do not lead to jobs or, if they do, the jobs generally do not pay enough to support a family. According to a study prepared for the Congressional Subcommittee on Fiscal Policy, post-training earnings for the average trainee are below the poverty level.[1]

More important than availability of training programs is the scarcity of jobs, again especially for the unskilled. In a recent newspaper interview, New Jersey's Labor Commissioner, Ronald Heymann, said, "... the problem is clearly one of more people entering the labor market than there are job opportunities being created. To accommodate the new people entering the job market, we have to create 50,000 new jobs a year for the next 10 years. That's a net gain figure, and it doesn't give rise to the people being displaced."[2] He also pointed out that "ten years ago six out of every ten New Jersey jobs were in manufacturing. Today, six out of every ten jobs are in services which require, for the most part, higher levels of training and new skills."[3] The State Manpower Planning Report shows that by 1975 the need for laborers and farmworkers, that is the unskilled, will have declined to .01% and -17% respectively.

The unemployed father and his family should not be penalized for a sitation beyond their control.

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1 "Studies in Public Welfare: The Effectiveness of Manpower Training Programs: A Review of Research on the Impact on the Poor", a staff study prepared for the use of the Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, November 20, 1972.

2 Weissman, Dan. Sunday Star-Ledger, October 29, 1972.

3 Ibid.

2. We support an increase in the grant for the actual working poor to 85% of the AFDC standard. This would allow more families, unable to increase their job earnings, to get wage supplements and Medicaid, a critical need of poor families. There are close to one million adults in New Jersey whose earnings are at the sub-poverty or near poverty level. According to figures given to us by the Governor's office, almost 4,000 working poor families were dropped from welfare and Medicaid eligibility as a result of the July 1971 welfare changes. The Monmouth County Welfare Board's research into the effects on two-parent families removed from their welfare rolls showed that the loss of Medicaid benefits alone is cause for concern. 69% of the families reported less attention to medical problems, 31% reported increased medical debts, 28% reported borrowing money since the change, and these families tended also to have significant medical problems. It is just this deprivation of health care among children that leads to chronic disability -- a major factor in perpetuating the poverty cycle.

3. While we support supplemental assistance for those paying high rents as a feasible means of addressing this problem, we prefer an increase in the flat grant. Much has been said about the high level of New Jersey's assistance payments in relation to other states (especially AFDC). We believe, however, that this in no way justifies the present grant level when considered in the context of New Jersey's high living costs. The present grant is based on 1968 living costs which have increased 26.1% since then, according to the U. S. Bureau of Labor Statistics (BLS).

While the change to the flat grant led to increases for many welfare recipients, over 40,000 cases received cuts in their grants as of July 1, 1971. (This does not include those dropped or in the present AFWP program.) The reductions were due primarily to the fact that rents exceeded the statewide average allowed: $97 for a family of four. It has been thoroughly documented that low cost housing is in short supply in New Jersey. According to the state report, The Housing Crisis in New Jersey -- 1970,[1] the vacancy rate was below 3% and in some cases 1% in core cities and older suburbs. When the vacancy rate reaches this point it means no real housing market exists because choices are so limited. It also means that choices for the welfare recipient are restricted to foregoing needed food, heat and clothing or facing eviction.

The poor are not to blame for the housing shortage nor the limitations of the labor market. It is time we stopped supporting policies that are based on such misconceptions and that treat the poor as economic liabilities. We call upon this committee to exercise its leadership in favor of programs developed out of a realistic understanding of the genuine needs of people.

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[1] The Housing Crisis in New Jersey -- 1970, New Jersey Department of Community Affairs.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Crowley. Are there any questions?

(no questions)

ASSEMBLYMAN KENNEDY: Next we have James T. Sweeney, Executive Director of the Family and Children's Society from Elizabeth. You are not Mr. Sweeney.

D O R O T H Y V A N D Y K E: I am Mrs. Van Dyke, the Supervisor at our Branch Office in the Elizabethport area, and I sent a letter on December 6th asking that I might take his place.

ASSEMBLYMAN KENNEDY: All right.

MRS. VAN DYKE: My name is Mrs. Dorothy Van Dyke. I am grateful for the opportunity to appear at this hearing and to support Assembly Bill 1201. For three years, I have been employed as a social worker for the Elizabeth Family and Children's Society, working out of our branch office located at 19-B Pioneer Homes, a Federal housing project. There we attempt to serve the Elizabethport community, and are acutely aware of the network of social problems that keep so many people trapped in the ghetto. It is always an uphill struggle to secure the necessities of life for persons who have often lost hope and dignity. It is so tempting to escape life's harsh realities with drugs or alcohol or to make an easy buck the wrong way.

It is impossible for many to fully understand the extent of alienation in this community. Young people are impatient and rebellious with their more stable but defeated older folk and bitter against the establishment. Nevertheless, most of our families with whom we were working were stabilizing themselves and showing progress until the disasterous welfare cut-back in July, 1971, when the intact home with an under-employed father was switched over to the Aid to Families of the Working Poor Program. This spelled additional hardship for families already hard-pressed, especially when Medicaid and special grants were lost. Some families broke up; several fathers drove themselves to the point of physical collapse, and two are now permanently disabled. Two mothers had psychotic breakdowns. The only families able to regain stable functioning were those reaccepted for

a token welfare grant and Medicaid, or those where the father's desertion made the family eligible for help under the Aid to Families with Dependent Children program.

The housing shortage in Elizabeth is so acute that it took over a year to move a family of 6 out of one room and into their own apartment - at an exorbitant rent. None of our families can meet their rent payments under the flat grant system. Allotted welfare monies barely cover rent and food stamps. We have had to solicit and funnel large quantities of second-hand clothing into the area so that the children can be adequately clothed for school. Here I must say if we didn't have resources like the churches who are represented here, the Salvation Army and other private organizations, we wouldn't be able to manage. We also have come to the bottom of the barrel of what the private sector is able to do. Lack of suitable storm apparel creates high rates of absenteeism in the local schools. Teenagers must work to keep themselves in high school - but there are not enough Youth Corps or other jobs to meet the needs.

While passage of A 1201 will not alleviate all of the problems, it goes a long way to restoring some of the essentials for decent living, and will encourage fathers to remain in the homes where they want to be and need to be to support their wives emotionally and financially, and to oversee the rearing and education of their children. A small supplemental grant enables a proud father to maintain his dignity and the respect of his family. When children see their parents staying and working together, cooperating with schools, clinics and agencies for the family's betterment and each child's education, they regain a sense of self-worth and can go on to higher levels of achievement.

I am submitting a sample of seven of our families who were severely affected by the July, 1971, welfare reforms, for your further attention. I think this will

illustrate to you the kinds of hardships the 1971 reforms caused and the ways in which each family handled its financial crisis. I might add here that this is just a small sampling and in the interest of conservation of time I won't read them. I would just mention that our agency has worked successfully with the families that come to us and perhaps our work is more preventative. But I also would submit it is very economical because it cuts down on costs in prisons, reformatories, welfare, retardation and all kinds of job situations where the family has broken down. So we would very much hope that you would give your support and positive consideration to passing A 1201.

(The sampling of seven families submitted by Mrs. Van Dyke can be found beginning on page 150 A.)

ASSEMBLYMAN KENNEDY: Thank you very much, Mrs. Van Dyke. Are there any questions?

ASSEMBLYWOMAN KLEIN: Yes. Mrs. Van Dyke, you refer to families that have broken up.

MRS. VAN DYKE: Yes.

ASSEMBLYWOMAN KLEIN: How many families of which you are aware?

MRS. VAN DYKE: I can't give you those figures, but I will be glad to send them to you.

ASSEMBLYWOMAN KLEIN: Would you please. We are constantly confronted with statements from the Department of Welfare to the effect that this change in the program has not caused family desertions. It has been extremely difficult to get documentation in terms of actual statistics. We hear of cases. Everyone who has testified today has testified that there are numbers of cases, but it seems as though the people on whom we are spending $40,000 a year to put together statistics to justify this program have not been able to come up with these kinds of figures. I would appreciate having

any statistics you can give us that would substantiate this.

MRS. VAN DYKE: Of course, this would just be a partialized picture because we are a small agency and we serve a small segment.

ASSEMBLYWOMAN KLEIN: If we can get a little bit from each agency, we might have at least some kind of a composite picture.

MRS. VAN DYKE: All right. We will do that.

ASSEMBLYWOMAN KLEIN: Mr. Chairman, I would like to ask, if I may, whether anybody from the Department of Welfare is going to testify at this hearing.

ASSEMBLYMAN KENNEDY: I don't believe so, Mrs. Klein.

ASSEMBLYWOMAN KLEIN: I would like to put into the record, if I may, my discontent, since the State was invited to testify on this bill and since they have adamantly opposed every aspect of this bill except the part that would grant burial expenses to the families of the working poor - that is the only thing that they seem to feel necessary to aid the poor at this point -- I would like to express my great dissatisfaction that they did not see fit to come down here and explain to the Committee and the people who are present the basis of their objections.

They are public employees. They are paid by the taxpayers of this State. This is a significant piece of legislation. And we have had only a two-page letter from somebody who, I think, must have something wrong with him, to have expressed himself in the way in which he did.

ASSEMBLYMAN KENNEDY: All right. Are we ready for the next speaker?

The next speaker will be Anne S. Holzapfel, Chairman of the State Public Affairs Committee, Junior Leagues of New Jersey.

A N N E H O L Z A P F E L: My name is Anne Holzapfel. I am from Cranford. And I am testifying on behalf of the State Public Affairs Committee of the Junior Leagues of New Jersey. Our committee, with representatives from all 10 Junior Leagues in the State, has the mandate to speak for the Junior Leagues of New Jersey on matters relevant to the problems of abused, abandoned and neglected children in New Jersey. I might add that our approximate membership is 5,000 women.

Because of our specific mandate, I will confine my testimony to the causal relationship between poverty and economic distress and abuse and neglect of minor children. I would like to cite the following studies and quotes from knowledgable professionals in the field of child abuse and neglect.

1. An article in the Newark Star Ledger of June 2, 1972, quotes Dr. Gisela Meloy, a staff member at the National Institute of Mental Health, as relating the problem of the battered child to the "unemployed middle class." She believes that severe abuse must be triggered by a crisis in the family, such as unemployment and illness. With the current high rate of unemployment, it is reasonable to assume that many "middle class" families will be so affected.

2. Dr. Gil of Brandeis University has concluded as the result of his massive, epidemiological study of child abuse in the United States that "child abuse tended to occur more often in large families of low socio-economic status." One of his major recommendations for the ultimate elimination of child abuse is the elimination of poverty, as he feels that they are closely related.

Statistics from Dr. Gil's Nationwide Study of almost 6,000 cases of child abuse show that: "37.67 percent of the families earned less that $3,500 a year; 51.85 percent earned less than $4,500 a year; and nearly 60 percent of the families were previous recipients of

public welfare."

3. Dr. Vincent Fontana, who is Chief of Pediatrics at St. Vincent's Hospital in New York City and also Chairman of the Mayor's Task Force on Child Abuse, is quoted as follows: "Divorce, alcoholism, unemployment and financial distress played leading roles in the family structure of the abusing parents who were investigated."

4. The American Humane Society in a study entitled, "Child Abuse," by Dr. De Frances, Director of the Children's Division, reported the results of a survey he completed in Massachusetts. He described abusing parents in the following terms: 2/3 of the cases occurred in intact families where the mother was not employed; most of the cases occurred in families where the average age of the parents was between 20 and 35 years of age, which he interpreted as indicating that the abuse occurred only after a family endured many years of financial and social pressures; the pattern showed that employed members of the families held low prestige jobs; and many of the families had long-standing problems concerning adequate income and housing. The most typical housing pattern was for the family to live in rented quarters which tended to be sub-standard, with a history of frequent moves from one place of abode to another without any real improvement of the housing facilities. There was frequent worry about the father losing his job, which did occur regularly and which created a source of anxiety about meeting the needs of the family.

5. Dr. Bernice Boehm, who is a professor of Child Welfare at the Rutgers Graduate School of Social Work, testifying before Assemblywoman Fenwick's Commission on Child Abuse in 1971, stated that most abusing and neglecting parents are economically deprived.

6. Dr. Langston, a professor of psychiatry at Harvard University, reported on a study of abused children and their parents at the Boston Children's Hospital in

1968, and noticed a very significant phenomenon. While most child abuse was perpetrated by mothers of the children he studied, there was one significant deviation from this pattern. In those families where the father had lost his job and where the mother was forced to go out to work to meet the family's economic needs, leaving the care of the children to the father, the rate of abuse perpetrated by these fathers on their children rose sharply and was much higher than the rates for the mothers. Dr. Langston interprets this as an expression of anger, frustration and anxiety on the part of the father, which is transferred onto the children for whom he is caring.

I believe the most compelling evidence available is the testimony which has been and will be presented to your committee from individuals who have experienced deprivations under the current welfare regulations, and from agency records which have been supplied to your committee by, among others, the Child Service Association in Newark. Dr. Young of that agency has permitted me to read these records, and it is clear that in these cases, family deterioration has occurred rapidly after the loss of financial support. Undoubtedly these families are typical of many others in our urbanized, densely-populated State. These family breakdowns will surely be more costly to the taxpayers in the long run as they usually result in foster care or institutionalization for children and other family members.

I, therefore, urge passage of A 1201 on economic as well as humanitarian grounds, and want to express this request on behalf of the membership of the New Jersey Junior Leagues, whose interest is based entirely on what we perceive to be the public welfare, especially in relation to New Jersey's children. Thank you.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Holzapfel. Are there any questions?

ASSEMBLYWOMAN KLEIN: Mrs. Holzapfel, are your

members aware of the bill and of the testimony which you have presented?

MRS. HOLZAPFEL: Yes. We get our direction from the Executive Council of Junior Leagues, which consists of the 10 League Presidents. I have given them a very complete background on this and we have had discussions and they were unanimously in favor of my coming to testify today.

ASSEMBLYWOMAN KLEIN: So you feel that you do represent the members of the Junior Leagues.

MRS. HALZAPFEL: I feel I definitely do in this area.

ASSEMBLYMAN KENNEDY: Our next witness will be Dr. Dinerman, Acting Chairwoman, Rutgers University Graduate School of Social Work.

D R. M I R I A M D I N E R M A N: I am Dr. Miriam Dinerman, Associate Professor of Social Policy at the Graduate School of Social work, Rutgers University. And this is my associate, Mr. Jeffrey Daly. Together we have developed this testimony. I am going to give the first part, with your permission, and turn the microphone over to him.

ASSEMBLYMAN KENNEDY: Doctor, I am going to make a suggestion that I think we are going to have to follow or we will be here to midnight tonight. I am going to ask those with prepared statements -- now the statements will be entered in toto on the record -- and I am going to ask if it is at all possible that the remaining speakers - there are approximately 15 - summarize their testimony.

DR. DINERMAN: I will be glad to. I will not then be too accurate in my verbal testimony on the numbers.

ASSEMBLYMAN KENNEDY: That's quite all right, Doctor.

DR. DINERMAN: My concern and my focus in this was to trace out what the financial impact for the

taxpayers of New Jersey was with the change from the old three programs of AFDC to the new program of AFWP. So I am going to ignore the AFDC segment because that has stayed unchanged. I will try to project - in my testimony you will see the details - what New Jersey lost in terms of Federal reimbursement, what New Jersey spent on the new program and what New Jersey would have spent if it had maintained the old program, subtracting the Federal reimbursement.

My figures - and again I am doing this from memory at this point - but approximately my figures are that the net savings for the taxpayers of New Jersey was something in the order of about two to four million dollars, depending which of my projections you buy for a year of operation of the new AFWP program. However, I then proceeded to pull such figures as I could get, and I must say parenthetically that it is really a shame the lack of information that is available to the public, to me as a person studying this area, to help study this program, and I am sure for the State of New Jersey to help plan.

ASSEMBLYMAN KENNEDY: You would be amazed at the lack of information that is available to us as Assemblymen and Assemblywoman.

DR. DINERMAN: I am sure that we share the same problem in that case.

What I further did then was to try and dig out from such records as I could get from local Welfare Boards what could be discovered about people who were made ineligible. I discovered a rather high return rate in a variety of different categories.

The return rate you have heard mentioned in terms of parents separating, I did not follow, but I did discover some rather interesting figures about two-parent families where the father was judged incapacitated.

They are suggestive; they are not direct proof that this particular family did that. But the incapacity rate has gone up so fantastically that there seems to me no other explanation. This is in a sense a kind of "off the top of my head" summary, very short, of what I have presented here. You will find the figures, and the figures summarized on the last page.

(Statement submitted by Dr. Dinerman can be found beginning on page 153 A.)

ASSEMBLYMAN KENNEDY: I think we will find this very interesting. This is just what we are looking for.

DR. DINERMAN: Good. All right, Mr. Daly, do you wnat to do your best?

J E F F R E Y D A L Y: I did almost the same thing as Professor Dinerman did. I looked more at the number of people that had been helped under the ADC-U and the ADC-N segments, the insufficient income and the unemployed. And I found for the fiscal year 1970-71 about 1,127,000 people had received some assistance payments under these programs.

What this represents is just adding the entire number of people over the 12 months, recognizing, of course, that some of the people are counted in more than one month.

I found under AFWP only 535,000 people have been helped under this program, again doing it the same way so the net effect will cancel itself out. We are not misrepresenting.

When you look at the amount of money that was spent by the State of New Jersey last year - New Jersey money only, not counting the Federal reimbursement -- and if you look at the amount of money that was spent in this past fiscal year, again under AFWP it was all Federal money, you see that the State from one year to the next spent 56 per cent of the amount of money it spent the fiscal year before. We are talking about the year in

which you had the ADC-F and -N segments and the next year we are talking about AFWP. So we spent 56 per cent of the money but only helped 47 per cent of the people.

Another way of expressing this is that there was a decrease in New Jersey money spent of 44 per cent but there was a decrease in the number of people aided of 53 per cent.

Therefore, I am suggesting that AFWP is a very inefficient system because it does not maximize the available Federal funds. What I am saying is that under AFWP we are maintaining people at only two-thirds of the level that they were getting prior to the year before. So the people themselves are living at a much lower level. Also we have not saved a proportionate share of money. We are spending, as I said, 56 per cent of the money but now we are only helping 47 per cent of New Jersey people. I have this all documented in here.

The next thing I found -- and it was very hard to find it because the Division of Public Welfare does not keep these records. Let me say that I work for a County Welfare Board and we are required under AFWP to break down into the number of people who are unemployed and the number of people who are receiving under insufficient income and send this to the Division of Public Welfare. The Division itself, however, does not keep this information, but merely farms it out to the Medicaid Office who applies for 50 per cent Federal reimbursement under Medicaid for the people who are unemployed. So the statistics I got were a little "iffy" because I had to get them indirectly through Medicaid when actually the vehicle is right there within the Division of Public Welfare to have it. But they don't keep the information.

In the fiscal year 1970-71, the ratio of unemployed to insufficient income was approximately one to two. For

every unemployed person in a family, you had two receiving under insufficient income. Using the information I got from the Medicaid Office, I find out that the rate of unemployed over insufficient income is now two to three. This seems very logical because if you take a program with one eligibility level and then say people are going to be ineligible if they have so much money - in other words, you raise the eligibility standards - the first people who are going to be ineligible for the program are going to be those who have some income, and that is your low-income employees and the people receiving unemployment compensation. You are not going to lose those people who have absolutely no source of income and that is the unemployed. So it is very logical to think that in the AFWP program, you would now have a higher percentage of people who are unemployed than you did before, looking at the unemployed and insufficient income program together.

What I am suggesting - and I did a little bit of statistical arithmetic which you may buy or you may not buy - it looked quite logical to me - that we are now spending about $8.4 million on the unemployed and a little over $6 million on those with insufficient income; this was within the AFWP group. Therefore, we are now spending more money on people whom the Federal government would federally match had New Jersey's program met with Federal approval.

This suggests to me again that the AFWP program is an inefficient program.

A lot has been said about people breaking up their homes in order to apply for welfare assistance or AFWP recipients who then become ADC recipients because the parent leaves. I suggest it would be very easy to gather this information because the Welfare Boards do have it and are required to keep it. Although I have not been working in the income department of the Welfare

Board very long, I remember prior to my going to Graduate School that we were sending this information to the State. So it is available somewhere and the vehicle to collect it is still available.

As Professor Dinerman looked at the incapacity rates, I looked at disability rates and I looked at them since January of 1968, the number of people applying for disability assistance. What I discovered - again you have a copy of it in there - was that although the disability rates are still increasing, and they are increasing at about the same rate they always have been increasing, the rate of acceptance to the disability program is increasing even faster. What I suggest is that either the welfare workers or the Bureau of Medical Affairs or someone is being confronted with this pressure of people applying for help because people are going to apply for help anywhere they can get it. They are not going to be concerned with what category they fit into. What I am suggesting is when you said they were not eligible for ADC, they decided they were going to apply for disability assistance. The standards for disability assistance have been in effect lowered and more people now are getting on the rolls as disabled people.

I would like to read my final statement. I strongly encourage the passage of 1201, but I also would encourage the Legislature to make full use of available Federal funds by enacting a program of aid to the unemployed and insufficient income which will maximize the use of Federal funds and will efficiently expend New Jersey money, coupled with the Federal funds, and also I believe there should be some monitoring techniques set up to monitor the trends in public welfare that will provide a sound information base upon which to base future policy decisions.
Thank you.

(Mr. Daly's full statement can be found beginning on page 159 A.)

ASSEMBLYMAN KENNEDY: Thank you very much, Mr. Daly and you too, Dr. Dinerman.

ASSEMBLYWOMAN KLEIN: May I just ask one thing of Dr. Dinerman and Mr. Daly. When you did your studies, as you projected the cost to the State, did you project - and I haven't had a chance to study it -- did you project people who would become eligible under the new standards? One of the things that the State says is that you can't estimate really what the savings were in the program because you don't know how many people were made ineligible and, therefore, reduced the potential cost of the program.

DR. DINERMAN: What I tried to do was to extrapolate from the growth rate of the prior programs and use that as a basis of my projection, feeling that this was a safe procedure because the unemployment rate has increased rather than decreased and we know that these are related. I gave a latitude for this and I used this as the basis of my projection.

ASSEMBLYWOMAN KLEIN: But you did use projected growth?

DR. DINERMAN: Yes, for the old programs and compared it to the actual experience under the new programs. That was the basis of my comparison.

ASSEMBLYWOMAN KLEIN: I would like to also add to what you said on the disabilities because another thing I learned in discussing it with the State department is that some fathers have discovered that they do not have to desert and that they are able to get on the AFDC rolls by claiming disability. So in some sense the State representative said that the desertion rates do not turn out to be what you might expect because people have found this other out.

MR. DALY: I would like to add that the statistics that I used were released by the New Jersey Department of Institutions and Agencies, Division of Public Welfare. That is where I obtained most of my statistics other than

what was obtained by phone from the Medicaid Office.

ASSEMBLYMAN KENNEDY: Thank you again, Dr. Dinerman and Mr. Daly.

The next individual on the list is Anna Mayer, Consultant, North Jersey Community Union.

D R. A N N A B. M A Y E R: I am Dr. Anna B. Mayer and I am very grateful to this Committee for the opportunity afforded Mrs. Rosenthal and myself to appear before you to share the findings of a recently concluded study of health conditions of working poor families in Middlesex County.

We strongly support Assembly Bill 1201 as the bare minimum our State needs to do to give health assistance as well as cash aid to families of the working poor.

Although I am testifying as a consultant to the study, my interest in health and welfare policy issues extends over fifteen years as a professor in social policy at several Schools of Social Work, including Columbia University, and between 1968-1972, Rutgers University. I have engaged in intensive investigation into the Aid to Dependent Children and Medical Assistance Programs both in New York and New Jersey.

I will present a general statement supporting our position and ask Mrs. Rosenthal to summarize some of the more significant findings of our study. A more detailed account is included in the written statement which you have just received and if I sound disconnected, it is because all through the hearing, I have been curtailing, sumarizing, cutting and trying to save a little time that is sorely needed for others who may testify.

In addition to that, we are going to send a copy of the final report to many civic, community, recipient, consumer, professional groups that have already been calling and asking us for this information. There has been a tremendous amount of interest expressed as word

got around that we were doing this study in this particular way.

We feel that the material which we are submitting to you has special importance in view of some of the questions that have been asked of other witnesses as to some statistics, some facts, some hard data. Our data is hard data in the sense that we went right to the families themselves to ask them what they were doing to meet their health needs now that they no longer received Medicaid on welfare. And our findings are the result of those interviews.

In 1965, we took a historic step in our country by assuming responsibility for provision of health services for two systems, Medicare for the Aged and Medicaid for the categorically and medically indigent families and children. It was left to the states to define medical indigency.

In 1967, the Federal definition of medical indigency was restricted to an upper limit of 133 1/3 percent of the welfare standard for a family of comparable size. New Jersey has not yet availed itself of existing Federal matching funds available for the medically indigent.

Instead, since 1968, we have limited Medicaid to categorically needy recipients of welfare and a selected group of children, ranking New Jersey among the 50 percent of the states, since some questions were raised earlier about how we compared with other states, with Medicaid restricted to the destitute.

When the program for the working poor was enacted in New Jersey, Medicaid did become available to a large group of low-income working families. This condition was short-lived. When Section 3, 1971, removed many of these working families from welfare, it at the same time deprived them of the right to medical services. The amendment thus eliminated cash assistance to many working poor families and also deprived them of the

equivalent of $229 per family member per year for medical care. This is the cost to the State of each person receiving Medicaid services, exclusive of administrative costs. We will later mention the figure that our families have available to spend, which is considerably less.

Our concern as to what consequences resulted from this differential in the health treatment of the poor and non-poor prompted us to undertake an investigation as to how those working poor families, dropped from welfare, managed without governmental aid to obtain necessary medical services, especially for their children. We were particularly interested in the children and what happened to them.

We interviewed a sample of forty families who were no longer on welfare and here is a little brief description of who these families were.

The families represented an 8 per cent sample of the total 512 families in Middlesex County who were terminated in July, 1971, and not reinstated. A typical family had two parents and an average of five children, and thus the average family size was seven. This means that what we saw were large families primarily, and this is not surprising because the problems of the working poor are very directly correlated to family size. Obviously a man with two children earning $6500 a year has one kind of responsibility; a man with five children faces another.

On the average, parents were in the 35 to 40 years age group; there was one pre-school child, two children aged 7 to 12 and two children aged 13 to 18. Ethnically, the families broke down in the following categories - and I think this is of interest: 55 percent of the families were white, 25 percent were black and 20 percent were hispanic, corresponding almost exactly to the race

and ethnic composition of currently assisted working poor families in Middlesex County.

We tend to think of welfare families as being heavily black. In our county 55 percent were white not only in the study but on the rolls of the working poor.

The economic conditions of the families, I can't go into all of this. It is in your statement. I would like to state one or two facts.

The average income was $6500 per year. The national poverty standard for this family was $5900 per year. It was slightly above that. But compared to the families on the government's budget for working families, that is the budget for working families, they were $3239 a year below that standard. The fact that New Jersey has a high cost of living also affects the way we view this average.

Out of the $6500 gross earnings, they have to pay $105 in Federal income taxes, and $338 in Social Security deductions. The family's net income then is about $6000 as compared to the ADC grant of $5544 per year for the same sized family. In addition, they receive no free day care or health care and they pay their own working expenses, such as carfare and clothing.

Taking into account all these factors, many of these families are living on a standard below that of recipients of welfare assistance. Health costs particularly place a severe strain on these large families who are trying to retain their financial independence.

Now I would like Mrs. Rosenthal, if she would, to briefly tell you what we found as to the health conditions in these families.

M A R G U E R I T E R O S E N T H A L: Before I do that, there is sort of a serious typographical

error on page 4, which should read "the average gross income of the 40 families" not "the 4 families." That might be confusing.

To repeat, we were dealing with rather large-sized families, a family size of seven in most cases. Perhaps the most significant thing that we learned from the study was that in practically every family there was one serious case of illness that in most cases was not in fact being treated. We found that in 70 percent of the families, there was at least one chronic problem, and in over half of these cases there was no regular treatment being afforded because of the financial pressure and that in fact when people had been getting Medicaid assistance they were able to take care of these problems.

Perhaps what is even more frightening is that the most serious and most frequently occurring major illness was heart disease. Although we were interested in the children, we found that most heart cases were in parents, particularly in fathers, and that these fathers were not able to afford any kind of regular care for their heart conditions. One can only imagine what the possible outcome of this kind of situation might be.

Some other typically occurring medical problems were kidney disease, diabetes, ear problems, also seizures and anemia and asthma, particularly in children.

In some cases where families made an attempt to treat chronic illnesses as they should be treated, the cost to the family was really very significant with the result that other care could not be afforded for the rest of the family. For instance, there was one family whose income is approximately $8500 a year, but who have a child who has been born with a very severe spinal abnormality and this costs them on the average of about $600 per year just to take care of this one of their three children. In this case, although they managed to pay the $600 per year - and I would

like to point out this child who is ten has already had thirteen major operations. They cannot afford to take care of any other regularly occurring medical problems.

Additionally we found that most children, if they see a doctor at all, only go under extreme medical emergencies; that is, when they are critically ill, running a very high fever or having an attack of one kind or another. Then they will be rushed to the emergency room. But for the most part there is no preventive care, no regular once-a-year trip to the doctor which we are all led to believe is important for the care of children.

In the case of prescriptions, even when children finally do get to the doctor, very frequently, in practically half the cases, the families cannot even afford to fill prescriptions as they are recommended. So not only need there be a real crisis in order to get them to the doctor, then the families cannot even follow through on the doctor's recommendation.

Another area which perhaps seems less important but can be ultimately very costly is the area of dental care. We found one-quarter of all children had never seen a dentist at all and in 60 percent of the cases, when children do get to the dentist for emergencies, that generally it means extraction of teeth because there has been no preventive dental work. By that time cavities are too severe to be treated.

Yet another area which may appear to us to be rather minor, but when one considers the adjustment of children in school proves to be quite important, is the area of eyes. In several cases children have been recommended for eye surgery and have not been able to get it. But a more common problem is just not even being able to get eye glasses when recommended. Most

children see an eye doctor in school or get a preliminary examination. Then when they are found to need glasses, they are referred to a private doctor. In practically half the cases, children recommended to get glasses have not been able to go to the private doctor even for an examination because of the medical expenses. Of those who do have glasses, most of them got them while they were on Medicaid and have not been able to go back for a checkup, which is very necessary in the case of eye examinations.

I think these are the more outstanding cases, particularly with the eyes. I recall one example where there is a family with eight children, seven of whom need glasses and should be getting them on a regular basis. But the family absolutely cannot afford to go. I estimated that one examination and filling of a prescription would cost about $40. To do this once a year as recommended for each of these children would cost $280, and in this family's case would amount to a considerable percentage of their income.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Rosenthal and Dr. Mayer.

DR. MAYER: Could I just add one or two other facts. The majority of these people went to clinics because of the emergency situation. And I was surprised - and I don't know whether other people would be - that the cost per clinic visit was higher than the cost to private physicians. But once a family gets in debt to a doctor, either the family feels it cannot go or doctors have refused to see patients who are in debt to them. We did find some extensive evidence of that.

Also the families were seriously in debt for medical care. When we compare the net income of $6000 to the $5500 which the ADC family had and the $1603 for a family of seven in medical care, we found that the ADC family of seven had available to it the

equivalent of over $7,000 or $1150 more than our working poor family. What we are trying to present here is testimony to the effect that families where the bread winner is fully employed and earning an average income for a family of seven - and this is true comparably for other family sizes - is at a great disadvantage and is seriously being discriminated against as far as health care is concerned.

Given the emphasis we as a society place on the work ethic, and given our search for incentives to able-bodied people to stay at work, this discrimination is contradictory and short-sighted.

We would like to urge, therefore, that since we don't have a health insurance program in this country and since we don't have any national program that gives health care as a right, as a minimum, we need to redefine and rethink our whole definition of medical indigency.

This bill, which we strongly support, would make eligible for medical assistance a whole group of working poor families. It would not take care of all the families that cannot afford to supply their own medical care through their own funds.

Beyond the personal hardships encountered, there are at least three serious and economic questions that we as a society need to investigate more fully.

One is the impact on family cohesion --

ASSEMBLYMAN KENNEDY: Excuse me a second, Doctor. I am going to ask you if you could possibly summarize this.

DR. MAYER: I am summarizing the last three points.

ASSEMBLYMAN KENNEDY: We have your typed statement here and you and Mrs. Rosenthal have been speaking now for quite a while. I would ask you, if you could, to summarize it because of the lateness of the hour.

DR. MAYER: Well, I can stop because other

people have covered these last three points. I wanted to get them in, but it is all right.

I think the question of family cohesion that has been raised here all day is one of the questions that would be associated with this condition too.

What impact is there on a family that cannot supply health care in any other way except somehow become eligible for welfare?

ASSEMBLYMAN KENNEDY: Thank you again, Doctor and Mrs. Rosenthal, for coming down.

(Complete statement filed by Dr. Mayer can be found beginning on page 175 A.)

Our next witness is Mrs. Orabell Nickelson from the Paterson Welfare Rights Organization.

O R A B E L L N I C K E L S O N: I didn't come with any statistics or anything like that because there have been enough of them here today to prove the point that there is some improvement needed in the welfare system here in New Jersey.

I would like to read some of the reasons I jotted down back there why the Paterson Welfare Rights Organization is in favor of A 1201.

First of all, the fathers are needed in the homes; and, secondly, to avoid the high rate of juvenile delinquency; to preserve the family unity; to prevent school dropouts; to prevent drug problems; to stop the myth that all welfare children are illegitimate. They need medical care for the whole family. By that I mean, the father, mother, children and whoever makes up the family unit.

The rent grants are not adequate. Average rents in Passaic County are from $150 up and that is for sub-standard housing. The housing that welfare recipients can get are almost unlivable. But neither the city nor the State enforces the housing code. Therefore, the natural person to end up in these house would be welfare

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recipients.

I know people who receive $324 a month and pay $175 - and one pays $190 a month - out of that check. What do they have to live on?

I would like to just say a little something else about how I feel about the poor of this State. They are not responsible for the situation they find themselves in. They do not control the labor market. They are not responsible for the fact they are not highly skilled and cannot receive top-paying jobs. I don't think that they should be penalized for being poor.

I would like to know how they are supposed to exist. I don't think the poor should be penalized because they are living together legally. By legally, I mean married. That is what you people are penalizing these people for because if you are not married or you are separated, you can get more for your children. I don't think that is right either, but that is the way it is.

I think you should do whatever you can within your means to correct this situation that the welfare recipients find themselves in, especially the situation that was caused by the flat grant of July, 1971. Again we urge the passage of A 1201.

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Nickelson. Are there any questions?

ASSEMBLYMAN RYS: Mrs. Nickelson, at any time did you report the sub-standard housing these people are renting to the municipality there in Paterson, to the Building Inspector?

MRS. NICKELSON: Oh, yes, they are reported. But that is a whole other session as to what happens when you report it and how the buck gets to be passed.

ASSEMBLYMAN RYS: You took the time out to come all the way from Paterson. I live right across the

river from you and I know the deterioration in the City of Paterson. Is there any particular reason why your organization hasn't followed this through as you are doing here today?

MRS. NICKELSON: We, along with the Tenants Association of Paterson, have been working on that for the last year. And up to this time we haven't seen any substantial change in the situation.

ASSEMBLYMAN RYS: You have a new mayor in your community, Mr. Rooney. I think it behooves you and your organization to go see him and I think you ought to lay it right on the line and get this thing done properly.

MRS. NICKELSON: Could I say something?

ASSEMBLYMAN RYS: Yes.

MRS. NICKELSON: Our new mayor said that he is against rent levelling. He is against welfare recipients. He is against every damn thing. So don't tell me to go see Mr. Rooney because I wouldn't get any help. No, I won't go there. If there is some place else you have for me to go, I'll go.

ASSEMBLYMAN RYS: I definitely feel you should go to the Building Inspector. Every municipality has a Building Inspector and he is responsible for the condition of housing in any municipality. I think you should go see him and pursue this.

MRS. NICKELSON: Me, as an individual going to see him, or me, representing an organization, going to see him is no good. Because these people in our organization call these people daily with their complaints and nothing is done. You will have a house with a toilet running and no water and no heat or nothing and that slumlord will be hauled into court and he will be fined $25 when he is charging $200 a month for the apartment. So it is cheaper for him to go pay the thing out in court than to have it fixed.

ASSEMBLYMAN RYS: I am very glad, Mrs. Nickelson, that you brought up the slumlord because you know what happened in the City of Passaic. The slumlord went to jail for four years. This is what I am trying to tell you to do. What happened in the City of Passaic was people like yourself went to see the Building Inspector and they did something about it.

As an individual and as an organization, I think you have the right and you have the power to accomplish these things. If they did it in Passaic, you can do it in Paterson.

MRS. NICKELSON: Well, we will. We will try again. We have been trying; we will try again.

ASSEMBLYWOMAN KLEIN: May I ask one thing. Under the circumstances of the lack of housing, I am under the impression there is considerable doubling up of families, etc. What would happen if the Housing Inspector began to enforce the regulations in terms of the number of people that could live in these apartments?

MRS. NICKELSON: There would be a terrible relocation problem that would open another Pandora's box. But as it stands right now, our new mayor-elect says he is going to clean out these houses anyway and turn them back to one-family houses. So maybe we won't have to deal with that end of it. I understand he is going to break up these two families in one-family homes and one-family zones. So I think he must be going to be in contact with you people across the river and all over the State to relocate these people. Because there is no place for them in Paterson. I don't know where you are from - Clifton, Wayne, or where?

ASSEMBLYMAN RYS: Fairlawn.

MRS. NICKELSON: Well, we will probably be out in Fairlawn with you.

ASSEMBLYMAN RYS: We will welcome you any time, but we haven't got the appropriate room. I think you have

the appropriate room in Paterson.

I again want to come back to one point. I think people can move mountains if they want to accomplish something and you can do it.

MRS. NICKELSON: Well, I hope we can and I think we can move the little mountain standing in the way of A 1201 right now. OK?

ASSEMBLYMAN KENNEDY: Thank you again, Mrs. Nickelson.

MR. BOLAND: Excuse me. I am a five-second addition to Mrs. Nickelson.

ASSEMBLYMAN KENNEDY: Your name please?

R O N A L D B O L A N D: I am Robert Boland I am the official spokesman for the Diocese of Paterson, the Roman Catholic Diocese.

ASSEMBLYMAN KENNEDY: Mr. Boland, just a second, is your name on the list?

MR. BOLAND: I just wanted to add an endorsement of this as the other package we so patiently waded through for ---

ASSEMBLYMAN KENNEDY: You objected to other people talking who are not on the list.

MR. BOLAND: I asked for clarification of the agenda. That is all I wanted, although I did sound like I was demanding.

ASSEMBLYMAN RYS: What is your title?

MR. BOLAND: I am the official spokesman for the Diocese of Paterson and I want to endorse A 1201 and the welfare rights basic principle. Thank you.

ASSEMBLYMAN KENNEDY: Next we have Mr. Ermon K. Jones, Community Services Council for Monmouth County.

E R M O N K. J O N E S: Mr. Chairman and members of the Committee: My name is Ermon K. Jones and I am Vice President of the Community Services Council for Monmouth County. I am also Chairman of the Public Issues

Committee of that organization. In addition to that, I have been involved in the community. Inasmuch as you, Mr. Chairman, and I are from the same county, we know one another.

I have been involved in those areas which affect human life, black or white. At present, I work for the Federal government. For the past three years, I have been Equal Employment Opportunity Officer for the military installation at Fort Monmouth, New Jersey.

My statement is very brief. I feel somewhat restrained because I am speaking for an organization. I would rather not interject my personal opinions, any type of ideology or philosophy I may harbor. I would like to read some portions of that statement.

I think the first one is very apropos because this has surfaced many times during this hearing. It is a repetitious truism that the major cause for the increase in the rising welfare rolls has been the fragmentation of the family.

On July 1, 1971, pursuant to the revisions in state requirements concerning the ADC program, approximately 1,368 ADC two-parent families in Monmouth County were discontinued from public assistance and were offered the opportunity to reapply under the Assistance to the Families of the Working Poor Program.

In order to be eligible for the provisions under the new Working Poor Program, it was necessary for a couple to be legally married and to have a child of their own union; and, one of them was required to be employable. The grant that was to be received by a family which qualified under the requirements for the Working Poor was 2/3rds of that which was received by an ADC family of the same size.

Undoubtedly, the motivation behind the changes in state policy regarding the ADC program was primarily financial. The reduction of costs to the state, it

was anticipated, would surface primarily from the under-employed family segment which was entirely state financed, as opposed to the unemployed family segment which was 50 percent federally funded.

The Monmouth County Welfare Board, in an effort to determine the impact caused by the changes in State law, initiated a survey and study of 112 welfare cases. The main thrust of this survey by the Monmouth County Welfare Board was to ascertain the effect upon welfare families as a result of the changes in the law as related to those areas of family composition, income and employment, shelter and child care costs, incurred debts and medical care.

The findings of this survey indicated - and these are just some excerpts from that study - that the changes in the State law have had definite effect in all critical areas of family life as they relate to the poor. Clearly evident in the study was the findings in regard to hardship of all types and debts which appeared to have risen significantly. Twenty-four or 67 percent of the 36 families who were discontinued by virtue of the law reported that during a five-month period they had accumulated from $11 to $3,000 in debts of all types. These amounted to an average of $484 per family. Similarly, eleven families of the 36 or 31 percent reported increased medical debts ranging from a figure of $11 to $2,000, with the average being $377 per family. Ten families reported having borrowed from $60 to $1,600 for an average of $391 per family. It was significant to note that those families who reported borrowing tended to also encounter increased medical problems.

In the categories of those basic essentials of food, shelter, clothing and transportation, 50 to 60 percent of those families interviewed related severe hardships.

To the members of this Committee, and on behalf

of the Board of Directors of the Community Services Council of Monmouth County, Inc., my sincere thanks for this opportunity to appear before you in support of this bill.

It is essential, Mr. Chairman, that this type of legislation be enacted for the poor in order that they may achieve the objectives of personal independence, economic self-sufficiency, and the maximum enjoyment of life, with dignity, and for other human purposes. You can rest assured, Mr. Chairman and members of the Committee, that to do less will be catastrophic.

Thank you very much.

ASSEMBLYMAN KENNEDY: Thank you, Ermon, for coming down. Are there any questions? (No response.)

Our next witness will be Sister Jacinta Fernandes of the American Friends Service Committee.

S I S T E R J A C I N T A F E R N A N D E S: My name is Sister Jacinta Fernandes. I am a Benedictine Sister and I am employed by the American Friends Service Committee as a Community Social Worker.

I come in contact daily with welfare recipients who are experiencing severe hardships as a result of the flat grant system implemented in July of 1971. I personally have attempted to work out budgets with a number of recipients only to discover that there just isn't enough money for basic necessities. While welfare grants have decreased, the cost of living has continued to increase.

I have an example here where I worked out a budget specifically, which I hope that you will look at, a budget of the "D" family, a mother and two children, what they were getting and what their expenses were before the flat grant system and what it was after.

It is to be noted that there are many cases similar to this one and some which are even more desperate.

For example, the rental figure of $125 is considered a very low rental figure in Elizabeth.

I consider it a gross injustice to base welfare payments on family size alone while ignoring the drastic differences in rentals throughout the state. In Elizabeth, for example, a welfare family of four is allotted $97 for rent while average rentals range from $150 to $250. I also want to note here that the vacancy rate in the City of Elizabeth is less than 1 percent. It is almost zero percent and we have a ten-year-old urban renewal program where 586 families were moved out, their homes were demolished, and now ten years later no new housing has been built. So it is very, very difficult for people in Elizabeth to find housing. Even when they do find better housing, the fact that welfare now no longer gives money for security deposits makes it impossible for people to move.

Example 2 here goes into a little more detail.

Another factor is the emergency cases that have come up since the flat grant system went into effect. We have seen a rise in evictions as well as increase in the number of appeals for food at the end of each month.

Since Elizabeth has no emergency housing and since welfare no longer provides additional funds for hardship cases, private agencies such as the American Friends Service Committee are faced with large numbers of emergency situations which they have neither the funds nor the facilities to handle.

Also at our convent, Sacred Heart Convent in Elizabeth, we always receive appeals for food at the end of each month. I would say this has tripled since the flat grant system went into effect.

There is an example that I have given here of an emergency case where the check of a family was stolen

at the beginning of the month and welfare said that they could not replace it for five days. In the meantime they were out of food and out of money. When the mother attempted to steal $8 worth of food, she was arrested and fined $100.

And what of the families that receive supplementary assistance under the Working Poor Program? In most cases, the flat grant system is completely destroying any possibility for upward mobility.

The American Friends Service Committee is a certified Counseling Agency for federally-funded housing programs. Twenty-five families whom we had previously counseled and found to be eligible for home ownership are now no longer eligible because of the flat grant system. It is important to note that home ownership could have meant that these families might have been able to get off of welfare.

Then there are families that had just purchased their own homes through the 235 program and then had their welfare grant cut. An example of this is a family with ten children where the father is working and is receiving a salary of $100 a week. He was receiving $90; it was raised to $100. He was getting a welfare grant of $489 monthly, which was decreased to $168, which gives them a decrease of almost $4000 annually. This was after they had purchased their own home, which means that now it is going to be almost impossible for them to keep the home up. They will either lose their house or they will end up as owners of slum houses.

These examples only paint a small part of the total tragic picture. The flat grant system leaves the welfare client no way out. He has no way of breaking out of the vicious cycle of poverty - no chance of moving forward - no possibility of getting off welfare.

I just want to read the closing statement here. It is easy for legislators and politicians to cut welfare

grants and to approve legislation which inflicts hardships on poor people whom they never see. For us, who live among them and are faced daily with the task of trying to alleviate or at least lessen the suffering we see, it is not easy. I challenge each of the legislators and politicians to try living on a welfare budget for just one week. But even if the challenge should be accepted, they would still not experience what it is to be a welfare recipient. For along with the skimpy diet, the welfare client generally lives in slum housing; his children attend inferior schools; he is not respected by a society which considers him a lazy fraud; he receives inferior medical care and he can never take a trip to get away from it all. Perhaps the worst part is the hopelessness he feels in not being able to break out of the never ending cycle.

Ann Klein's bill brings with it the hopes of many poor people in the State of New Jersey. Its approval and implementation can mean improved nutrition for the malnourished child, better health for the sick and the elderly, upward mobility for families, and it can mean that some will eventually leave the welfare rolls. The American Friends Service Committee in Elizabeth, New Jersey strongly supports A 1201 and urges the immediate passage of this bill. Thank you. (See page 188A for complete statement.)

ASSEMBLYMAN KENNEDY: Thank you, Sister. Are there any questions?

ASSEMBLYWOMAN KLEIN: In defense of the politicians and legislators ---

ASSEMBLYMAN RYS: You are the politician. Sister, if I may ask you a question. I think somewhere in your presentation you stated that 500 homes were demolished in your community.

SISTER JACINTA: Five hundred eighty-six.

ASSEMBLYMAN RYS: What happened to the land after the homes were demolished?

SISTER JACINTA: The land is still vacant and now they are saying they can't build, that HUD will not fund it now because of the proximity to Newark Airport because of the flight path.

ASSEMBLYMAN RYS: Did they promise to fund it prior to the demolition?

SISTER JACINTA: Yes, they had promised to fund it. There was a lot of community involvement trying to get HUD and the city to do something about it. In fact, a group of city officials went with community people to Washington, D. C. and met with HUD officials. But their final verdict was, no, that they could not fund it.

We have heard since then that HUD is not permitted to fund two conflicting programs at the same time. Since money is being put into the airport, we feel this is really the main reason why they will not fund it.

ASSEMBLYMAN RYS: Have you checked with the State of New Jersey Community Affairs Department? I think Mr. Kramer is Director. I think you should check with that department to see if you can get any aid for housing in this area.

SISTER JACINTA: I think just about every avenue has been explored. They are still trying to do something. This is a big problem because this was the largest piece of land in the city where housing could be built.

ASSEMBLYMAN RYS: It would be a shame to keep it vacant now that the homes have been demolished.

SISTER JACINTA: Now the city is moving to put industry in that area, which the community is opposing. The community feels nothing should be built there until housing is built somewhere.

ASSEMBLYMAN RYS: Maybe we ought to have a forum for the politicians.

ASSEMBLYWOMAN KLEIN: I would just like to say, and I say it in defense of the politicians and

legislators, although I agree with the needs that you have outlined, the fact is that the legislators must to some extent reflect the wishes of their constituents. I would like to point out that there is no legislator from Union County whose name is on this bill. There is no legislator from Middlesex, Monmouth, even Essex County, whose name is on this bill. I think it is the task of organizations such as yours and the churches to educate the people of this State as to what these problems are.

It is very well to come and talk to us, but I feel strongly about this, that until the people of the State are willing to support and to show interest for the poor, it is going to be extremely difficult to pass legislation.

SISTER JACINTA: I agree with you. I think some of the people have just gotten so frustrated with their local politicians that they have just kind of lost faith, but we are still trying.

ASSEMBLYMAN RYS: You can move mountains, Sister. Get ready.

ASSEMBLYMAN KENNEDY: Out next witness will be Robert Wells, Director of the Monmouth County Welfare Board.

R O B E R T C. W E L L S: I am Robert C. Wells, Director of Welfare in Monmouth County. I have served as President of the New Jersey Chapter of the National Association of Social Workers and in my career have been associated with a number of management consultant firms in the health and welfare field. I mention these purely as a point of reference and specifically exclude any of these auspices as being responsible for my remarks. I also congratulate you on your endurance.

I can only direct my attention to two items within the Bill A 1201. On line 34, page 2, the question

is raised regarding the percentage of the ADC grant for the program Assistance to the Families of the Working Poor. The question is not whether 66 2/3 or 85% or any other percentage is the correct portion. The question is has the 100% base, in this case the ADC grant, been selected in a proper fashion. We know that $324 for an ADC family of four in operation today is based on 1968 standards. We know that the housing portion of that $324 was based on a survey of housing costs experienced solely by welfare recipients during the year 1970 not upon housing costs experienced by the total population. This included therefore within the reviewed universe a large portion of persons receiving publicly subsidized housing services. What we need today is a grant schedule that accurately reflects living costs as reported by a reputable authority such as the Bureau of Labor Standards.

To have such a grant schedule however we must be clear what welfare is; we must define it in context. To do this we must recall that the federally related welfare programs were created as a result of the work of the Committee on Economic Security. The result of the work of that committee is known as the Social Security Act. The welfare programs were designed to be part of the economic protection system of the United States, This design has never been fully implemented. Rather, we have treated the welfare programs

as charity handouts and have endeavored to pursue other social goals through their coercive power. In addition, we have provided certain advantages to persons included within the welfare system such as meeting child care costs, automatic coverage of medical costs, various disregards for employment related expenses. These are not available to the general population.

Frank recognition of welfare as a tool of economic security could result in the following process.

An acceptance of a cost of living figure today. The Bureau of Labor Statistics of the United States Department of Labor says that in Northern New Jersey $7600 a year will provide a low level living standard for a family of four. No doubt on a state wide New Jersey basis the figure is less - our economists can recommend an adjusted figure. Let us say solely for illustrative purposes that the figure is $6600.

Acceptance of such a figure would provide us with a valid base. From this point on it is a question of what portion of that amount - 0 or 100% - the State elected officials can afford and are willing to devote to this social purpose. This is a political decision - shall we provide 50% - 60% or two thirds more or less - but let us make a clear cut

open decision and relate it solely to the need for providing economic security to the extent our resources allow. Let us call it subsistence - just what it is.

A1201 suggests the establishment of special rental allowances. Other testimony today has referred to the impact of medical costs and the difficulties encountered in presuming that medical indigency exists only among those in need of subsistence. We might add that the current system presumes all persons in need of subsistence as medically indigent; this also is not 100% true.

I suggest that the endeavor to solve the problem of housing or medical indigency through a basic subsistence program is an error. Rather we must recognize that the housing system, the medical system, like the public transportation system, have priced themselves above the financial capacity of too many persons and must be publicly subsidized in some fashion. Each must be dealt with in terms of its own situation, however, rather than be an appendage of a basic subsistence system.

Time permits only a gross outline of an approach to these questions.

First of all housing. We have existing programs that limit housing costs to 25% of a family's income although the actual cost of the housing may exceed that figure. Let's

apply this principle - Establish financial standards for maximum housing costs by family size. If the income of the family divided by four is less than that standard, provide a housing allowance equal to the difference - make this a separate individual program available to all who wish to apply but eliminate any eligibility reference to the subsistence program.

Second - Medical Indigency. Medical indigency is created by the relationship of medical costs to family income - it is not created by poverty alone.

Here is a beginning approach to this question. During the process of assessing the capacity of relatives to pay for care rendered by State facilities the current practice of the Department of Institutions and Agencies is to permit a deduction from gross income of the relatives of the mentally retarded and the mentally ill of medical expenditures in excess of 6% of the annual gross income. Note - I am speaking of out of pocket costs, not costs reimbursed by or assumed by an insurance scheme. So let's endeavor to construct a medicaid eligible universe on such a base - that is, there would be payment for medical services on behalf of those persons whose costs exceeded the six percent figure. There would be no blanket coverage offered. Persons on the subsistence

program would be treated no differently than anyone else; costs could be controlled by the utilization of rates promulgated by acceptable outlets such as Blue Cross, etc.

In summary, I am saying let us have programs clearly focused on their own objectives. You may well ask: So how much would all this cost and, of course, I don't know. But the "don't knows" are a large company. For example - our current systems provide automatic Medicaid eligibility to all recipients of Old Age Assistance, Disability Assistance and Assistance to the Needy Blind. Effective January 1, 1974, the Federal government will administer these Income Maintenance Programs. The Federal estimate is that the new program will increase the caseload 400%. Thus the Medicaid eligible universe will equally increase. What will that cost? Does anyone know?

ASSEMBLYMAN KENNEDY: Thank you, Bob, for your thought-provoking analysis here. Are there any questions?

ASSEMBLYWOMAN KLEIN: Yes. Mr. Wells, you certainly put forth a sensible approach to the question of poverty in this country. Would these programs be possible under the present federal system? Would there be any federal money involved?

MR. WELLS: Undoubtedly a lot of arranging would have to be done. As far as the Medicaid, yes, I think there would be a possibility of extending Medicaid.

ASSEMBLYWOMAN KLEIN: Could you have a Medicaid program, for instance, in which 6 percent of the income was excluded? Would that be permitted under federal guidelines?

MR. WELLS: The federal guidelines essentially center on subsistence levels. I think the current provision is that the eligible universe is determined by a person's income not exceeding 133 percent of the maximum standard for that size family.

Of course, the truth is, Assemblywoman Klein, that

the suggestions here are an endeavor to point out that the current method of presuming that the key to a variety of these benefits is solely through the door of poverty creates among many other individuals a great deal of resentment regarding the welfare population. Because their own situation is equally difficult. It is not easy, as many of you know as elected people and as I know as a bureaucrat, to get on the phone and have someone say, "I am a person whose income is $150 a week and I have medical expenditures of about $200 a month and I can't afford them. My employer doesn't offer any insurance. How can you help me?" I simply say, "We don't help people like that. Then we get a lot of conversation, "if I was such and so and such and so, then I would get help."

You see our systems are not designed to attack the problem where it lies. We have endeavored to create around the welfare system elements which in effect have provided some benefits for a selected group of people. Many of these benefits should be equally available to other persons.

ASSEMBLYWOMAN KLEIN: I couldn't agree with you more. I would like to say, however, in talking to the State Department of Welfare yesterday, one of the gentlemen told me that if a local community is participating in the General Assistance Program of the State, a family who was not eligible for welfare but is suffering from medical indigency, it can be so defined by the local community and that medical costs over and above what he could afford --for instance, if he had, let's say, $400 of income and it was a family of four, they are not eligible for assistance. But if the medical bills were over that difference between $324 and $450, the community could pay the difference and the State would reimburse 75 per cent. Are you aware of that?

MR. WELLS: That would sound like it would be through municipal welfare and we are not usually brought up to date on that. The truth is that in Title 19, Medicaid, there are provisions, with which I am not too familiar but I know are there, where certain special federal arrangements can be made, such as the current project which is going to be undertaken in Newark, which is known as the Medicaid waiver.

On all of these kinds of things, there is no question that the federal regulations and law are an over-riding element. But it takes initiative on the part of administrations to sit down with federal personnel and try to figure out what is practical both in terms of the State's fiscal resources and what is legal within the federal regulations. All federal legislation, as State legislation, necessarily places a great deal of discretion in the HEW cabinet officer or upon the Commissioner of Institutions and Agencies. It has to be written that way. It takes, I think, different approaches to the situation rather than say, "OK, the federal regulations are such and so, we will forget it."

ASSEMBLYWOMAN KLEIN: I like your approach and I wish this was the approach that the federal government took. I would just ask you one question, which is: Under the present situation under which we are laboring would you or would you not want to see 1201 enacted?

MR. WELLS: I would not want to see the rent supplement thing enacted. I have been concerned today about what I consider legitimate, valid criticism of the flat grant. But the flat grant system as a system, I have supported and do support wholeheartedly for more years than it has been in effect. It seems to me that the individualized expenditure approach to determining the welfare grant is another element that has divided low-income people. Because it has in effect

taken the welfare recipient out of the housing market and given him no premium to wheel and deal. If they got a rent reduction of $50 or $10, we would deduct it from the grant. It is also true that landlords know that if the welfare recipient under the individualized system is asked to pay $25 more, the Welfare Board under the old system was legally required to respond. So I am supportive of a flat grant system.

However, as I tried to say in my paper, that flat grant system has to be realistic in terms of what it costs to live.

ASSEMBLYWOMAN KLEIN: So rather than this program, you would prefer to see a program which would raise the level of the flat grants?

MR. WELLS: Yes, I would.

ASSEMBLYWOMAN KLEIN: When is the last time you heard of somebody getting a $50 reduction in their rent?

MR. WELLS: All I am saying is that under any individualized grant determination system, any kind of wheeling and dealing that a tenant did with a landlord legally did not pay off for the tenant. So there was no push, no premium, for them to do it.

ASSEMBLYWOMAN KLEIN: I realize that is the theory behind it and I also realize that Monmouth County does not have the kind of housing shortage that exists in other parts of the State.

MR. WELLS: Well, I wouldn't agree with that.

ASSEMBLYWOMAN KLEIN: I have been told that you do have apartments so that in some cases families receive a month's free rent to move into those apartments. So it seems to me that you don't have the same shortage that we have.

MR. WELLS: I could not agree with that. I have not heard of that.

ASSEMBLYWOMAN KLEIN: The Home Builders Association

said that.

ASSEMBLYMAN RYS: Mr. Wells, why were the 1968 standards being used in 1971?

MR. WELLS: That's the last time that the standards were promulgated by the Division of Welfare. I think your question would be properly directed to the Division of Welfare. As you know, as a county person, we take the standards and apply them.

ASSEMBLYWOMAN KLEIN: I regret very much that somebody from the Department of Welfare is not here to answer some of these questions. I think it is an affront to this Committee that they have refused to appear when we invited them. But I specifically want to find out how these figures were promulgated and I will tell you, Mr. Rys, in 1970 these figures were promulgated and the department was instructed by the Governor's Office to use 1968 cost-of-living figures. The reason that they were used obviously was to cut the grants and that is the only reason that they were used. It is now 1972 and they have not been revised one cent.

ASSEMBLYMAN RYS: Mrs. Klein, I am looking at our sequence of names on here. Nowhere do I see the invitation to the Welfare Department of the State of New Jersey. However, I do see there has been a change in an invitation sent to the department, Commissioner Clifford.

ASSEMBLYWOMAN KLEIN: The Division of Welfare is in that department.

ASSEMBLYMAN RYS: I don't see any invitation.

However, I want to clarify the record. Mr. Davis sat here practically all day and his name was not on there. There have been some mistakes made in changing the date. I think it would be very helpful to have Mr. Davis before us again. He has appeared before the Committee and I am quite sure that he was quite enthusiastic about being heard again before the Committee here today.

I think there must have been a foul up in the correspondence somewhere along the line.

ASSEMBLYWOMAN KLEIN: Was Mr. Davis here today?

ASSEMBLYMAN RYS: He sat in the back all day.

ASSEMBLYWOMAN KLEIN: I am glad he was here because he heard what was said. Our staff member over there could tell us ---

ASSEMBLYMAN RYS: I was going to make note of it when the meeting was being closed. He left somewhere around 4:30 and I cannot understand why he was not on the list.

ASSEMBLYWOMAN KLEIN: I will have to ask Mr. Moore whether he was asked to participate. Was he given an opportunity to appear on this list, Mr. Moore?

MR. MOORE: They were asked whether they wanted to add to the letter.

ASSEMBLYWOMAN KLEIN: And they said, no.

ASSEMBLYMAN KENNEDY: All right. Mr. Wells, I have one question. When Ermon Jones testified he made reference to a study conducted by the Board.

MR. WELLS: Right.

ASSEMBLYMAN KENNEDY: Could I possibly get a copy of that?

MR. WELLS: Yes you can. I was thinking as Mr. Jones testified, we would be happy to put that study at your disposal.

ASSEMBLYMAN KENNEDY: Fine. Thank you. Thanks for coming down.

Our next witness will be Mrs. Gladys Carrell, Municipal Welfare Director of Fort Lee. Is Mrs. Carrell here? (No response.)

Moving along, I will call Mr. William Porcelan, Executive Director, Health and Welfare Council of Bergen County. Is Mr. Porcelan here? (No response.)

Next, Meyer Fine, Executive Secretary, Jewish Community Council of Essex County. Is Mr. Fine here?

M E Y E R F I N E: Mr. Chairman and members of the Committee, many thanks for this opportunity to bring to you a survey which we conducted this past summer, we being six Jewish Family Service agencies located in major metropolitan areas of the State of New Jersey.

For the record, my name is Meyer Fine. I am the Executive Secretary of the Community Relations Committee of the Jewish Community Council of Essex County. However, the testimony that I will summarize very briefly for you is being presented in behalf of the New Jersey Chapter of the National Conference of Jewish Communal Service. We are a professional organization comprising several hundred Jewish social workers and Christian social workers employed by private Jewish health and welfare agencies in New Jersey.

I am awfully glad that Mr. Wells whom I highly regard as one of my consultants and experts in the field of social welfare mentioned to you his firm support of the principle of the flat grant system. Our organization similarly endorses the flat grant system in principle. However, as Mr. Wells pointed out, we are greatly concerned about a basic defect in the system; namely, it does not provide enough money to meet the basic minimal needs of the welfare recipients, a point that I am sure has been made amply here during the course of the discussion.

Let me just say to you that the paper that I presented as our testimony summarizes the highlights of some 81 cases, welfare families who were surveyed by the six agencies I referred to. The largest sampling was made in Essex County by the Jewish Family and Counselling agency there and their sampling consisted of some 40 cases.

Let me cite one case, but before that let me just say in a general way that the findings based on the 40 families indicated that the group that suffered the least in terms of dollar grants were those aged

individuals or couples living in public housing. Because their rent is relatively low, below the statewide average, some have actually received an increase. All others, who pay the proportionately higher rents prevailing in the area, far above the statewide average included in the flat grant, are suffering financial and psychological hardship. And this is the crux of our concern.

The workers who surveyed these families are a competent, objective and highly-skilled group. They found that the welfare families that they surveyed are a group already highly vulnerable to stress, with practically no alternatives left. Although gains made in functioning through the agency's help have been used to advantage by the families, with the flat grant system the social workers have found that the aids provided before, the crutches provided in the way of psychological and financial aid on an emergency basis, were removed and their grim projection is that for many of these families it means further physical deterioration, psychological depression and increased anxiety, and for some, death does indeed, quoting from their report, loom on the horizon.

The Essex County Family Agency report appended 14 case illustrations. I will not mention any of them except one. This family consists of a father, age 59, who suffers from a heart condition, a mother, age 46, who has high blood pressure and diabetes. They are Polish emigres who came here shortly after World War II. They have one son, an honor scholarship student at a local university who had hoped to begin his sophomore year in September. With the institution of the flat grant, came a cut both in the family's ADC and disability grants. The disability grant was reduced from $123 to $94 and the ADC grant was cut from $246 to $188. Their rent is $150 a month plus $20 for heat, a housing expense that is substantially higher than the statewide average. This has

been something that we are constantly concerned with in the evidence that has been provided. The family has applied for public housing but there are long waits of six months to a year.

The son has tried unsuccessfully so far to find a job. This is the scholarship student at the university. When the family's grant was reduced by his presence in the household, he moved out to live with a friend in another city. The mother was so agitated by her son's departure that she suffered a heart attack and is now in the hospital. With the mother out of the home, the family's grant has accordingly been further reduced to $111 per month.

This is a beautiful picture, if I could use the word "beautiful" picture in a very special sense, of the kinds of cycle situations that these families find themselves caught up in. And this mechanistic or ritualistic application of welfare regulations compounds crisis after crisis for the family. A heart attack, the son forced out of the home, and the grant ultimately cut to $111 when it totalled something in the neighborhood of $400 before the flat grant was introduced.

That is just one example and our materials indicate many more of this nature. I will skip the rest and report to you that we have cited here similar cases, equally poignant, of other families in other parts of the State.

One other family I want to call to your attention because it is a graphic example of what happens to families who were about to boot-strap themselves out of the poverty cycle when the flat grant system came along.

I have read this case so often, I should know it by now. Essentialy it is a mother who applied for a training course as a nurse. The grant was cut. She became so depressed and worried because of the pressures of meeting her needs that her work began to suffer.

We don't know whether she has withdrawn from school at this time. But the likelihood is that she might. The point I am trying to make here is that there are families indeed, members of this Committee, who have made a strenuous effort to improve their situation, to become independent, self-supporting citizens. The pressures brought by these cuts have just pulled the rug out from under them, throwing them down in the slough of despair, creating the anxieties and deterioration that has been of concern to all these agencies.

In conclusion, these 81 families have told us one thing: If there is any one area that needs immediate attention, it is the excessively high rents. This business of housing being available is a myth, at least in terms of our findings, and I am sure you have heard other evidence today to corroborate it.

So essentially I would urge your favorable and speedy action in support of Assembly Bill 1201, and many thanks.

(Mr. Fine's complete statement can be found beginning on page 194 A.)

ASSEMBLYMAN KENNEDY: Thank you very much for your testimony, Mr. Fine. Are there any questions? (No response.) Thank you for coming down.

Next, Barbara Brown. Is Barbara Brown here? (Not present.)

Elsworth Morgan? I think perhaps we heard Mr. Morgan right after lunch.

Kenneth Petersen? (Not present.)

Dora Padro? (Not present.)

Robert Notte?

MR. SHLAHET: Mr. Notte was unable to attend here today. He has asked me to apologize to the members of the Committee. He has also asked me to speak on his behalf. I don't have a prepared speech.

ASSEMBLYMAN KENNEDY: Would you identify yourself, please.

A L E K S A N D E R S H L A H E T: My name is Aleksander Shlahet. I am employed at the Newark Housing Authority as head of its Research Department and I would like to speak on the problem of the welfare recipients from the point of view of the Housing Authority.

You have heard in previous testimony the fact that public housing offers one of the more moderate places in which welfare recipients can find shelter, moderate because welfare recipients as well as all other tenants of public housing pay never more than 25 percent of their net income as rent.

The Newark Housing Authority now is on the brink of fiscal disaster; specifically it is unable to bridge the gap between expenses which have increased in the past few years in this country and the income it derives from rents.

The financial basis for operating of a public housing agency is dual. Most of it comes from rents; some of it is subsidized by the federal government. The federal government's subsidy is fixed to a certain amount. The expenses over the past few years have exceeded the subsidy and certainly have exceeded the income derived from rents.

The federal government has directed the Newark Housing Authority to attain its own fiscal solvency by trying to maintain an economic mix among its public housing population. In Newark, this is impossible to achieve in any other way than to eliminate from its prospective tenants those who are not able to pay its break-even rent. Specifically this refers to welfare recipients and other people who are in that income category.

Now the enormity of the problem is reflected in the fact that the welfare population in Newark's public housing projects has risen tremendously in the past

few years. As an example, in 1965, 21 percent of all residents were welfare recipients, either wholly or partially supported by welfare. In March of 1972, the proportion had risen to 38 percent. In November of 1972, this very year, the percentage of the total population has risen to in excess of 44 percent.

Now welfare recipients in public housing represent a tremendous loss. On the average they pay $15 per month less than non-welfare recipients, than the wage-earning family. We are faced with a situation, therefore, where one group of poor people are forced to support another group of poor people. The situation clearly cannot continue.

The Housing Authority is now faced with three alternatives. One alternative is to appeal to the federal government for rent subsidy, which will not come, especially in light of the directive which we have received to obtain an economic mix. Another alternative is to appeal to the State; that is, work with welfare recipients in appealing to the State so that their grants be increased so they are able through the 25 percent to pay us a higher rent in order to meet our expenses. The third alternative, which is the most viable alternative to date, is to exclude welfare recipients from tenency in the immediate future.

Welfare recipients as a group increase for two reasons: Number one, existing wage earners who lose their job become the recipients of welfare; and, number two, new tenants who are welfare recipients come in. The second group, of course, is the one that Newark Housing Authority is considering in terms of its exclusion policy in the future. The alternative is very simple and that is that the Housing Authority will go bankrupt.

The Housing Authority of Newark is one of the largest agencies in the Nation. We have 12,700 units.

It is fourth in the Nation. It is by far the largest in the State of New Jersey. We are landlords to in excess of 10 percent of Newark's population. Clearly if this is the avenue that the Authority will go in an effort to stay alive, the hardship which will befall welfare recipients in Essex County will be enormous.

The Housing Authority supports Ann Klein's bill, as we are sure other Housing Authorities in the State of New Jersey do. It recognizes that this bill in a very small measure tries to correct the inequity of the total welfare system under which so many poor people in the State are currently suffering. Thank you.

ASSEMBLYMAN KENNEDY: Thank you very much, sir. Are there any questions?

ASSEMBLYMAN RYS: I have one question. Can you give us a few of the expenses that have risen tremendously in your Authority? The deterioration of property, from what I understand, repairs - and correct me if I am wrong - implementing the police force ---

MR. SHLAHET: Security is a problem. It is not one of our greatest expenses. Vandalism in terms of security is certainly a great expense because the cost of maintenance has increased tremendously in the last few years as a result of vandalism. Then there are such things as wages, the price of oil. We have been directed by the State to cut down on the excessive pollution which high sulfur content oil has created. As a result we are complying with the directive and buying sulfur-free oil which has increased in price a great deal. There are all types of increase in costs, in terms of materials, in terms of insurance, in terms of the increased variety of services we render. At the same time that our projects get older, the amount of maintenance required has also increased. So we have a situation in which repairs are more and more in demand and our ability to provide these repairs is becoming less and less.

The cycle is such where the Authorities literally now are at the brink of disaster, quite aside from other problems which we are having, such as a rent strike about which you may be reading.

ASSEMBLYWOMAN KLEIN: There was a case brought recently, was there not, on behalf of the Housing Authorities? Are you familiar with that?

MR. SHLAHET: Which case?

ASSEMBLYWOMAN KLEIN: A case that was brought on behalf of the Housing Authorities of the State.

MR. SHLAHET: Yes indeed. I didn't want to bring it up here, but the Housing Authorities have suffered as a result of the flat grant system. The Housing Authorities had an agreement with the State of New Jersey for specifically a rent which was equal to our expenses to the welfare recipients. The State has unilaterally abrogated this contract and as a result the Housing Authorities have taken the Welfare Departments to court. This is now pending.

ASSEMBLYWOMAN KLEIN: It is still pending?

MR. SHLAHET: Yes. As a result of the flat grant system, we lost that year, which was July, 1970, immediately $1.5 million. In addition to that, we are receiving approximately a million dollars less from our welfare recipients than we do from wage earners. This figure is increasing in proportion to the increase in welfare recipients in our tenancy.

ASSEMBLYWOMAN KLEIN: You are saying, in effect, that whatever possible savings there might be in the flat grant program, part of that at least, is at the expense of the Housing Authority.

MR. SHLAHET: There is no question of this. Our premise is, of course, that the Welfare Department which is subsidized by HEW has turned over its problems to HUD. And HUD has not been able to support the local Housing Authorities in their fiscal problems. The situation of

the Newark Housing Authority is very similar to that of major Housing Authorities in the Nation. It is true of New York. It is true of Chicago. I am sure you may have read about the St. Louis situation where they have literally turned over the whole housing system to the Federal government.

ASSEMBLYWOMAN KLEIN: Did I understand you to say that you are under a new directive from the Federal government to provide an economic mix in the Housing Authority?

MR. SHLAHET: In January of 1971, HUD conducted a comprehensive survey of the Housing Authority and its problems. As a result, they have directed the Housing Authority to streamline its operations in many facets, one of which was to remove from its payroll some of the top echelon people. They found that the Authority was top-heavy in terms of its administrators. It has directed the Authority to combine its management operations. But more important, in order to achieve fiscal solvency, they have directed us to try to take as tenants those better able to pay the kind of rent which we require in order to stay solvent, which, of course, goes quite contrary to the philosophy of public housing which was designed to shelter the poorest of the poor, those who cannot compete in the private market.

We are now in the position of not being able to take the poorest of the poor who certainly cannot find housing at reasonable rates outside.

ASSEMBLYWOMAN KLEIN: So if you exclude the welfare clients from your future tenants, you will in effect be carrying out the mandate of the Federal government. You will be able to do this in other words?

MR. SHLAHET: Oh, yes indeed. They are telling us to maintain fiscal solvency. It is up to us to be solvent. Therefore, any measure which we take will be acceptable.

There is one other small facet. I mentioned that 44 percent of the total population of public housing are welfare recipients. These are the official figures. We also know that as many as two or three thousand families have doubled up with other families residing in public housing. This is against our policy. We tend to overlook these facts mainly because Newark has absolutely no vacancies for families who, number one, are unable to pay the kind of rents which Newark demands now; and, number two, there are simply no places for them to go.

ASSEMBLYWOMAN KLEIN: So, in effect, if you do what you are supposed to do, which is to enforce your codes and your restrictions, you will be putting people on the street?

MR. SHLAHET: That is true, in addition to which we are breaking the law almost every day by housing families in quarters which are too small for them under the Housing Codes of the State of New Jersey. Specifically there should be not more than two persons per room. We frequently take families into an apartment which may be adequate at the time of their acceptance of this apartment who grow in size because they have children, who are then unable to move from their apartment because we don't have adequate numbers of apartments for larger and larger families.

In other words, the Housing Authority of Newark is almost the only place where large apartments are available. Our apartments range in size from zero bedrooms or efficiencies to five bedrooms. This is not easy to find any longer in the private market which obviously derives its greatest income from small apartments where the largest number of families are able to pay rent.

ASSEMBLYWOMAN KLEIN: Excluding these welfare families from public housing is, I would say, going to

certainly increase the rental problems of those welfare families.

MR. SHLAHET: It is going to increase their problems tremendously. It is going to place enormous hardships on them.

ASSEMBLYWOMAN KLEIN: How did you see where the rent subsidy might be helpful to you in the situation though - I mean the one that is proposed in this bill?

MR. SHLAHET: The rents which we derive from tenants are based upon the total gross income, specifically a fraction of that, never more than 25 per cent. There are two kinds of formulas under which we determine rent - the NHA formula, which is 21.8 percent of net income and the Brook Amendment formula which is 25 percent of net income, the income after certain deductions. If the gross income of a given family goes up, certainly the fraction of 25 percent goes up.

ASSEMBLYWOMAN KLEIN: So as far as the families of the working poor going from 66 percent to 85 percent, that might be a help.

MR. SHLAHET: That would be a help.

ASSEMBLYWOMAN KLEIN: That would be a help if you had some of those people in your project.

MR. SHLAHET: Right. I have deliberately not addressed myself specifically to the working poor mainly because we don't identify our welfare recipients any longer as those who are ADC or working poor. We do have a substantial number of families who are of the working poor category as well as the others.

ASSEMBLYMAN RYS: Automatically this bill wouldn't help the welfare recipient there because you would increase their rental, right?

MR. SHLAHET: This bill would help a little. It would not substantially change the situation.

ASSEMBLYMAN RYS: In other words, if it was granted up to 85 percent from 65, that is quite a jump in welfare.

Also your rents would jump.

ASSEMBLYWOMAN KLEIN: And they would get one-quarter of the increase.

MR. SHLAHET: We would get a fraction of the increase, not even one-quarter. Well, true, it would be one quarter.

ASSEMBLYMAN RYS: Sure. It would be based on that percentage. Again we would have the landlord taking their money away.

MR. SHLAHET: Not quite. We would be taking 25 percent.

ASSEMBLYMAN RYS: Figure out what the difference would be in their rental. It is quite high on a percentage basis. I have been trying to work out the figures in my head. Just figure it out.

MR. SHLAHET: In terms of $1000 on an annual income, our portion would be $250 or less; the family would still have $750 to spend on other necessities. The fact is, of course, that public housing provides the cheapest possible shelter to working families.

ASSEMBLYMAN RYS: I would not argue that.

MR. SHLAHET: Our problem is that of staying alive. In order for us to provide the services to all poor in New Jersey, we have to maintain some degree of solvency. We clearly are not independent. We depend upon the Federal government and we depend in some measure on the city, but mostly we depend upon rents. Our ability to provide services in the future rests almost entirely on the ability of our residents to pay us at least a substantial portion of our expenses.

ASSEMBLYMAN KENNEDY: Thank you again.

MR. SHLAHET: One other thing, if you should require additional statistics on the problems of the Housing Authority, I would be very happy to submit them.

ASSEMBLYMAN KENNEDY: Thank you.

Next on the list is Terry Richardson, but I

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believe he testified this morning or earlier this afternoon with that group.

We are finally on the last page. I will call Theodore Rathjen, Director, Municipal Welfare of Elizabeth. (Not present.)

Mrs. Mitchell is next, but I think she has testified already.

Mrs. Vivienne Wells, New Jersey Association of Hospital Social Service Directors. Is she here?

M A R Y V I V I A N W E L L S: I am Mrs. Mary Vivian Wells of 36 June Place in Matawan. I am a social worker in private practice. But today I am representing the New Jersey Association of Hospital Social Work Directors. The New Jersey Association of Hospital Social Work Directors represents 96 hospitals in the State of New Jersey, which includes psychiatric hospitals and other health institutions. We feel very privileged to be here and to voice our views on Assembly No. 1201.

As social workers, we are primarily concerned with the maintenance and strenghtening of family life which many people have spoken about all day. We are equally concerned with the conditions of living, decency and health.

We feel all these aspects are very interrelated. I will not go on with what I have written, but just emphasize and illustrate to you how the conditions of living affect health problems and I think this is what our essential focus is.

We know many people whose health problems have been affected because of the conditions of living. The conditions of living, such as housing and nutrition, have a very serious impact on health and health maintenance. We talk about diabetic patients who need to be on a diet. But if this person has a very limited budget, obviously the diet will not be kept, the patient is

going to be in need of hospital care. We can say Medicaid covers the patient's hospital bill. Hospitals are not going to be worried how long the patient stays. But we as taxpayers must worry about the high cost of hospital bills.

We also know that children have been admitted to hospitals because they live in very sub-standard housing, they ate paint, so they had lead poisoning. That leads to very serious brain damage. If we discharge this child to go back to the housing he came from, he goes back to the same condition and he will come back to the hospital again.

We see many people who come in for upper respiratory infections, pneumonia, and the doctor can only give them medicine, but he cannot change the housing. The housing may be cold, it may be damp; maybe they live in the basement.

Or, say, we have a patient who had a heart attack. He can no longer climb stairs, but he is up on the third floor in an apartment.

With the kind of allowance that the State allows them for living, how can they ever change their housing? The doctor isn't going to cure the heart patient because when he is released he has to climb stairs. The doctor says, "If you climb stairs, you will never get well." Maybe this patient dies and we can take the benefit of the burial allowance.

These are some of the things with which we have frequent contact every day. We cannot give adequate health care unless we have decent conditions of living because there is no way to implement medical recommendations unless the patterns of living and the conditions of living are in accordance with the medical recommendations.

Delivery of health care is often impaired, as health care and conditions of living are so interrelated and interwoven. The poor people have very little financial power to carry through any of these medical recommendations,

such as special diets, non-prescription drugs or change for more adequate housing conditions.

The State of New Jersey does care about people getting health programs. When New Jersey implemented its medicaid program, we felt it did a good job. It is a very comprehensive health program. However, it chose to limit converage to those whose income meets the eligibility level of standards set by the Division of Public Welfare. The presumption is that all these people who do not need subsistence can meet all their medical costs. But New Jersey doesn't believe that either because New Jersey has all kinds of mechanisms to pay for health care, and I just want to list a few of these so that we will be aware that health care is not completely financed by Medicare or Medicaid.

One is, New Jersey does have a county medical indigency program. This program is primarily a subsidy to hospitals for giving care to the medically indigent.

New Jersey also has a Rehabilitation Commission which finances certain medical and medically-related expenses, but the patient has to have a potential for job retraining and employment.

New Jersey also has the Crippled Children's program, but in order to qualify a child has to fall into a certain diagnostic category approved under the State's Crippled Children's program.

Then the Health Department now has financed hospital renal dialysis and home renal dialysis for people who are eligible financially. But all these mechanisms for financing health care have different criteria for establishing financial eligibility; yet they are all coming from tax dollars.

I read recently there was a bill passed for free health care for children with terminal illness. What we are really saying is that New Jersey cares for people who get sick, but New Jersey does it in a piecemeal fashion.

So if people get sick, they had better get sick on a diagnosis that enables them to get money, like renal dialysis, which is a pretty good thing.

I would say that we had better take a good look at all this money that is filtering into good health care to people in the State of New Jersey. Obviously the administration of these programs under different auspices costs money.

The other thing that I wanted to talk about I didn't include in my statement. I have been sitting here and hearing people talk about disability. You know disability is the major cause of not only family breakdowns, but people go on welfare because they are so sick they are disabled and they can't work any more. If we do have preventive and maintenance health care before they get that sick, before they become disabled, then are we going to have so many people disabled on our rolls? I think this is another thing we should really take a look at. Because we know with cancer it is necessary to have early diagnosis and early treatment. People who are poor wait until they are practically on their last limb. This is one of the problems.

Today I would say our New Jersey Association for Hospital Social Work Directors wants good health care, but until such time we also need to have good, decent conditions of living. Therefore, we are supporting Mrs. Klein's bill, 1201. We do feel this will be a bill to improve the standard of living for the poor, but we do not feel it is adequate to make the living conditions decent and adequate.

We also want the State to recognize that an adequate financial system for health care to restore and maintain the health conditions of many classes of people, whose income is sufficient to meet the daily living expenditures, but not sufficient to meet the cost of health care, is

necessary. What I am really saying here is that I could be in need of Medicaid if I became sick and spent thousands and thousands of dollars on hospital bills maybe in three weeks' time. Because hospital costs, according to the New Jersey Hospital Association -- the 1971 figure for the average per diem cost for a hospital day was $84. They do not have the statistics for 1972 yet. So many of us would be poor if we were unfortunate enough to get sick.

I feel also it is very important that New Jersey recognize the need for a separate guideline for a medical indigency program, separate and apart from welfare eligibility. Thank you. (See page 203A for full statement.)

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Wells. Are there any questions? (No response.)

Next we have Seymour Hundley from the Department of Community Affairs. Is he here?

MR. MOORE: He left, but he has a statement.

ASSEMBLYMAN KENNEDY: All right. We will enter his statement in the record.

(Statement of Seymour Hundley, Jr., can be found beginning on page 209 A.)

I think Mrs. Bernice Shaw who was scheduled to speak this morning is here now. I believe Mrs. Shaw probably is the last witness we have.

B E R N I C E S H A W: I am Bernice Shaw from Family Services of Morris County. I am not going to read my statement. I think everyone is just exhausted.

Much of what I had to say has already been said. I just want to make three points, and very briefly.

One is adding something to Mrs. Nickelson's statement about enforcing the housing codes. I think there's one thing that she didn't say in relation to people who have violations of the housing codes. In my area where there is literally no housing for poor people, families

have been forced to move in together. You find people living in houses that only allow five people and there may be two families of five people each. When there is a violation of the housing code, they cannot go to the Housing Inspector because immediately they will have to move out. You have many violations in these houses. I think the city Housing Inspector would take care of them but he never learns of them because it is such a threat to those who live there.

People do live with all sorts of plumbing, heating and other violations of the housing code.

The other point I want to make is in relation to family breakdown. My agency is involved in attempting to prevent family disorganization. A lot has been said about that today. I just want to add one point and that is that children are often in the dire situation we have in housing separated from their parents.

You have a family who must move out of their houses and there is no place to go. There is no place for the children to go. The children then either go into the children's shelter and on to other places or else the children are sent to live with a relative perhaps in another state. You are storing up future expense and future trouble by traumatizing children. These children are now making their way into my office - we are a counselling office - as a result of this situation.

The third point may seem farfetched, but it has to do with public transportation and medical facilities. The medical facilities that we do have in our area often cannot be reached by families who must use them because there is no public transportation to these medical facilities. I would ask that in an overall view of improving family life this be taken into account, that people will be able to reach the facilities that are already available to them.

Thank you for listening. (See page 207A for statement.)

ASSEMBLYMAN KENNEDY: Thank you, Mrs. Shaw. Are there any questions?

If not, I want to thank you all for your patience, your interest and your concern in this particular legislation and I hereby declare the public hearing on Assembly Bill 1201 terminated. Thank you.

(Hearing Concluded)

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STATE OF NEW JERSEY
DEPARTMENT OF INSTITUTIONS AND AGENCIES
ROBERT L. CLIFFORD, COMMISSIONER
TRENTON, N. J. 08625

November 27, 1972

Honorable Thomas J. Deverin
Assemblyman-Middlesex
28 Cypress Street
Carteret, New Jersey 07008

Re: A-1201

Dear Assemblyman Deverin:

We appreciated the opportunity to appear before your Committee on October 20th. Our opposition to the bill, which was expressed at that time, has in no way diminished.

The major thrust of the bill is in three areas: rent subsidies, increased payments to Families of the Working Poor, and excising the old ADC-U segment from AFWP and returning it to the ADC category.

The statement represents that rent subsidies, as utilized in Massachusetts, cost that Commonwealth about $1 million and, by inference, would total about the same for New Jersey. We are uncertain as to the source of this information, but have determined that Massachusetts has budgeted this item for $1.7 million in F.Y.72, $2.75 million in F.Y.73 and $7 million in F.Y.74. Our own calculations, based upon current budget projections, lead us to conclude that the rent supplements alone would cost approximately $17 million, of which $6.4 million would be paid by the State and $2.1 million by the Counties.

The proposed increase in grants to AFWP families represents a 28% increase over current levels. Based upon May 1972 populations, and assuming no reallocation of clients to other categories, this would generate a cost to the State and Counties of some $3 1/4 million per year.

The last item that results in major fiscal impact is the re-establishment of the ADC-unemployed segment. In keeping with the recommendations of the Governor's Welfare Advisory Council, this group had been removed from ADC and made

part of AFWP. The bill proposes to reverse this action. The justification for the proposal appears to be that the re-establishment of the segment as part of the ADC category will precipitate increased federal funds, reducing costs both to the State and Counties.

The mathematics of it are that the AFWP grant is currently two-thirds of the ADC grant, but the former is without federal participation. Although the grant to the family is increased by changing from AFWP to ADC, the County and State cost is ostensibly reduced due to the influx of federal money.

This is pure speculation. "Unemployed" must be given the federal definition which defines such a person as one who works less than 100 hours per month. Given the extremely liberal earned income disregards of the ADC program, one can earn to an extent not permitted under AFWP and still remain on the public assistance rolls. In other words, once on ADC, the program is such as to reduce recipient turnover. Perhaps this can best be demonstrated by a review of the statistics prepared by the Division of Public Welfare which reflect a continuing decline in the number of persons receiving AFWP and the steady numerical increase of the ADC category. In short, although we may be paying more for the AFWP client, that client will be dependent on us for a shorter period of time.

Additionally, earned income disregards are not taken into account in determining eligibility of AFWP, although the contrary is true for ADC. A swelling of the rolls can be anticipated. Of lesser fiscal significance is the proposed payment of burial expenses for an AFWP recipient. We have no objection to this proposal.

The bill also proposes to amend some of the non-monetary prerequisites to AFWP eligibility. The proposal deletes the requirement of "two adults of the opposite sex" and ceremonial marriage. We do not know if the sponsor seeks to abolish the requirement of ceremonial marriage, foster homosexual marriages, or both. In any event, it was the decision of the court in WRO v. Cahill, F2nd (1972) that the State had sufficient interest in preserving traditional family life to justify the classification. We considered it inappropriate to urge reversal of this position.

In conclusion, we would prefer to see A-1201 withdrawn and a new bill submitted establishing a burial benefit for an AFWP recipient.

Thank you for considering our position.

Respectfully submitted,

Robert L. Clifford
Commissioner

By: Walter R. Davis, Jr.
Executive Assistant

WRD:s

c.c. Members of Institutions & Welfare Committee
Mr. Carl Moore
Commissioner Clifford
Mr. James R. Heaney
Mr. David Norcross

KENNETH A. GIBSON
MAYOR
NEWARK, NEW JERSEY
07102

December 11, 1972

M E M O R A N D U M

TO: Members of the New Jersey Legislature

FROM: Kenneth A. Gibson, Mayor

RE: ASSEMBLY BILL 1201

A-1201 would enable a family to stay intact instead of splitting-up. A child now living with its father and mother only receives 66 2/3% assistance under the present Assistance to the Families of the Working Poor Act. Without the presence of the father in the household, the same child receives 100% assistance. This gives the father more economic incentive to leave and allow his family to move onto the regular Welfare rolls, so that his family would receive 100% assistance.

Presently, the only way a family can receive full coverage under AFWP is in case of the death of one or both parents, physical or mental incapacity of a parent, or the continued absence from the home of one or both parents. A-1201 would extend coverage to the family where the father is unemployed. At this present time unemployment is at an all time high and this provision is of paramount importance.

Also, A-1201 would allow a child who is between the age of 18 - wl to remain on AFWP while he is still in school (college, trade school, etc.). This opportunity for continued education will later help him to find gainful employment.

A-1201 would also help a family is case of death. Under the present Flat-Grant System, if there is death in the family, the family must use their assistance money for burial. This puts additional hardship on a family already overburdened.

A-1201 would authorize the Welfare Board to pay under conditions and limitations established by the State Division of Public Welfare, the expenses for burial of a recipient of assistance under this program.

Housing is also another major area in which A-1201 would help greatly. There is presently a Flat-Grant System, by which the amount of money a family receives is computed by the number of persons in a family rather than the amount of rent that a family has to pay. But in Newark for example, where there is no rent control, one family may pay a certain amount for rent on one block, whereas, a family of the same size and living in the same number of rooms might pay twice as much on another block.

Under the present Flat-Grant System, a family of four receives $324.00 per month. If this family lives in the Public Housing Projects, its rent would be $65.00 per month, for $4\frac{1}{2}$ - 5 rooms. This leaves the family with $259.00 for food and clothing. The same size family in a private home with $4\frac{1}{2}$ - 5 rooms pays up to $175.00 rent per month, leaving only $149.00 of the $324.00 for food and clothing, thus the family living in private housing carries an additional burden. A-1201 would help reduce this burden by allowing the Welfare Board to pay up to 33% more of the housing rental.

A-1201 would relieve severe hardships on older people, and those in private housing, who have to pay abnormally high rent.

A-1201 would restore 50% matching funds from the Federal government by changing certain eligibility requirements for the AFWP. Then the state would pay only 37% of the cost and the county would pay 13%. The state now pays 75% of AFWP and the county 25%.

A-1201 is a very important bill to the City of Newark, its passage would bring great relief to the citizens of Newark.

I urge you to consider and pass Assembly Bill Number 1201.

Kenneth A. Gibson
MAYOR



FRIENDS COUNCIL

TESTIMONY PRESENTED AT HEARING ON A 1201 BY JOHN J. HOWELL, CHAIRMAN, NEW JERSEY FRIENDS COUNCIL. DECEMBER 12, 1972.

1. New Jersey Friends Council is a loosely knit Quaker group, consisting of designated representatives from Quaker meetings in New Jersey, who meet from time to time to discuss matters of common concern. In the six years of its existence the Council has interested itself particularly in the problems of the welfare and prison systems of the State of New Jersey and in advancing the cause of peace and eradicating the occasions of war and conditions that lead to war. The views I will express are widely shared among New Jersey Friends (Quakers) and represent the consensus of those who have assembled to discuss the welfare system at meetings I have attended.

2. Our concern about the welfare system stems from a religious viewpoint that applies to every aspect of life. To us the loving and humane treatment of all persons, whether or not they are in a condition of dire need, is a religious duty to be accepted as a matter of course. Concern for fairness and human decency in the treatment of welfare clients is not separate and apart from a similar loving concern toward everyone else; but we do feel that the urgency of a need should govern the focus of our attention at a given time. Right now I wish to support the passage of A 1201, which was endorsed by New Jersey Friends Council at its last meeting, held at Medford Lakes, New Jersey on September 17, 1972.

3. I should point out, in speaking of a religious viewpoint, that the Quaker point of view about treating poor people fairly and decently is not special in any way. It is derived from Christian teachings that are the common heritage of all Christian denominations. And the Judaic beliefs and traditions, going back at least to the time of Moses, bear witness to this very same concern. I believe, also, that there are similar teachings in the Islamic and Buddhist religions. We are, therefore, on common ground.

4. Taken as a whole the welfare system in the United States is deplorable and New Jersey is no exception. Although it may have originated out of motives of decency, it has gradually become a monster and an abomination. It provides to the human beings who are caught in its meshes incentives which are exactly contrary to the incentives and values that we prize as our American heritage. Self-reliance, loyalty, industry, independence become impossible under a system

The New Jersey Friends (Quakers) Council was formed in 1966 as a channel for the expression of Friends concerns relevant to New Jersey. While it does not speak for all New Jersey Friends or Friends Meetings it does broadly reflect New Jersey Quaker conviction, its members being appointees of Friends Monthly Meetings in New Jersey, and of the New York and Philadelphia Yearly Meetings with which they are affiliated.

that regards every welfare recipient as a pauper or forces pauperism upon people who are not paupers under the guise of "welfare regulations". As actually implemented, as of today, the welfare system is not an example of human decency, even though that may be its basic purpose.

5. Having read the text of Assembly Bill No. 1201, and having consulted with several persons, Quakers and others, who are more knowledgeable than I about the day-to-day operation of the welfare system in New Jersey, I have become convinced that the proposed changes in the law are desirable and will tend to encourage low income families to remain intact and provide more reasonable incentives to the working poor. It will also alleviate hardship in cases where it has been determined that excessive rent payments by a welfare client are the unavoidable cause of such hardship.

6. The effects of the proposed law, under A 1201, on individual families can be illustrated by the following case records, taken from actual cases with names and other identification deleted. They have been prepared by the Mercer Street Friends Center, of 151 Mercer Street, Trenton, N. J. under the direction of Mr. Stephen Kitts, who is here with me.

The New Jersey Friends (Quakers) Council was formed in 1966 as a channel for the expression of Friends concerns relevant to New Jersey. While it does not speak for all New Jersey Friends or Friends Meetings it does broadly reflect New Jersey Quaker conviction, its members being appointees of Friends Monthly Meetings in New Jersey, and of the New York and Philadelphia Yearly Meetings with which they are affiliated.

Submitted by: John J. Howell - referred to on P. 31

Mr Johnson is chronically ill. He has emphysema and cannot do strenuos work. Additionally, bacause of something diagnosed as an allergy he suffers from seeping sores over his entire body.

The Johnson family includes Mr. and Mrs Johnson, a college student and a younger daughter.

Mr. Johnson originally received assistance through FAP. When the Working Poor program was implemented, Mr. Johnson was transferred to it. After several months the County Welfare caseworker insisted that Mr. Johnson get a job and go to work. His total allotment was $162. Because the older son was not eligible under Working Poor program provisions. This amount of income is especially small in light of the Johnson's rent payment of $135. The Johnsons were subsisting, barely, when the caseworker insisted that Mr. Johnson take a job.

Of course, With seeping sores Mr. Johnson could not find a job. Finally in a humanitarian move, the caseworker agreed that if Mr. Johnson could get a physician's excuse, he could be transferred to ADC. This was done and now the Johnsons receive $214 monthly even though only Mrs. Johnson and the younger child are eligible. Mr. Johnson unfortunately does not qualify so he is not covered by Medicaid. Currently he can afford and he is receiving no medical treatment for his allergy or ephysema.

Submitted by: John J. Howell - referred to on P. 31

The Gonzales family includes eight children. Mr. Gonzales is no longer in the family even though he worked regularly for an eduational institution for several years. His salary was $360 a month. Before he left his rent went up to $125. and his utilities in the winter ran about $40. because the insulation in the house was so poor.

Mr. and Mrs. Gonzales were enrolled in the Working Poor Program. Their supplement was $27. a month making the total income for the family of 10 maximum $ 387. They were fortunate in that they were eligible for Medicaid and food stamps, especially since all of the children were infected with parasites and the smallest girl is diabetic.

Mr. Gonzales left his family. Mrs. Gonzales is now receving ADC. She gets $522. amonth, $135 more than the family got under the Working Poor program with one less mouth to feed. The simple fact is that economically the Gonzales family is better off now than when the father was in the home. The cost to the family for the economic advantage is impossible to estimate. Already one of the boys is beginning to get into trouble with the school authorities.

Mercer Street Friends Center
151 MERCER STREET
TRENTON, NEW JERSEY 08611

HAROLD H. PERRY
CHAIRMAN

ROBERT M. APPELBAUM
VICE CHAIRMAN

JEAN W. COMFORT
SECRETARY

EDWARD M. HENDRICKSON
TREASURER

STEPHEN L. KITTS
EXECUTIVE DIRECTOR

December 8, 1972

Mr. John Howell
Friends Social Concerns
RD 1
Hopewell, New Jersey

Dear Mr. Howell:

I am forwarding to you the statement you requested concerning our activities in relation to Mercer County Welfare and our brief view of A-1201. We hope you will find this useful.

As you know we deal with a substantial number of clients involved in Welfare and frankly we view the current Welfare programs, especially that of the Working Poor not only as inadequate, but a disgrace. We believe that the Working Poor legislation was a step backward in New Jersey, therefore we believe that a great deal needs to be done.

Assemblywoman Klein's bill is a step in the right direction. We wish you success in your committee presentation.

If we may be of any further services please call upon us. And please feel free to use any or all of these materials.

Sincerely,
MERCER STREET FRIENDS CENTER

Stephen L. Kitts

Stephen L. Kitts,
Executive Director

Mercer Street Friends Center is a settlement house - neighborhood center serving the City of Trenton. For fifteen years it has implemented Friends' testimonies by serving the entire family in a changing urban setting. In that time, the Center has grown and multiplied specific programs, but it has continually understood itself as a resource for all members of the family. Derived from this focusing on the needs and strengths of the family, is a concern for all aspects of the community situation: housing, health, education, and general welfare.

Mercer Street Friends Center utilizes a modality of advocacy in dealing with and for families. Advocacy, the active intervention, intercession, and support for another, often involves educating citizens in their rights and responsiblilities, interpreting needs, and following through to see that services provided by agencies are, in fact, available and dispensed regardless of a client's condition or language. In this advocacy role, Mercer Street Friends Center has dealt with well over 450 families in 1972 regarding their relationship with the County Welfare Agency. Particularly, much of its involvement has been in relation to families seeking or receiving assistance through ADC and Working Poor programs in Mercer County.

The experience of Mercer Street Friends Center overwhelmingly is that "Assistance to the Families of the Working Poor" does not serve working poor people. In fact, its staff does not know of a single instance where "Assistance to the Families of the Working Poor" has benefited the family of a working poor person. The experience has, rather, been entirely negative with the Working Poor program being used in practice to withhold assistance to truly needy and deserving families

to deny the benefits of medical care and food stamp advantages, to depress and often to disrupt the family, to threaten people receiving other types of assistance, and to encourage fraud. There may be a discrepency in the welfare law, administrative regulation, and practice. Nonetheless, without equivocation it can be said that in its effect, on the people the "Assistance to the Families of the Working Poor" program is inferior to its predecessor " Family Assistance Program".

Most damaging of the Working Poor provisions is the flat grant approach. This provision alone removes the program from any consideration of the reality with which a family in the city is faced. As urban renewal removes available housing (The City of Trenton is experiencing a negative occupancy rate) and replaces it with more expensive but equally inadequate units, families on assistance are not allowed ordinary consideration of the expenses they incur. It is typical (in Trenton) for a family of five to pay $120 a month for sub-standard housing. For such a family who, under the Working Poor program who are subsidized up to $240, this means that one-half of their entire income must go for housing. In this case only $120 remains for food, clothing, transportation, and all costs related to the job. (ADC provides $360 for 5 persons). Much more adequate and realistic is an approach which takes into consideration actual costs of living and working in the city. Working Poor does not.

The situation with the Working Poor program is that it provides too little for too few. Beyond the flat grant effect is the practical considerationthat in order to receive Medicaid and food stanps, a family must receive assistance. In short, if a family is ineligible for direct assistance, it cannot receive the ansulary "helping" benefits of health care or food stamps. The result is that for the working poor, in order

to survive they must earn more than allowed to be eligible for supplementary assistance; which in turn disqualifies them from essential health and nutrition services. The net effect is that the Working Poor Program does not benefit or function, for anyone.

The overwhelming experience of the social services staff of Mercer Street Friends Center is that the Working Poor program in Mercer County is totally unsuited to meet the needs of its clients. The eligibility requirements are totally unrealistic. That a family unit must be legitimized by formal marriage of the adults (parents) regardless of number of children or social arrangement is extraneous. The arbitrary, flat grant limits, additionally, are so unrealistic that any surviving family units.

In many cases, the Working Poor program has been used to coerce families. The effort, even if rationalized as "pushing them to go to work" is always negative and is usually unsuccessful. It is based on the fallacy that persons who receive assistance are lazy or somehow undeserving. The only persons who could possibly benefit from the proscribed method of determining supplementary assistance (1/3 current welfare assistance amount plus costs of employment plus income) are those already receiving assistance. Thus, the thrust of the program, clearly to get welfare recipients to work, is not appropriate for families not receiving assistance and does not aid them. Unfortunately, the Working Poor program is implemented as "the program" for supplementary assistance, totally replacing Family Assistance. As such it is not only inadequate bu acts against the working poor and defeats its own stated purpose: to help working poor people keep working.

In too many cases, the Working Poor program actually acts to disrupt and even destroy the family unit. Because its provisions are so niggardly, other assistance programs, especially ADC, become more attractive and realistic. In fact, even if the family cannot receive supplementary assistance, Medicaid or Food Stamps under the Working Poor program, under another program all of these can be had. The pressure to defraud in order to obtain necessary assistance is tremendous. In fact, staff members have witnessed couples conspiring in the foyer of the Mercer County Welfare Offices only to have the woman enter alone to apply for assistance "because her husband deserted her." Of course, in many cases, these realities of survival contribute to the dissolution of the family when the man does desert. In any case, fraud or desertion, the family unit suffers tremendously. The fear is constant that the fraud will be found out, or the man cannot afford to be found at home so he only visits, or the family is reduced to a single head of the house. The result is that with the Working Poor program's implementation and the absence of anything else, the situation for the working poor family is impossible.

Based on the experience of the staff, we can make some preliminary recommendations. We believe that the Working Poor program should be changed so that it truly is suited to the situation of working poor families.

1. The actualy costs of the family must be considered and supplementary assistance must enable the family to live reasonable and realize its potential as a contributing member of the community. The eligibility limits must be raised to a reasonable level and supplementary funds should reflect the costs of living.

2. The Working Poor program should be specifically designed for families who are working but need supplementary funds in order to continue.
3. The program should be established so that there are economic advantages to it (working) over against some other type of welfare. Clearly, the Working Poor program to be effective must enhance the family life-style.
4. The Working Poor program should provide for Medicaid and food stamp eligibility apart from supplementary assistance enabling the poor family to get medical service and an advantage as a food consumer. This would effectively increase the buying power of earned income and could substantially aid the poor family in its efforts to continue working and to stay off of welfare.

We believe that Assembly Bill 1201 moves toward correcting some of the deficiencies in the "Assistance to Families of the Working Poor" program. The provision to increase assistance levels to 85% will make the program viable to more families. The provision to allow 33% adjustment for actualy living costs is essential and reflects a more realistic approach to assistance for people. This should greatly reduce the flat grant effect. Certainly this bill is a move in the right direction, if not a total solution to the needs of the working poor.

It is necessary to preface my testimony so that it is understood why it is extremely difficult to document the inequities produced by the present Aid to Families of the Working Poor Program.

The examples which follow are not the type of problems which are easily revealed by clients nor are they the type that are readily visible during an interview. The two cases that I will relate today were brought before me in an indirect manner during interviews pertaining to other welfare problems the client was having.

One client, Mrs. A, would only permit her husband to stay with her a few days or a week at a time for the short period they were separated. His inability to secure an adequately paying job was the center of the dispute. Because they could not live on an AFWP grant, the husband moved out of the home. The wife then received an ADC grant. The husband was told not to come back until he found a job. For one month he lived in the home before the wife reported this change in circumstances to the welfare department. This case resulted in a needless splitting up of a family for a three month period and the committing of welfare fraud by the wife. All as a result of the state's change to the AFWP Program.

Client B, had a child by the man she was presently living with. She has several children from former marriages and relationships. She received no financial aid from the State for this child as this child neither qualified for an ADC grant nor AFWP grant, his father living in the home but not being ceremoneously married to his mother.

I have heard several clients discuss the dilemma of possibly splitting up their family to qualify for the higher ADC benefits until the husband could find a job. The unemployment rate in Camden is 12.5%.

Regarding the debt owed provision of AFWP, no recipient is going to remove himself from the rolls for a low paying or part-time position knowing that the State is going to require him to pay part of that salary to the State. This was recognized by the Federal Government when it passed Title IV of the Social Security Act and New Jersey should be aware of it also.

MURRAY J. KLEIN

TESTIMONY OF THE NEW JERSEY COUNCIL OF CHURCHES
to the Assembly Committee Institutions and Welfare
regarding A 1201
December 12, 1972

The New Jersey Council of Churches continues to have a deep concern for the plight of the thousands of poor in our state. The Council, a fifty year old organization of 12 major protestant denominations, has consulted with its members and thanks the Assembly Committee for this opportunity to testify.

On March 10, 1971 in testimony to the then Joint Appropriations Committee, we warned of the problems that would result from the so called Welfare Reform. The problems have come bitterly into being. A 1201 is designed to relieve some of the unjust hardships created in 1971.

Before the so called reform, there was no provision for cost of living increase upon the citizens forced by illness, old age, minority and other legitimate causes to welfare. Today inflation has increased at a rate greater than the Pre Phase I Phase II situation, and there is no adjustment for recipients. The poor by fiat.

Before the 1971 changes, there was provision for special grants for guide dogs, special diets for those with certain illnesses, and moving assistance to help a mother and children from habitation condemned. Today there is no such help. These special grants should be restored.

The existing welfare system has brought the curious additional impact of hurting the county administrations and losing Federal monies available to other states. ($10 million) Even prior to the 1971 changes, in Essex alone, case loads increased 33% over two years, but case staff increased only 2%. But in addition the state required a series of caseload reviews and changes in procedure which greatly taxed the production capacity of the welfare staff on top of their duty to carefully administer the program. Cost in fact was shifted to the Counties while funding from the State and Federal government was cut away. The poor, needless to say, have not become middle class, or drifted away in the meantime.

Only the Federal rent surveillience has been of any effect. The State has not intervened with slum lords, helped the public housing programs or adequately met the real rent costs. Transitional grants have only shifted mothers into their present need to take from the food budget. Evictions are the alternative. A welfare family too often tries to make

it on a food allotment of 2?¢ per person per day. (from Essex Co. Welfare Bd.) We challenge any member of the Legislature to try it for one week. The corpus of testimony to the Assembly Committee will well establish (1) there are more poor people now than prior to the 1971 changes; (2) the poor are poorer, (3) the special needs of the afflicted and juveniles are less supported now, (4) the pressure on public welfare agencies and private charities is greater.

A 1201 is designed to remedy some of the present difficulty. The provision to change the definition of household (pg. 1 line 13) is sound. Those attempting to escape the welfare cycle through vocational or other education should be restored to assistance. The "insufficient income" definition (pg. 2 line 35) increase from 66 2/3% to 85% AFDC standard is only common sense in view of actual living needs in New Jersey. N.J.C.C. has never forgiven the concept of defining legal poverty in the law, and then providing less to the poor and afflicted.

The end of the "debt to the State" provision (pg. 2 sec. 4 line 11) is a move toward justice and incentive.

Of course if the state ever chose to totally enforce the lien provisions now in the law, it would go crazy trying to administer the banking and real estate business it thus acquired.

The provision for burial expense (pg. 3 sec. 8c) is no more than restoration of a vestige of human dignity. If you drop dead in utter poverty at least the 6th wealthiest State should make a minimal assistance to your relative trying to bury you.

The restoration of an allowance for children of unemployed father (pg. 4 line 28) is the key to halting the departure of poor men from their families. The present system is a style of skip incentive.

Allowance for 33% special rent increases (pg. 5 ?6 line 12ff) returns some sanity to the administration of the system. Welfare directors could meet the particular cases where large families cannot pay the rent, cannot be relocated because of the housing market, and where the whole local rent structure is substantially above the welfare grant schedule.

While endorsing the provisions of A 1201, N.J.C.C. sbumits more is needed We must note that HR 1 has not been enacted. No State or Federal Welfare restructuring has happened due to the failure of passage at both levels of pending legislation. The official rhetoric has not fed one child. We submit the following steps:

1. Complete digestion and acceptance of the welfare facts as noted in such sources as the U.S. Dept. of Labor statistics, Six Myths about Welfare (UCC Board for Homeland Ministries N.Y.C., N.Y.) and the repeated reports of County Welfare boards.
2. Field investigation including experimental living by Legislators under welfare housing and diet conditions.
3. Committee support for A 1201
4. Restoration of special grants for guide dogs, medically required diets, childrens school transport costs, moving costs in certain cases.
5. State intervention with landlords to secure equitable rents and buildings in compliance with local health and building codes.
6. State assistance as warranted to local public housing units to pay rent shares above the welfare system levels.
7. Amend A 1201, or provide another bill, to make rent grants in the Welfare system according to the Federal Cost of Living Index.

These seven items could begin to bring some positive change in a desperate situation. The poor are a national disaster. It is ironic that this testimony is sought on the verge of Christmas. It almost seems that the present welfare system, lacking the small improvements of A 1201, is of a Herod's design. The 1973 session is not too soon to bring justice to the fatherless, aged, widowed, sick and lame and those driven out of employment by circumstance beyond their control.

The State government has enough studies, enough documentation of human suffering to rationally act for relief through A 1201. The cost, in view of Federal matching restoration, is not excessive. The welfare problems have now gone on far too long. New Jersey Council of Churches urges constructive change directly.

TESTIMONY FROM THE WELFARE PRIORITY
OF THE UNITED CHURCH BOARD FOR HOMELAND MINISTRIES

Favoring A1201 filed by
Assemblywoman Klein

Presented by
Guida West
87 Cooper Avenue
Montclair, New Jersey 07043

The testimony which I am presenting this morning was prepared by the National offices of one of the Major Protestant Denominations, the United Church of Christ. The Board for Homeland Ministries of the United Church of Christ established a Program and Policy on Welfare in April of 1970 and it is through my connections with that Welfare Priority that I have been asked to speak to you this morning. For the past two years I have worked as a consultant with this national staff team on Welfare. I am a resident of Montclair, New Jersey, have long been involved in Welfare Reform in this state and am a doctoral candidate in the Department of Sociology of Rutger's University. Dr. Howard Spragg, the executive vice-president of the Board for Homeland Ministries had wished to present this testimony himself but was unable to do so when the date for the hearing was changed. He himself is a resident of Westfield New Jersey and it is interesting to note that three other members of that national staff team working on Welfare live here in New Jersey.

I should like to begin my testimony by answering a question which some of you may be asking yourselves. Why does a national church agency feel compelled to testify on a particular piece of state legislation? Certainly the well qualified and well organized groups of New Jersey citizens and church coalitions, such as the Office of Government Concern of the New

Jersey Council of Churches are providing excellent testimony here today. We have conferred with them, as we have with the Rev. Glenn Hatfield, well known to you as a leading advocate of welfare reform here in New Jersey. First, we have established a working relationship with welfare recipients in New Jersey, have participated in regional meetings, workshops and local projects. We are aware of and concerned about the cut-back in payments to welfare recipients. Although, you legislators are to be congratulated that New Jersey stands right there at the top on Grant levels, the concern over the cut-backs needs continual pressure. We feel your hands can often be strengthened by national agency pressures. Also it is becoming more evident each day that the major social issues facing the country can best be dealt with by close cooperation between national and state offices. Actions in one state cannot be considered in isolation. Responsibilities for a state law go well beyond the borders of that state. Consequently we have tried to work very closely with state task-forces on welfare across the country and have even established them in a number of states. It is therefore important that the national advocates for reform speak up on the local level whenever they are invited to do so. Secondly there is a growing conviction that the Church in its work with and alongside the poor must speak out more often both locally as well as nationally on just and humane legislation which seeks to alleviate the all-too prevalent suffering of individuals who receive welfare assistance. The growing tendency of the Government to punish and harass those on welfare as well as to block legitimate assistance to the families of the working poor is the issue today. Such tactics are not only morally questionable but are clearly not to the far-reaching welfare of all American citizens.

I should like to describe briefly the work of the Board for Homeland Ministries Welfare Priority and the objectives on Economic Justice adopted by the General

Synod of the United Church in June 1971. The Board's policy was based on the premise that all persons are entitled to a humane standard of living and that ultimately the Government is responsible for providing the means to protect this right. The team of national staff members who have been working on this priority for almost three years is headed by Dr. Hobart Burch, formerly with HEW in Washington and an expert on Welfare and Health legislation. He has examined the Klein Bill carefully and agrees fully with the subsequent testimony prepared by Herbert White, a consultant on Economic affairs to the Board. Both would be happy to consult further with you on A1201. Much of the work of the team has been that of developing educational material and in the involvement of its church constituency in the lives and problems of the poor. Only when this is accomplished can they stand as reliable advocates.

The General Synod's objectives on Economic Justice call for an adequate guaranteed annual income, increase in the minimum wage, the opening of job and educational opportunities, comprehensive health programs, quality day care and long-term no-interest business loans. These objectives are those for which the United Church stands as an advocate and in which it seeks to engage its constituency. The injustices and inequalities of the present New Jersey Law on "Assistance to Families of the Working Poor" make it extremely difficult for these New Jersey families to lift themselves from a state of poverty. We testify in an effort to support them in their struggle and to encourage New Jersey citizens and lawmakers to continue in the fight for a humane standard of living for all Americans.

By reason of the above policy commitments of constituted assemblies and agencies of the United Church of Christ, coupled with existance of some 25,000 adult residents of the State of New Jersey who are gathered members of 90 local congregations within the State, the United Church Board for Homeland Ministries assumes a legitimation for addressing the legislature of New Jersey on Assembly Bill A1201.

The United Church Board for Homeland Ministries commends A1201 for enactment. We do so after studied analysis of said Bill. We find the following aspects of the Bill to be contributive to a just and humane reform of public Welfare:

1. The Bill would allow County Directors of Welfare to authorize, in hardship areas, rent supplement payments in addition to the Flat Grant for Rental. The excercise of discretion would reside within Welfare administration and thereby providing control, yet allows flexibility in ameliorating the impact which rent differentials between communities make on a single flat rent grant system;

2. The Bill makes possible that the children of unemployed fathers receive support approximate to that of fatherless children (ADC program). This provision recognizes the serious poverty implications for the increased numbers of families for whom unemployment or under-employment is now reality, and does not penalize the family whose adult members are not able to find work sufficient to produce even subsistance incomes;

3. The Bill removes the provision from present legislation which constitutes support received by Families of the Working Poor as a repayable debt to the State. Such present provision is punitive in its language and intent.

4. The Bill would make possible continued educational support for children until they reach the age of twenty-one. The integration of educational dimensions into welfare systems whenever possible is important for the attack on the "viciously cyclical" nature of much poverty. We feel that the proposed Bill represents a pragmatic step in that direction.

In conclusion, the United Church Board for Homeland Ministries recommends passage of A1201 from the perspective of its policies in regard to Welfare Reform; its relationship to constituencies in the State of New Jersey; and the pragmatic, workable, non-doctrinaire integrity of A1201.

Thank you.

SUBMITTED BY DOROTHY VAN DYKE
FAMILY AND CHILDREN"S SOCIETY, ELIZABETH, N.J.

FAMILIES SEVERELY AFFECTED BY JULY 1, 1971 WELFARE CUTBACK

A Family: (8 in family; Welfare cut off July 1, under new AFWP. Father under-employed) Income: $348. a month). Hardship: loss of Medicaid benefits severely taxes this family, as medication which costs $5.00 weekly is essential to maintain the adjustment of a 13 year - old acting-out, epileptic son. Prior to properly-supervised medication, this youngster was a problem in school, frequently missing from home, and referred to Juvenile Court

CURRENT STATUS: Even though husband is a supervisor, he isn't paid for holidays and works irregularly(when inventory is taken)without pay. This made the family eligible for Medicaid and $150. per month for food stamps. The father is now working 8 hours a day and his pay is $95. per week. There is a possibility they will lose the grant, and Medicaid. Mrs. R. had to re-apply for aid 7-25-72. If denied, the family would be unable to pay for the medical attention needed for the 13 -year old epileptic whose condition is not stabil-ized.

B Family: (7 in family; father unemployed. Income: $308. a month; under new AFWP) (Aid to Families of Working Poor). Hardship: Unskilled father suffered a heart attack last year and was unable to find light work. Mother is an epileptic and functionally limited; becomes quite disturbed when pressures becom e too great. Youngest child severely retarded; middle child had heart surgery several years ago which saddled family with $5,000. debt. Housing Authority refuses to roll back rent from $122. a month (which rent was set when family received $446. under old AFDC program). It is a struggle to keep two teen-age boys clothed and in Vocational High School.

CURRENT STATUS: Father collecting Social Security for permanent disability, with serious heart condition. Hospitalized in fall, he must have inhalation therapy three times a week at hospital. Small supplemental welfare grant and Medicaid will probably be cut off with increase in Social Security benefits.

C. Family: (5 in Family. Welfare cut off July 1, under AFWP program). Income: Unstable because of father's erratic work record and family indebtedness.
Hardship: Welfare cut-off resulted in three abortive attempts for family to reestablish a home near suitable employment. Pressures built to the point where mother feared recurrence of nervous breakdown suffered in 1970. Finally father accepted help at Marlboro State

and Neuropsychiatric Hospitals, and mother reapplied for AFDC. Anxiety about his family resulted in father's premature return to community where he is attempting to make another start. Non-verbal 4-year-old requires nursery school placement (as recommended after thorough evaluation), but this cannot be effected with family's constant mobility.

CURRENT STATUS: Parents permanently separated, family broken up. While mother's mental condition has stabilized and she is in work-training program, living with relatives has had a detrimental effect on the two oldest boys who have been referred to the Bureau of Children's Service for temporary foster care. Youngest child now lives with maternal grandmother.

D Family: (5 in family. Welfare cut-off July 1, under AFWP program; father under-employed.)
Income: $89. a week net. Hardship: Three acting-out teenagers and mother's illness were factors in the eviction of this family from public housing. Temporary quarters were found which cost $42. a week for 1½ rooms, without cooking facilities. More permanent housing has not been located. Because of excessive medical debts which family cannot begin to pay, they do not qualify under Food Stamp Program. It is a struggle just to provide food, and transportation expenses for father to get to work. Lack of family stability prevents good school attendance and adjustment.

CURRENT STATUS: Moved out of area.

E Family: (14 in family. Cut off of AFWP program in July when father was fully employed. Fair Hearing was sought, and partial assistance reestablished. Father since laid off from work.)
Income: $329. monthly ($236. unemployment benefits, plus $93. supplemental from UCWB.)
Hardship: Diabetic mother requires close medical supervision. Family includes two children of unskilled daughter, with whom there is considerable conflict. Insufficient funds result in continuous quarreling, inadequate food, late payment of $122. monthly rent in housing project. Family faces imminent eviction if conditions do not improve.

CURRENT STATUS: Father has left the home. Family now receives $549. per month from UCWB, AFDC: (formerly $340. under AFWP). Father was forced to collect unemployment due to a back condition. Insufficient funds resulted in continuous quarreling, inadequate food, late rent payments of $122. per month; father began drinking very heavily and finally deserted the family.

F Family: (9 in family, including 2 step-daughters. Welfare cut-off under new AFWP as of July 1; Father under-employed.
Income: $120. a week gross, before garnishee is paid, union dues, etc.
Hardship: Family has improved financial functioning with small supplemental grant under old AFDC program, plus Medicaid. Since Welfare cut-off, debts are beginning to pile up, family cannot afford medical attention. Oldest girl was sent to live with father in another county to relieve financial strain. Mother is in high-risk maternity program at local clinic, but cannot afford vitamins and iron prescribed.

CURRENT STATUS: Oldest step-daughter suddenly returned home when her father's household exploded into violence over extra-marital problems. Mother reapplied for and received AFDC help for two oldest daughters. Meanwhile, her husband's health deteriorated and he was fired from sanitation truck job; extensive hospital tests confirmed a gout condition; reapplied for AFWP assistance. Family again behind in rent, running up food store debts.

G Family: (4 in family; parents separated - on AFDC).
Income: $124. a month AFDC plus $200. contributed by estranged husband to pay rent.
Hardship: Mrs. G. has had to give up her job as a waitress, as she is in her 8th month of pregnancy. A ten-year old blind child has cerebral palsey; lives at a school for the blind in Baltimore, but comes home on the weekends. She needs special shoes, clothing and books. Mrs. G. has a heart condition. Mrs. G. and two teenagers at home have $124. to live on. She plans to give her baby up for adoption so that she can return to work.

THE FAMILY AND CHILDREN'S SOCIETY
40 North Avenue
Elizabeth, New Jersey 07207

Testimony of Dr. Dinerman before the Institutions and Welfare Committee -
December 14, 1972

Gentlemen:

I am Dr. Miriam Dinerman, Associate Professor of Social Policy at the Graduate School of Social Work, Rutgers University. This is is my associate, Mr. Jeffrey Daly. My particular fields of interest are income maintenance and public assistance programs. I am grateful for this chance to appear before your committee.

In February 1971, the Governor's Study Commission on Welfare proposed nine changes in New Jersey's programs of public assistance in order to "prevent abuses or (be) modified in a way that would have a favorable and immediate fiscal impact on the budget, without sacrificing the basic needs of the poor."

I wish here to discuss only the impact of one of the resultant changes, the program of Aid to Families of the Working Poor. It might be noted that this change exceeded the Commission's recommendation to end the "N" Segment of Aid to the Underemployed by also ending the "F" segment of aid to the unemployed. I intend to show that the promised savings for the state's taxpayers did not materialize. I would add, parenthetically, that it has been difficult to find the data to make a full analysis. One would think that an enterprise which spends millions would wish to have information on which to plan, project and analyze its' present operations and its' future direction and that such information would also be available to thepublic. The following is based upon such data as I could put together, some of it from the Department of Institutions and Agencies, Division of Public Welfare, Bureau of Business Services Monthly statistics for 1970, 1971 and 1972.

Until July 1, 1971, New Jersey had three programs for families in need of public assistance, AFDC - C - a Federally-aided program for families with children

where the father was absent from the home or incapacitated; AFDC - F for those families where the father was present but unemployed, and also Federally aided; and AFDC - N, a program funded solely by New Jersey to aid families with insufficient earnings. The first two were subject to Federal guidelines and all three had the benefits and eligibility computed from a single cost standard. This made the AFDC - C and AFDC - F eligible for Federal matching funds.

In Fiscal 1970, $21,302,000. was spent in New Jersey on AFDC - F (aid to the unemployed) and $24,960,000. on AFDC - N or aid to the under-employed. This came to a total of $46,262,000. New Jersey received 50% matching funds from the Federal government for the F segment, in the amount of $10,651,000. The net cost to the New Jersey taxpayers for the F and the N segments was thus $35,611,000, which helped some 90,000 persons a month.

In Fiscal 1971, under the new Aid to Families of the Working Poor program, New Jersey's gross spending was $20,101,000. This reached some 4-5000 persons a month. However, New Jersey no longer received any re-imbursement from the Federal government since the new AFWP program offered aid at 2/3 the rate of the Federally-aided AFDC program, and thus failed to meet Federal guidelines. New Jersey lost therefore a minimum of the same $10.6 millions it had received the prior year or a more likely sum of $13 millions in Federal matching funds. The latter figure is my projection based on the rate of increase in the AFDC program for fiscal 1970 and 1971 and the increased unemployment rate in the state. It is thus apparent that New Jersey cut large numbers of families with children from the assistance rolls and reduced the level of aid to others far below the poverty line at a net saving to New Jersey taxpayers of $2 to $5 millions for the year.

This apparent saving must be further reduced since it appears that a sizeable number of persons made ineligible by the changes in program reappeared on the

welfare rolls. The evidence for this follows.

A Monmouth county study of a random sample of 112 families made ineligible by the welfare changes showed that 39% reappeared within four months under one or another category. In another county, out of 1200 ineligibles on July 1, 1971, 58% had reappeared by December. In a third county with a small assistance population, one-third of the ineligibles had also reappeared. For some families this was accomplished by the disappearance of the father - New Jersey had provided a sizeable economic incentive to two-parent families to break apart. For others, existing social or physical or emotional disabilities which caused their low earning capacity to begin with were sufficient to make them eligible for the strict "incapacity" definition under AFDC. The following table, taken from the statistics of the Middlesex County Welfare Board, suggest the pattern I am describing, for the numbers of new Incapacity cases under the AFDC - C program.

TABLE I

Month	Before Program Changes	After Program Changes	% Increase
July	25	16	-64%
August	12	17	+41
September	8	27	+237
October	11	21	+90
November	15	32	+113
December	20	31	+55
January	1	30	+2900
February	6	30	+400
March	10	38	+280
April	5	22	+340
May	8	21	+162
June	15	20	+33

It can be seen that there was a substantial increase from the "before" to the "after" figures in each month except one. This increase is at the rate of 124% for the year compared to a decrease in the numbers of recipients of AFDC - C for this county.

It is hazardous to extrapolate figures. Nevertheless, it is apparent that the scattered figures I have presented all point in the same direction and all suggest the same thing. That is that the apparent difference between the $35 millions spent in Fiscal 1970 for the F and N segments by New Jersey taxpayers and the $20 millions spent in Fiscal 1971 for the AFWP program has in effect disappeared. It does not take too many individuals at an average per person grant of $70.91 per month to accomplish this.

To illustrate, in the month before the new program went into effect, some 100,000 persons were in receipt of the F and the N segment aid, while two months after the new program was in effect 44,000 persons were enrolled in AFWP. If a conservative 1/3 of the 56,000 who were made ineligible reappeared this would come to 18,666 persons or about $15.8 millions annually. Since these persons have reappeared in one or another Federally aided category, we must deduct the 50% Federal matching grant. The net cost to New Jersey taxpayers is thus about $7.9 millions, for this reappearance. One must add to this the approximate $13 millions of Federal matching funds no longer received due to AFWP not being in compliance with Federal guidelines. The result is a total erasure of any real savings to the taxpayers of New Jersey. It must also be remembered that this has been accomplished at the expense of families who have worked hard in the face of social and physical handicaps and in the face of an unrewarding labor market; who have adhered to their family responsibilities; and have paid taxes to their town and to New Jersey - a whopping 19.1% of their income, according to the Sears Commission. The program changes have resulted in offering these families a strong economic incentive to abandon this American ethic in order to cope with an inflating cost of living, a rising unemployment rate, and a policy change that is punishing in its effects

upon wives and children. This was surely not the desire of the policy-makers of this State. I, therefore, urge the passage of Bill A1201 which would raise the grant levels in the AFWP program to 85% of the other Aid to Families with Children Programs - thus restoring our eligibility for 50% Federal matching funds, minimizing the incentive for family break-up, and reducing somewhat the hardships visited upon the families of the working poor.

I thank you.

SUMMARY OF FIGURES ON NEW JERSEY'S

CHANGES IN PUBLIC ASSISTANCE

For Fiscal 1970	AFDC - F payments to recipients		$21,302,000
	AFDC - N " " "		24,960,000
	Total		$46,262,000
	50% Federal matching for AFDC - F	less	10,651,000
	Net cost to New Jersey taxpayers		$35,611,000
Fiscal 1971	AFWP Program		$20,101,000
	Wholly born by New Jersey Taxpayers		

If 1/3 of approximately 56,000 "ineligibles" reappeared on the rolls after the changes, and using June 1972 AFDC figures 18,666 persons @ $70.91 per person per month average annually $15,881,000

50% Federal matching funds less 7,940,000

leaving a cost to New Jersey taxpayers of approximately $ 7,940,000

Add to this the costs of the AFWP program 20,101,000

$28,041,000

Add to this the lost Federal matching funds for AFWP 10-13,000,000

or total costs for Fiscal 1971 for New Jerseyans of $38-41,041,000

Compared with costs for Fiscal 1970 of $35,611,000

SUBMITTED BY JEFFREY DALY

The testimony which follows has been developed using information released by the N.J. Department of Institutions and Agencies, Division of Public Welfare, Bureau of Business Services through the Monthly Public Welfare Statistics.

In fiscal year 1970-71 N.J. spent over $22 million on the Aid to Families with Dependent Children program--the unemployed segment. The N.J. share of this money was over $11 million as 50% of the assistance money was reimbursed by the federal government. Over 389 thousand people received those assistance payments, computed by totaling the numbers of people receiving per month, over the twelve months. During that time almost $25million was spent on Assistance to Families with Dependent Children--insufficient income segment. Because this program was not federally matchable, the entire $25 million cost was borne by N.J. This program aided over 738 thousand people. (inserts 1 and 2)

Being concerned with the rise in assistance payments under the insufficient income segment, the Governor's Welfare Study Commission recommended that the insufficient income program be abandoned-- and it subsequently was, BUT that same report criticized the state for instituting programs without evaluation as to their effectiveness. Concurrently with the report, the insufficient income program was changed to

deny the disregards of income utilized in the AFDC program. No longer were working recipients able to retain the first $30 earned and one third of any additional earned income. It can be seen by checking the Public Welfare Statistics, that this action stopped the monthly rise in the insufficient income program for the period October 1970 to June 1971, when the entire program was abandoned. These facts, known in retrospect, were not available to the study commission, however, more time should have been allowed to study the effects of the removal of the income disregards. Eight months time was not enough to study a program which had been altered substantially from the one created in January of 1969. Perhaps the AFWP bill initially was not necessary as the state had stopped the effective rise in the insufficient income segment and could still receive 50% federal matching funds for the unemployed segment. I could find no study on this line of thought commissioned by the state. (insert 3)

Under the present program of AFWP over $20 million was spent in fiscal year 1971-72. This was entirely N.J. funds and it aided over 535 thousand people. Thus through AFWP only 535 thousand people were aided compared to the 1,127,000 people aided under the former unemployed and insufficient income program, the year before.

(insert 4)

Thus only 47% of the numbers of people were helped after the change in program, and the numbers of people being aided under AFWP decreased from one year to the next. Looking at the money expended, over $36 million of state money under the prior unemployed and insufficient income segments vs. the $20 million spent under the AFWP, it is seen that the state spent 56% of the money but aided only 47% of the people. Another way of expressing this is that there was a decrease in N.J. money spent of 44%, but a decrease in people aided of 53%. This fact coupled with the fact that the AFWP program was designed to have people living on budgets of one third less than they received up until June 1971, it is seen that the AFWP program is extremely inefficient: it does not utilize available federal funds, forcing the entire burden of payment upon N.J. taxpayers. It is also punitive: it has reduced the standard of living of N.J.'s working poor. (insert 5)

By raising the standard for eligibility by one third when changing from the unemployed and insufficient income program to the AFWP program, it seems logical that the population under AFWP would not contain the same proportion of unemployed to insufficient as had existed in the programs prior to 1971. This is logical because a program which sets

a very low level of money as sufficient to live on will eliminate the low income wage earner or the family receiving unemployment compensation, before it will eliminate the unemployed with no source of income at all. Thus the percent of the unemployed vis a vis the insufficient income should be higher under AFWP than under the two former programs. The ratio between the former unemployed to insufficient income program was approximately--1:2. Incredibly however the state Public Welfare department does not keep those statistics on AFWP. Individual counties are required to make the distinction between unemployed and insufficient income, under AFWP, but the Division of Public Welfare does not compile, tabulate or analyze this information and has no idea of the makeup of the AFWP population. The division merely turns its statistics over to the state Medicaid department who uses the information to apply for federal reimbursement on the medical bills of unemployed families. Although the Medicaid office is able to provide a breakdown on the numbers of persons receiving assistance due to unemployment or insufficient income, under AFWP, this information is somewhat misleading when used to provide the breakdowns of those actually receiving a money payment from AFWP, because the Medicaid office lists those people who are technically able to use Medicaid, while the Public Welfare department

lists those receiving a money payment; i.e. some clients request Medicaid only, no money payment. Realizing that the data is slightly inaccurate, but all that is available, it is seen that 40% of the AFWP recipients are unemployed and 60% are those with an insufficient income . Thus before AFWP the ratio of unemployed to those with insufficient income was 1:2 now it is 2:3. (insert 6)

The AFWP program now funded entirely by N.J. money contains a very large per cent of recipients whom the federal government would be willing to aid on a 50/50 basis had the N.J. program met with federal approval. Another way of dramatizing this fact is to take a look at how AFWP money is being spent. Estimating the cost of assistance under AFWP, using the Medicaid statistics of who is eligible under the unemployed and insufficient income programs shows that approximately $8.4 million is being spent on the unemployed and $6.7 million on those with insufficient income. Apparently we are now spending more money under AFWP on people whom the federal government would help us aid than on the insufficient income category. (insert 7)

Once again it is found that the AFWP program is inefficient as it is spending N.J. money alone on people who could be aided by both N.J. and federal funds, if AFWP had met federal standards.

It has been suggested that the initiation of the AFWP program has encouraged men to leave their families so that their families could apply for the higher paying ADC. Also it has been suggested that many low income people are now receiving under ADC--incapacity. I could find no information to support these ideas, but information on Disability Assistance was available. Monitoring the applications for Disability Assistance from July 1968 until June of 1972 it is seen that beginning with July of 1971, also the beginning of the AFWP program, disability applications are increasing, but the rate of acceptance to receiving status is increasing at a faster rate. This could only come about from an increased acceptance rate--it is now easier to obtain Disability Assistance than it was prior to July 1971. (insert 8 & 9) Welfare workers faced with the face to face contacts with people's hardships have in effect lowered the criteria of what they will accept as a disability. Former AFWP recipients are now probably receiving assistance under the Disability Assistance program. No changes in the Disability program itself can account for this increased rate of acceptance. MAY I CONCLUDE BY STRONGLY ENCOURAGING THE LEGISLATURE TO MAKE FULL USE OF AVAILABLE FEDERAL FUNDS BY ENACTING A PROGRAM OF AID TO THE UNEMPLOYED AND INSUFFICIENT INCOME WHICH WILL MAXIMIZE THE USE OF FEDERAL FUNDS, WILL

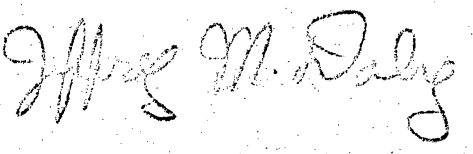
EFFICIENTLY EXPEND N.J. MONEY, AND TO ALSO MONITOR TRENDS IN WELFARE EXPENDITURES THAT WILL PROVIDE SOUND INFORMATION UPON WHICH TO BASE FUTURE POLICY DECISIONS.

I THANK YOU.

*****

RESPECTFULLY SUBMITTED

JEFFREY M. DALY
ADMINISTRATIVE SUPERVISOR OF INCOME MAINTENANCE PROGRAMS, SUSSEX COUNTY WELFARE BOARD
M.S.W. STUDENT, RUTGERS UNIVERSITY GRADUATE SCHOOL OF SOCIAL WORK



ALL STATISTICS FROM THE DIVISION OF PUBLIC WELFARE'S
PUBLIC WELFARE STATISTICS - 1968-1972

AFDC - AID TO THE UNEMPLOYED. 1970-71

MONTH	PEOPLE RECEIVING	$ SPENT	$/PERSON
JULY '70	24,096	1,301,302	54.03
AUG	25,732	1,411,868	54.87
SEPT.	28,613	1,600,431	55.93
OCT.	28,718	1,629,169	56.73
NOV.	30,011	1,706,945	56.88
DEC.	32,798	1,873,805	57.13
JAN '71	35,532	2,053,612	57.80
FEB	37,428	2,183,024	58.33
MAR	38,072	2,233,858	58.67
APR	37,897	2,209,944	58.30
MAY	36,207	2,115,403	58.43
JUNE	34,223	1,989,816	58.14
TOTAL	389,327	$22,309,177	$\bar{X}$ = $57.96

BECAUSE OF FEDERAL MATCHING, COST TO N.J. WAS
50% OF $22,309,177 OR $11,154,588

(INSERT 1)

AFDC – AID TO INSUFFICIENT INCOME 1970-71

MONTH	PEOPLE RECEIVING	$ SPENT	$/PERSON
JULY'70	53,470	1,939,747	37.21
AUG	56,755	2,149,553	37.87
SEPT	58,597	2,244,915	38.31
OCT	61,957	2,367,620	38.21
NOV	59,073	1,899,520	32.16
DEC	60,105	1,893,861	31.51
JAN'71	63,463	2,080,566	32.78
FEB	65,489	2,134,683	32.60
MAR	65,962	2,114,887	32.06
APR	66,385	2,139,489	32.26
MAY	63,995	2,002,982	31.30
JUNE	62,895	1,950,665	31.01
TOTAL	738,146	$24,968,488	$\bar{x}$ = $31.96

BECAUSE OF NO FEDERAL MATCHING
ENTIRE $24,968,488 IS N.J. FUNDS.

(INSERT 2)

AID TO INSUFFICIENT INCOME PROGRAM 1970-71

MONTH	INCREASE IN MONEY OVER PREVIOUS MO.	INCREASE BY % OF $ OVER PREVIOUS MO
JULY '70		
AUG	$+159,806	+7.45% OVER JULY '70
SEPT	+95,362	+4.23% OVER AUG. '70
OCT	+122,705	+5.20%
NOV	−468,100	−19.29%
DEC	−5,659	−.3%
JAN '71	+186,705	+9%
FEB	+54,117	+2.5%
MAR.	−19,796	−.9%
APR.	+24,602	+1.15%
MAY	−136,507	−6.35%
JUNE	−52,317	−2.62%

DURING THIS MONTH DISREGARDS OF INCOME NO LONGER ALLOWED

RATE OF INCREASE WAS STOPPED OCT. '70. WAS AFWP NECESSARY?

(INSERT 3)

(AID TO FAMILIES OF WORKING POOR - 1971-72

MONTH	# PEOPLE RECEIVING	$ SPENT
JULY '71	17,543	$ 663,893
AUG	55,055	2,051,648
SEPT	44,231	1,178,641
OCT	45,392	1,727,024
NOV	46,601	1,763,932
DEC	47,843	1,831,003
JAN '72	48,730	1,859,734
FEB	49,132	1,813,902
MAR	46,643	1,770,179
APR.	47,823	1,793,241
MAY	44,510	1,621,213
JUNE	41,791	1,512,164
TOTAL	535,290	$ 20,105,874

BECAUSE OF NO FEDERAL MONEY
ENTIRE $ 20,105,874 IS N.J. FUNDS.

(INSERT 4)

PROGRAM COSTS AND BENEFITS

IN FISCAL YR. 1970-71 COST TO N.J. OF UNEMPLOYED & INSUFFICIENT INCOME WAS:

UNEMPLOYED	#	11,154,588
UNSUFF. INCOME	$	24,968,488
	TOTAL $	36,123,076

THESE PROGRAMS SERVED MANY PEOPLE:

UNEMPLOYED	389,327
INSUF. INCOME	738,146
	1,127,473

(THIS FIGURE REPRESENTS TOTAL OF # OF PEOPLE SERVED BY MO. IT IS RECOGNIZED THAT SOME PEOPLE RECEIVE IN MORE THAN ONE MONTH.)

(AFDP PEOPLE) 535,290 ÷ 1,127,473 = 47% OF PEOPLE AIDED OVER PRIOR YEAR (AND AT 1/3 LOWER AMOUNT)

(AFDP MONEY) $20,105,874 ÷ $36,123,076 = 56% OF MONEY SPENT OVER PRIOR YEAR.

INEFFICIENT: DOES NOT USE FEDERAL FUNDS.

(INSERT 5)

STATISTICS FROM MEDICAID OFFICE CONCERNING RECIPIENTS OF AFWP – CATEGORIZED INTO UNEMPLOYED AND INSUFFICIENT INCOME SEGMENTS.

RECIPIENTS OF MEDICAID UNDER AFWP

MO.	RECIPIENTS UNEMPLOYED	RECIPIENTS INSUFF. INCOME
JULY '71	3885	6644
AUG	15754	24628
SEPT	17304	26367
OCT	18671	27227
NOV	19025	27862
DEC	19904	29847
JAN 72	20358	29775
FEB	20478	30237
MAR	21258	30767
APR	20849	31724
MAY	19994	31057
JUNE	19087	30144
TOTAL	216,567	326,279

216,567
326,279
542,846 TOTAL RECIPIENTS

216,567 ÷ 542,846 = 40%
326,279 ÷ 542,846 = 60% or 2/3

389,327
738,146
1,127,573

389,327 ÷ 1,127,573 = 33 1/3 %
738,146 ÷ 1,127,573 = 66 2/3 % or 1/2

(INSERT 6)

535,290 People aided by AFWP per Division of Public Welfare

542,846 People aided by Medicaid under AFWP per Medicaid office.

Assuming that breakdowns of unemployed and insufficient income programs' recipients are approx. the same in both programs:

40% × 535,290 = 214,116 unemployed AFWP people
60% × 535,290 = 321,174 insuff. income " "

In 1970-71 in unemployed program the $\bar{x}$/person was $57.96 or $58; the insuff. income program the $\bar{x}$/person was $31.96 or $32. AFWP is set at 1/3 lower than the two previous programs.

The $\bar{x}$/person for AFWP unemployed can be estimated at 2/3 × $58 = $39.
The $\bar{x}$/person for AFWP insuff. income can be estimated at 2/3 × $32 = $21.

214,116 × $39 = 8,350,524 ★ spent on unemployed
321,174 × $21 = 6,744,654. ★ spent on insuff. income

Inefficient: more money spent on people whom Federal Gov't. willing to help.

(INSERT 7)

DISABILITY ASSISTANCE

	625	47.4		9.1
		39.1		9.1
	603	15.1	10295	9.7
		30.		9.7
DEC	533	2.3	10893	9.6
	590	32.6	11361	13.9
	955	57.9	11185	141.3
	711	38.6	11368	13.7
	767	32.5	11471	13.2
	885	35.5	11637	13.8
	859	36.6	11873	14.7
	919	59.5	12092	15.7
	807	29.1	12105	18.9
	873	22.6	12236	15.3
	881	46.1	12375	15.7
	915	24.5	12458	15.5
	732	37.3	12573	15.5
1970	779	30.0	12371	8.9
		13.6	12255	6.7
	1086	52.7	12376	8.7
		56.1		9.3
		35.1		9.4
	1176	57.0	10901	5.9

(INSERT 8)

	Estimated applications OA	% over same mo. 1yr. prior	Projected	% over same mo. 1yr. prior
June 1970	1249	35.9%	13003	7.5%
July	1262	56.4	13150	8.5
Aug	1300	41.8.9	13403	9.5
Sept	1351	53.3	13653	10.3
Oct	1466	60.2	13862	11.1
Nov	1271	73.6	14003	11.4
Dec 1971	1252	59.4	14343	15.1
Jan	1371	30.2	14414	17.6
Feb	1350	24.3	14731	19
Mar	1625	41.2	14960	19.4
Apr	1454	21.6	15277	20.
May 2	1392	16.4	15467	19.6

AEWP PROGRAM INAUGURATED

June 1971	1349	8%	15415	18.5
July	1373	8.8%	15732	19.6
Aug	1508	16%	15729	17.4
Sept	1322	-2.2	15970	17
Oct	1451	-1	16281	17.7
Nov	1294	1.8	16552	18.2
Dec	1352	8.2	16905	19.1
Jan 1972	1387	1.2	17138	18.9
Feb	1302	.9	17480	19.7
Mar	1361	-6.4	18063	18.2
Apr	1593	-2	17871	19.6
May	1629	17	18103	17.1

RATE OF INCREASE SLOWING DOWN OVER PRIOR YEARS

RATE OF INCREASE CONSISTANT WITH PRIOR YEARS

(INSERT 9)

STATEMENT OF DR. ANNA B. MAYER, CONSULTANT TO NORTH JERSEY COMMUNITY UNIONS "STUDY OF CHILDREN'S NEEDS" AND MARGUERITE ROSENTHAL, RESEARCHER.

I am grateful to this committee for the opportunity afforded me and Mrs. Rosenthal to appear before you to share our study findings. We strongly support Assembly Bill No. 1201 as the least our state can do to give health assistance as well as cash aid to families of the working poor.

My interest in health and welfare policy issues extends over fifteen years as a professor in social policy at several Schools of Social Work including Columbia University and between 1968-1972 Rutgers University. I have pursued intensive investigation into the New York City Aid for Dependent Children and the Medical assistance programs. In New Jersey, I have followed the development of Medicaid from its inception.

In 1965, our nation took a historic step by assuming responsibility for provision of health services through two government systems; Medicare for the insured aged and Medicaid for categorically and medically indigent families and children. It was left to the states to define medical indigency. In at least one state, New York, medical assistance was offered to recipients falling below a level of income double the welfare standard. There was a liberal means test to establish eligibility so, for all intents and purposes, Medicaid in New York became a matter of right to large segments of the poor and near poor. It seems as if we had truly devised a system which could provide essential health care to all families and children who could not purchase the services needed.

In 1967, the federal definition of medical indigency was restricted to an upper limit of 133-1/3% of the welfare standard for a family of comparable size. New Jersey has not yet availed itself of existing Federal matching funds for families qualifying under this current permissible definition of medical indigency.

Instead, since 1968, New Jersey has limited Medicaid to categorically needy recipients of welfare, to a group of children in foster care, and to some children in families eligible for welfare but not receiving it for reasons other than income. New Jersey ranks among the 50% of the states with health assistance policies restricted to the destitute.

When the state program for the working poor was enacted in New Jersey, for a brief time Medicaid made available

medical services to a large group of low income working families. This condition was short-lived when Sec. 3, 1971 removed many of these working families from welfare and at the same time deprived them of the right to medical services. The amendment thus eliminated cash assistance to many working poor families and also deprived them of the availability of the equivalent of $229 per family member per year for medical care.[1]

Our concern as to what consequences resulted from this differential in the health treatment of the poor and non-poor prompted us to undertake an investigation as to how working poor families in Middlesex County, dropped from welfare, managed without governmental aid to obtain necessary medical care,[2] especially for their children.

We have interviewed a sample of forty families who were dropped from the AFWP program as a result of Sec. 3, P. L. 1971. The following summary of findings tell their own story of serious unmet health needs.

1. in 70% of the families interviewed, at least one member was suffering from a chronic health problem such as heart disease, diabetes, ulcers or asthma. Over half of these chronic sufferers received no medical treatment on a regular basis.

2. When these families were covered by Medicaid, care for their chronic ailments was available and provided.

3. In almost all the forty families -- representing 200 children -- medical care was sought only for emergencies; i.e., neither parents nor children received preventive care or any medical supervision of chronic health conditions.

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[1]New Jersey Bureau of Health Statistics and Economics, Division of Medical Assistance and Health Services, Department of Institutions and Agencies.

[2]This study was directed by the North Jersey Community Union and sponsored by a grant from the Institute of Educational Development.

4. Almost all children received no regular dental care; dental care was afforded only in emergencies.

5. Nearly half the children who needed glasses did not have them because their families could not afford to buy them.

6. Even when doctors were contacted, families were forced to wait for long periods of time before they could accumulate the necessary funds to have their prescriptions filled.

More Specifically:

1. Who Are These Families?

The families we interviewed represented an 8% sample of those 512 families in Middlesex County who were terminated from AFWP assistance in July, 1971. None of these had been reinstated for welfare assistance either under the current AFWP regulations or under another assistance program. A typical family had two parents and an average of 5 children, and thus the average family size was seven.[1] Because of household duties necessitated by their large families, the great majority of mothers were unable to work. Parents were in the 35 - 40 years age range; there was one pre-school child, two children aged 7 - 12 and two children aged 13 - 18. Ethnically, the families broke down into the following categories: 55% were white, 25% were black and 20% were hispanic, corresponding almost exactly to the race and ethnic composition of currently assisted working poor families in Middlesex County.[2]

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[1]Average family size for working poor now on welfare is 3.2.

[2]Research Dept., Middlesex County Welfare Board.

2. What Were the Economic Conditions of These Families?

The average gross income of the four families studied was $6500 per year.[1] Contrast this to the National Poverty Standard set by the U. S. Department of Labor for this family which is $5900 per year.[2] Thus our families were earning, on the average, only $600 above the poverty level, but they were $3239 below the Government's own budget for working families of that size.[3] Further, viewed in the light of the fact that the Poverty Standard is based on a nation-wide average and that New Jersey is among the highest cost of living areas in the country, it seems reasonable to conclude that our families in the sample are living at or only slightly above the poverty level.

Out of the $6500 gross earnings, the family must pay $105 in Federal income taxes, and $338 in Social Security deductions. The family's net income, then, is about $6000 as compared to the ADC grant of $5544 per year for the same sized family. In addition, the working poor family receives no free day care or health care, and the family head must pay all his own working expenses such as carfare, and clothing,

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[1]The income range of the families was $4000-$12,000 with half the families earning between $5000 and $7000 annually.

[2]U. S. Department of Labor, Bureau of Labor Statistics.

[3]U. S. Department of Labor, Bureau of Labor Statistics, modest adequate worker's budget for families of 6 or more (average North East and Philadelphia areas, N. J., only budget available).

compared with the welfare family, where these factors are taken into account. This creates a situation where many of the working poor families are living on a standard below that of recipients of welfare assistance. Health costs, especially, place a severe strain on these large families who are trying desperately to retain their financial independence.

3. What Were the Health Conditions in These Families?

A. Chronic Problems were prevelent.

We found that 70% of these families had at least one member who suffered from a chronic health problem; 30% of the families had two or more chronic health sufferers. More than half (57.5%) reported that serious health problems go untreated on a regular basis; that is, treatment is absent or occurs only on an emergency basis.

The most commonly occurring major illness was heart disease which appeared in nearly 1/3 of the families, mainly among the fathers. Most of these families have incurred medical debts since being dropped from assistance, and they have been reluctant to return to their physicians for further treatment. Moreover, there is some evidence that some physicians refuse to see patients who are in debt to them. In fact, <u>over half</u> of the victims of heart disease <u>did not</u> receive any regular treatment for this illness.

Over half of the families interviewed had at least one child with a chronic health problem; in a quarter of the families, <u>more than one</u> child suffered from a chronic problem. Here again, medical care for children was not sought because of the large expenses involved. For instance, in one family there were

three children with chronic inner ear problems (mandable-maxulary syndrome) which has cost the family over $1000 since they were terminated from welfare assistance. More treatment had been prescribed, but the family had not been able to afford it. Similarly, there was a child referred to an eye specialist and three children recommended for eye surgery which remained untreated, as did several cases of chronic anemia and asthma, all for financial reasons.

From a social and economic point of view, it seems poor public policy to set conditions which can ultimately, and often does, lead to total state support of children whose parents either die or become permanently disabled as a result of inadequate access to medical treatment when needed. Similarly, how can children grow up to become productive citizens if their serious health problems are not treated in their critical young years.

B. Costs of Chronic Care

Where chronic problems were treated, the cost to the family has been so burdonsome that other medical needs have been neglected. For instance, one family with three children encumbered by the care of a child born with a spinal deformity, paid out $600 last year for the care of this child alone. This spinal condition has required constant attention (the child is ten years old and has already had 13 operations). Last year, the same family paid out $300 for other medical emergencies, but in view of this large expenditure of $900 for health care, no dental care for anyone in the family could be afforded, and the family is currently $300 in debt for medical bills.[1]

[1] Allowances were made for any insurance reimbursements.

C. Usage of Medical Services

In 85% of these families, children received medical attention only for emergencies and acute illness. No "yearly check-up", implying preventive care, was possible because of the expense involved. Of five babies under two years of age, two have not even been immunized nor have they received any infant care.

Furthermore, there was little follow-up or consistancy in care when it was received; doctors were changed continuously, because,while amost all welfare families receiving AFWP in Middlesex County see private physicians,[1] only 57.5% of our sample did so. The rest went to hospital clinics. The lack of preventive care often leads to health crises, which then require medical attention in hospital emergency clinics.

In addition, those who went to clinics paid more per visit than those who saw private physicians: the average cost per office visit was $9.13[2] whereas the per clinic visit was $10.42. This greater expense is attributed to two factors: (1) clinics in the area do not give free care as a general policy and (2) Emergency Room treatment costs $10 - $17 per visit.

D. Prescriptions

We have reported earlier that, where medicine was prescribed, in half the cases families were forced to delay

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[1]Bureau of Health Statistics & Economics, Division of Medical Assistance and Health Services, State of N. J., Department of Institutions and Agencies. 98% of treatment is by private doctors.

[2]When specialists' fees were averaged with private physicians fees, the average cost per visit was $12.00

purchase of medication, since they did not have the necessary cash in hand. Thus, not only need there be an emergency for children to be seen by a doctor, but, in many cases, families were unable to follow through on the physicians' recommendations.

E. Dental Care

In only five of the forty families did children receive regular dental check-ups and treatment (in two other families, children receive free treatment at their schools). One-quarter of all children had never seen a dentist, while 60% of the children see dentists only for emergencies. We were told repeatedly that, because families were forced to wait for emergencies to seek treatment, cavaties were too extensive to be treated, and extractions were usually necessary.

One dramatic example of an unmet dental problem was a young teenager who had severely protruding teeth which had caused a marked speech impediment. Corrective dental work would cost a minimum of $1500 which the family felt they could not possibly afford.

We might add that, although we did not plan to examine dental care available to parents, people interviewed repeatedly expressed concern over their inability to see dentists and their common need for dentures which they could not afford.

F. Eyes

Most children received a preliminary eye examination in school and, if correction was indicated, the children were referred to see a private eye doctor. Of the 200 children in this study

38 were advised by their schools to get glasses. Twenty-three managed to get them, some when on Medicaid, a few in free clinics, and six through private physicians paid by their parents. Few of those wearing glasses had seen an eye doctor for the past year and one-half (since being terminated from assistance) to determine if a change in the prescription was indicated. No plans to do so were possible. Children normally need frequent changes in prescription until their eyes stabalize in early adulthood. Thus, there is the possibility that many of those children needing glasses may be attending school with some impairment which could lead to scholastic maladjustment.

One example will illustrate the hardship which results from our present medical policies: in one family, 7 out of 8 children had poor vision and got glasses while the family was on Medicaid. Since that time, the children's mother had been advised that the glasses should be changed, but none of the children has been back to the eye doctor since supplementary assistance was terminated. At $40.00 per pair (a conservative figure for both examination and glasses), glasses alone would cost this family $280 per year (one change per child).

G. Health Insurance

Most families had some form of hospitalization insurance. In the vast majority of cases, however, the breadwinner bore part of the cost in the form of a payroll deduction, and, in a few cases, he paid the entire cost. In most cases, insurance was limited to hospital care and covered only limited physicians'

bills. Debts for doctor bills are incurred when hospitalization is required even where the worker is covered by insurance.

II. Costs and Debts

The average amount which families paid for medical care during the past year was approximately $316. In the same year, they incurred an additional debt of $300 per family. On an annual per capita basis, medical costs, then were $45.15 paid out and $42.42 indebted -- a total of $87.57. This must be contrasted with the per capita medical costs of $229 per year for the ADC eligible child.[1] (This cost is exclusive of administration.) The amount of money spent for medical services for the ADC child is three times that which these working poor families have been able to afford.

It must be remebered that the average family we interviewed consisted of seven persons with a net income of $6000 per year. An ADC family of the same size received $5544 per year in cash. But in addition he may receive other services such as day care or possibly rent supplementation. The ADC family of seven also has available the equivalent of $1603 per year in medical care.[2] Added to its grant allowance, the ADC family of seven thus has available to it the equivalent of $7147 or $1150 more than our working poor family.

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[1] Bureau of Health Statistics & Economics, Division of Medical Assistance and Health Services, State of N. J., Department of Institutions and Agencies, projected for 1972.

[2] Cited earlier.

These families whom we interviewed, and found to be unable to provide adequate health care for themselves and their children, were earning over 100% of the present welfare standard. What kind of conditions then must exist for those working families whose incomes fall between 2/3 and 100% of the welfare budget? We support, strongly, Assembly Bill 1201, which would raise the income level for eligibility. This would certainly improve living conditions of the working poor falling between 2/3 and 85% of the welfare standard. But, there would still be large numbers of low-income families without adequate resources to take care of their health needs.

In summary, our study shows that working poor families are unable to take care of medical problems on a consistant, regular or preventive basis. They are subjected to gross discrimination in access to medical treatment. Given the emphasis we, as a society place on the work ethic, and given our search for incentives to able-bodied people to stay at work, this discrimination is contradictory and short-sighted. When children cannot function in school because they don't have proper glasses, when they are weakened by anemia which goes untreated, when their parents risk, literally, their own lives because they don't have the money to treat chronic and critical heart conditions, ultimate dependency on the state is risked.

New Jersey must avail itself of existing federal matching funds to establish a health assistance program to include all

working poor families who lack the resources to purchase their own health services. We submit that a state policy defining medical indigency is urgently needed.

At least three central questions need further investigation. With the differential in the treatment of health problems of the working and non-working, we need answers to: (1) Is there any impact on family cohesion due to the stress of unmet health needs? (2) Is there a potential disincentive to work when members of the family suffer from illnesses which cannot be treated because of the lack of funds: A parent faced with the choice of remaining on welfare and protecting the members of his family against serious illness or early death; or facing the possibility of independence at marginal wages with no assurance of the means to provide health care for his loved ones, might well argue that his responsibility as a family head would be better served if he remained on welfare, even if it meant leaving his family; and (3) How can we in New Jersey, one of the richest states in the nation, justify a condition where a whole class of low income working families are without adequate health services?

AMERICAN FRIENDS SERVICE COMMITTEE

219 Third Street
Elizabeth, New Jersey

TESTIMONY

prepared for the

COMMITTEE ON INSTITUTIONS AND WELFARE

NEW JERSEY GENERAL ASSEMBLY

TRENTON, NEW JERSEY

regarding

Assembly No. 1201 - The Klein Bill
To Amend New Jersey's Present
Public Assistance Laws

December 12, 1972

Submitted by

Sister Jacinta Fernandes
Community Social Worker

Housing and Urban Affairs Program
Wray Bailey - Director

AFSC TESTIMONY 12/12/72 PUBLIC ASSISTANCE-STATE OF NEW JERSEY
STATEMENT OF SISTER JACINTA FERNANDES

As a Community Social Worker with the American Friends Service Committee in Elizabeth, New Jersey, I come in contact daily with welfare recipients who are experiencing severe hardships as a result of the flat grant system implemented in July of 1971. I personally have attempted to work out budgets with a number of recipients only to discover that there just isn't enough money for basic necessities. While welfare grants have decreased, the cost of living has continued to increase.

Example # 1. The "D" family (Mother and 2 children).

Mrs. D. is a diabetic with a serious heart condition. Her daughter has a severe case of asthma.

I.) Before July, 1971

Welfare Grant	Expenses	
$312.00 plus special allowances for: furniture, special diet, moving expenses, security deposit, increase for each child upon reaching age 12.	Rent	$ 85.00
	Food	76.00
	Gas	24.00
	Electric	5.00
	Telephone	9.00
	Transportation to Doctor	4.00
	Household Goods (soap, cleaning fluids, toothpaste etc.)	10.00
	Expenses	$213.00

Mrs. D. was left with almost $100. which she used for clothing, school expenses, additional food and other needed miscellaneous items. (Necessary expenditures; not "luxury items.

1.) After July, 1971

Welfare Grant	Expenses	
$282.00 (Flat Grant with absolutely no additional monies for special allowances).	Rent	$125.00
	Food	88.00
	Gas	27.00
	Electric	6.00
	Phone	12.00
	Transportation to Doctor	7.00
	Household Goods	15.00
	Expenses	$280.00

Mrs. D. is now left with $2.00 for all remaining expenses, not to mention emergencies. When Mrs. D's elderly disabled father died during the summer, she had to borrow money to attend the funeral. She is still attempting to pay back this debt and this means doing without basic necessities.

It is to be noted that there are many cases similar to that of Mrs. D. and others which are even more desperate. For example the $125. which Mrs. D. now pays for rent is considered a low rental figure in this area. A similar family with much higher rent just doesn't make it to the end of the month!

I consider it a gross injustice to base welfare payments on family size alone while ignoring the drastic differences in rentals throughout the state. In Elizabeth, for example, a welfare family of four is alloted $97.00 for rent while average rentals range from $150. to $250. The housing available to welfare families is generally dilapidated and the situation is compounded by the severe housing shortage and inadequate code enforcement. When a family is fortunate enough to find better housing, they will more than likely not be able to move since welfare no longer provides additional monies for security deposits and moving expenses.

Example # 2. The "B" family (Mother and one child).

Mrs. B. receives $214.00 from Union County Welfare and lives in a dilapidated dwelling. Last Spring the landlord informed her that he planned to install a new heating system and would raise her rent from $60. to $130. as of December, 1972. When Mrs. B. learned from the Internal Revenue that the increase cannot be contested because the building does not contain more that 3 units, she immediately began searching for another apartment and also applied for public housing. In spite of her untiring efforts in search of apartments during all these months, she has not been able to find anything at lower rental. Since most landlords also require security deposits, it is impossible for Mrs. B. to find something she can afford. Periodic inquires at the Elizabeth Housing Authority show that Mrs. B. is still far down on a long waiting list for Public Housing. Like many others, Mrs. B. will not be able to exist if she pays $130. for rent. She will be faced with the "choice" of shelter or food. We have been told that the flat grant system was designed to prevent landlord exploitation. Welfare clients have been advised to bargain with their landlord. Realistically, the landlord is not all all affected by the welfare decrease. He simply no longer rents to welfare clients. It is the client alone who suffers.

Since the inauguration of the flat grant system, we have witnessed a rise in evictions as well as an increase in the number of appeals for food at the end of each month. Since Elizabeth has no emergency housing and since welfare no longer provides additional funds for hardship cases, private agencies such as the American Friends Service Committee are faced with large numbers of emergency situations which they have neither the funds nor the facilities to handle.

Example # 3. Mrs. "N" (Mother and 5 children)

Mrs. N. and her children had eaten very little on the last 4 or 5 days of the month, since food and money had run out. Mrs. N. therefore was anxiously awaiting her check on the first of the following month. The check however was stolen and Mrs. N. was told that Welfare could not issue a replacement for five days. She was told to go elsewhere for help in the meantime. Mrs. N. attempted to contact me but did not reach me until late that evening since I had been working on another welfare emergency case. When I finally was able to get some food for her on the following morning, I learned that Mrs. N. in desperation had attempted to steal $8.00 worth of food from a grocery store for which she was arrested and fined $100.00. During that week Mrs. N. was hospitalized and found to have tuberculosis. She was suffering from malnutrition and was in a completely run-down condition.

And what of the families that receive supplementary assistance under the Working Poor Program? In most cases, the flat grant system is completely destroying any possibility for upward mobility.

The American Friends Service Committee is a certified Counseling Agency for federally funded housing programs. Twenty five families whom we had previously counseled and found to be eligible for home ownership were no longer eligible after the flat grant system went into effect. It is important to note that Home Ownership provides a basis for developing some equity and is one of the most effective mechanisms for removing people from welfare and breaking the generational cycle of dependency. Such opportunities are no longer available because of the flat grant system.

Families who had just recently purchased their own homes and were beginning to move forward were seriously effected by

the Flat Grant System. Their welfare payments have decreased so sharply that rather than experiencing the positive benefits of homeownership they are now faced with the possibility of foreclosure.

Example # 4. Mr. & Mrs. "M" and their ten children purchased a home through the FHA # 235 program in August, 1971. At that time Mr. M. was receiving $90. for a full work week plus $489 monthly from welfare. This gave the M family a total of $10,188* annually. In December of 1971, the welfare grant was cut down to $191. and shortly after to $168. During this time Mr. M's weekly salary increased to $100. This means that the M's now get a total of $568 monthly or $6,806. annually. This is a decrease of almost $4,000! In the meantime, the mortgage was increased from $145. to $158, food bills and other expenses have also increased. By struggling and doing without other basic necessities, the M's have managed to keep up their mortgage payments. However, this has created untold hardships for the M family. For example, they fell behind in their furniture payments and as a result, the furniture company repossessed the living room and kitchen sets. Since the M's do not receive sufficient income for basic necessities, repairs cannot be made when needed. The M's will either lose their house or end up as owners of slum housing.

The examples given here paint only a small part of the total tragic picture. Much more can be said about the physical, psychological and sociological effects of poor housing and inadequate diet. Poverty not only destroys the body but it can completely crush the spirit. The flat grant system leaves the welfare client with no way out. He has no way of breaking out of the vicious cycle of poverty - no chance of moving forward - no possibility of getting off welfare.

It is easy for legislators and politicians to cut welfare grants and to approve legislation which inflicts hardships on poor people whom they never see. For us, who live among them and are faced daily with the task of trying to alleviate or at least lessen the suffering we see, it is not easy. I challenge each of the legislators and politicians to try living on a welfare budget for just one week! But even if the challenge should be accepted, they would still not experience what it is to be a welfare recipient. For along with the skimpy diet, the welfare client generally lives in slum housing; his children attend inferior schools; he is not

* Annual salaries are figured here on a 4 week month basis.

respected by a society which considers him a lazy fraud; he receives inferior medical care and he can never take a trip to get away from it all. Perhaps the worst part is the hopelessness he feels in not being able to break out of the never ending cycle.

Assemblywoman Ann Klein has introduced a bill, A-1201, to amend New Jersey's present public assistance laws. This bill brings with it the hopes of many poor people in New Jersey. Its approval and implementation can mean improved nutrition for the malnourished child, better health for the sick and elderly, upward mobility for families, and it can mean that some will eventually leave the welfare rolls. The American Friends Service Committee in Elizabeth, New Jersey strongly supports A-1201 and urges the immediate passage of this bill.

TESTIMONY PREPARED FOR

THE INSTITUTIONS AND WELFARE COMMITTEE HEARING

DECEMBER 12, 1972

CONCERNING A. 1201

PRESENTED BY MEYER FINE

IN BEHALF OF

THE NEW JERSEY CHAPTER OF THE

NATIONAL CONFERENCE OF JEWISH COMMUNAL SERVICE

We appreciate this opportunity to appear before this committee in order to document our deep concern over the severe hardships which the flat grant system, instituted in June, 1971, has foisted upon many welfare recipients, particularly older persons and families.

This testimony is being presented by the New Jersey Chapter of the National Conference of Jewish Communal Service. We are a professional organization comprising several hundred social workers employed by private Jewish welfare agencies in New Jersey.

Let me make it clear that we are not opposed to the principle of a flat grant system. Welfare officials claim that it has certain merits. For one, it provides guidelines which protect the welfare recipient against excessive control by welfare case workers. Welfare administrators further claim that the flat grant can help welfare clients to learn how to live within the limits of a fixed income. However, they are equally candid in calling attention to the basic defect in the flat grant system as presently administered: it simply does not provide enough funds to meet the basic, minimal needs of many welfare recipients.

This serious shortcoming is particularly evident in the allocation of funds for rental costs. Unquestionably, the use of the so-called statewide rent average in computing the rent portion of the flat grant has imposed the most severe hardships. The flagrant inequity of this formula was recognized by the Cahill Administration when it adopted the policy of transition payments. Unfortunately, this rent supplement program was projected only for a 12 month period and phased out last summer.

Early in 1972, our organization began to receive reports from several Jewish family service agencies enumerating the serious difficulties being experienced by their welfare clients following the initiation of the flat grant system. The agencies were greatly concerned by their clients'

signs of physical and psychological deterioration in response to the severe financial pressure exerted by the flat grant formula.

To determine more specifically the nature and impact of the reported deprivation, six Jewish family service agencies were asked to survey their welfare clients. These agencies are located in Bergen, Camden and Essex Counties, Paterson, Passaic-Clifton and Trenton.

The largest sampling was provided by the Jewish Counseling and Service Agency of Essex County which reported on 40 currently active cases. In quoting from their report, let me point out that their findings are fairly similar to those provided by the other five reporting agencies.

Survey Population-Overall Composition and Impact in General (Essex County)

"Of the 40 individuals and families known to us, the largest group were the 18 single aged, some residing in their own apartments, some in nursing or boarding homes, others living in subsidized residences for the elderly or in public housing. Among the other aged, three were aged couples. One was an aged mother living with a disabled son, another was an aged widow with an aged mentally ill brother in remission. In the other categories, 5 were permanently and totally disabled individuals under 65, far less than the number anticipated. 14 were marginal families, 8 where there were dependent children with no father, 4 where the father was unemployable, 2 where the father was underemployed.

"The group that suffered the least in terms of dollar grants were those aged individuals or couples living in public housing. Because their rent is relatively low, below the state wide average, some have actually received an increase. All others, who pay the proportionately higher rents prevailing in the area, far above the state wide average included in the flat grant, are suffering financial and psychological hardship, according to the reports submitted. This is a group already highly vulnerable to stress, with practically no alternatives left. As we anticipated last year, gains made in functioning

through our help has been severely undermined. Deterioration, despair, depression and death do indeed loom on the horizon."

The Essex County report appended 14 case illustrations which document the reasons for the JCSA's deep concern over the plight of its clients. Let me cite three cases which graphically describe some of the critical hardships generated by the flat grant system:

1. This family consists of a father, age 59, who suffers from a heart condition, a mother, age 46, who has high blood pressure and diabetes. They are Polish emigres, who suffered much during World War II and who have functioned marginally since coming to the U. S. in the 1950's. They have one son, an honor scholarship student at a local university who had hoped to begin his sophomore year in September. With the flat grant, came a cut in both the ADC and the disability grants. The disability grant was reduced from $123 to $94 and the ADC grant was cut from $246 to $188. Their rent is $150 per month plus $20 for heat, a housing expense that is substantially higher than the statewide average for a family of this size. The family has applied for public housing but there are long waits of six months to a year.

   The son has tried unsuccessfully so far to find a job. Since the size of the family's grant was reduced by the presence of the 21 year old son in the household, he moved out to live with a friend in another city. The mother was so agitated by her son's departure that she suffered a heart attack and is now in the hospital. With the mother out of the home, the family's grant has accordingly been further reduced to $111.

   The recurrent financial crises generated by the mechanistic application of welfare regulations is subjecting this family to intolerable physical and psychological pressure.

2. In this "working poor" family the father is 43, the mother 48. There is a 14 year old son and a 10 year old daughter. The mother is emotionally ill; hospital bills for her in hospital and outpatient care are enormous. Because the mother cannot function, the family qualified for ADC. The father is a hard working shipping clerk. In order to be eligible for assistance, the father's life insurance policy was reduced to $1,000 face value. Blue Cross/Blue Shield coverage became unnecessary as medicaid coverage was now available. With the institution of the flat grant, however, the family was no longer eligible for welfare as the father's earnings were over the new limit. No provision was made for the regaining of the life insurance or health care coverage which this family so badly needs. We are advised that the increase for working poor families proposed by A1201 may benefit this family and many others caught in similar situations.

3. This is an active widow of 80, who has been residing in her own apartment, receiving MAA. She was on the waiting list for admission to a home for the aged. After the flat grant, her choice was either to pay for rent or pay for food. With great reluctance, she moved to a new apartment building for the elderly in Newark. So long as the federal subsidy for this housing continues, she will be able to manage financially. Although the financial crisis has subsided, the strain, the worry, the pain of uprooting have taken their toll in subtle ways. The caseworker notes signs of withdrawal on the part of this previously active oldster.

In presenting these cases, the JCSA noted that its study "reflects only the tip of the iceberg of Essex County Jews affected by the flat grant." They, and the other reporting agencies, call attention to the fact that there are undoubtedly many more Jewish families and individuals not being served by them but who are, nevertheless, either on welfare or eligible for welfare assistance, and whose personal deprivation is equally severe.

We can only conjecture as to why these families have not come to the privately supported agencies for emergency assistance. For some, it is possibly a sense of pride that prevents them from seeking aid from either the public or private sector. Others may be ignorant of their eligibility for public assistance and the availability of private agencies' services and resources. Still others may be so severely immobilized, either physically or psychologically, that they are unable to seek out the help to which they are legally and morally entitled.

The Jewish Family Counseling Service of Paterson reports that they have served 14 welfare cases in the past nine months. Almost all involve aged persons who are receiving old age assistance or whose social security benefits are supplemented by partial agency assistance.

One typical case involves Mrs. C, age 68, who lives alone. Social security and public assistance total $162 per month. Her rent alone, as of July, 1972, is $155 per month. The other clients are experiencing similarly harsh financial deprivation. Older people, most of them living alone, are locked in by fixed income which is being eroded by continuing inflation. The individual flat grant of $162 per month is hardly adequate for

subsistence when the lowest rent of any welfare client in the Paterson area is $120 per month and low income housing has a five year waiting list.

In the ~~Paterson~~-Clifton area, the Jewish Family and Children's Service did a study of six of their welfare cases. One of their clients is Mrs. H, age 38, and emotionally disabled since age 18. Prior to the flat grant, Mrs. H received $192 per month. Her total income has been reduced from $192 to $162. Meanwhile, her rent has been increased to $139, leaving her with $23 per month for food, clothing and other basic needs.

The Jewish Family Service of Trenton reported on three typical cases depicting the suffering inflicted by the flat grant system. I wish to cite one case which illustrates that some welfare clients were on the verge of achieving financial independence, only to slip back drastically because of the financial pressures generated by the flat grant procedure.

This family, Mrs. M and three children, were receiving ADC since the summer of 1969. The family occupied a decent apartment for reasonable rent made possible through the "no ceiling on rent policy." In 1972, Mrs. M. enrolled in a technical school to receive training as a licensed practical nurse.

She has completed her course work and will be undertaking her practical work this Fall. Upon graduation she should become financially independent. However, because of the reduction in her grant, she has fallen behind in her rent and faces possible eviction. This has caused emotional upset, insecurity and frustration which can impair her functioning as a student and lead to failure or withdrawal from the nursing program. This could be avoided if more adequate income could be provided during this important transition period. The agency has helped Mrs. M through emergency funds and other community resources to temporarily stay the eviction. However, this Fall, Mrs. M is again facing

the threat of eviction because of her inadequate assistance grant.

The Jewish Welfare Council of Bergen County reported six situations involving clients seriously affected by the welfare cuts. One of these distressing situations involves Mrs. J, 45, and her two small children, 11 and 8. Her husband deserted the family and left Mrs. J. with the responsibility of the mortgage payments on her home, as well as the support of her family. Mrs. J. has limited skills and does work, earning a minimum income which does not meet the family's needs. Mrs. J has been on welfare and suffered considerable hardship when the reduction took place. A considerable portion of her salary goes toward the mortgage and taxes on her home. Her food and clothing allowance for the family is inadequate and Mrs. J has had to beg clothing from her neighbors. Mrs. J was in the process of returning to school to learn a trade when the welfare cuts were instituted. Now she is uncertain of her plans. She is in a very upset emotional condition for fear that she will not be able to adequately feed her two children.

The Jewish Family Service of Camden County, reports that at least 12 elderly clients whom they are presently serving have been negatively affected by the public welfare regulations which formerly met the special needs of individuals but now provide a reduced uniform grant to meet all needs.

The agency has subsidized special needs not provided by the local Welfare Board. Despite this supplementary assistance, their clients are still under great pressures that are exacting an inordinate toll in terms of emotional and physical impairment.

In summary, the survey of welfare clients conducted by six Jewish family and counseling agencies clearly demonstrates that reduced rental allowances have not succeeded in relocating welfare families to lower cost housing, as predicted by New Jersey's welfare officials. Such "lower cost" housing is largely non-existent, in fact, a myth. What the flat grant system has actually

accomplished is to coerce many welfare recipients to dig into already deplorably meagre food and clothing allowances in order to meet their rent and stave off eviction.

These welfare recipients, whose distressing plight has been reported here, are innocent people who are caught in a bitter struggle for physical and emotional survival. The welfare cuts have been imposed on helpless people, most of them the elderly or the very young, who are desperately striving to retain their shreds of human dignity--and in some cases, even their sanity.

In the light of these findings, we respectfully urge this Committee to support Assembly Bill 1201 which, in addition to its other socially sound provisions, would provide relief for persons who must pay abnormally high rents and who cannot find adequate lodging for lower rent.

Thank you.

SUBMITTED BY MRS. MARY VIVIAN WELLS

I am Mrs. Mary Vivian Wells of 36 June Place, Matawan. I am a social worker in private practice. Today I am representing the New Jersey Association of Hospital Social Work Directors. The New Jersey Association of Hospital Social Work Directors represent ninety six(96) hospitals in the state of New Jersey, which includes psychiatric hospitals, general hospitals and other health institutions.

We feel privileged to be here to voice our views on the Assembly No.1201. As social workers, we are primarily concerned with the maintenance and strenghtening of family life, we are equally concerned with the conditions of living, decency and health.

In July 1970, New Jersey implemented a flat grant system for those eligible for public assistance. New Jersey has set a ceiling of $324.00 for a family of four (ADC), many of these families are paying as much as $200.00 per month for rent. We then take a look at an intact family - that is, both parents are home, able to work, but unable to find employment, or are underemployed, their grant is only two thirds of the ADC standard - the total for a family of four is $216.00(standard for the working poor). We all recognize the importance of strengthening family life, that is, children are entitled to have both parents. But, in reality, we penalize the parents who stayed together, by virtue of setting up another category for the working poor. New Jersey is aware of the unemployment rate, concern is expressed through the extension of unemployment benefits for the unemployed, but for those who are unemployed, or underemployed that must seek welfare assistance, they are penalized. New Jersey is aware of the housing cost, therefore supplementation of rent was made by

allowing a transitional rent allowance, yet New Jersey does little to correct the exisitng housing standards by local municipalities. As social workers in health settings, we are intimately familiar with the conditions of living, such as housing and nutrition, and its impact on health and health maintenance.

Examples:

- any patient who needs a special diet, such as cardiacs, renal patients,diabetics, diet control is part of a medical regime. With flat grant allowance, they are unable to purchase special foods, due to their limited budget. Therefore the recurrence of health problems, often due to neglect of diet, at times necessitates periods of hospital care.
- it is known that nutritional deficiency among children can cause serious health problems and mental retardation.
- children living in sub-standard housing were found to have ingested pealing paint- lead poisoning often leaves permanent brain damage.
- children hospitalized for recurrent respiratory infections, pneumonia, due to lack of adequate heating and sanitary living conditions.
-children treated in hospitals for rat bites.....

A family of four who live on a welfare allowance of $324.00 per month (ADC), or worse yet to be on a welfare allowance of $216.00 per month (working poor) can have little or no choice - that is, either they choose to live in a decent housing and pay high rent and sacrifice on food, or they live in poor, substandard housing, and eat half way decently. They must depend on their good neighbors, or charitable organizations to provide them with clothing and other necessities of

life. Delivery of health care is often impaired, as health care and conditions of living are so inter-related and interwoven. The poor have little financial power to carry through the medical recommendations, such as in the case of special diets, non prescription drugs or change for more adequate housing conditions.

When New Jersey implemented its medicaid program - the New Jersey Medical Assistance and Health Services Act, New Jersey has in fact designed a comprehensive health program, however it chose to limit the coverage only to those whose income meets the eligibility level of standards set by the Division of Public Welfare. The presumption is that all persons who are not in need of subsistance can meet all their medical cost. Yet, prior to the implementation of Medicaid, New Jersey has expressed its concern for the medically indigent through other mechanisms:

- the state of New Jersey has established a county medical indigency program for many years, the program primarily is a subsidy to the local hospitals for provision of health care to the medically indigent.
- New Jersey Rehabilitation Commission finances for certain medical and medically related expenses, providing the patient has potential for job retraining and employment.
- the Crippled Children's program finances hospital treatment for children who fall into a certain diagnostic category approved under the state's Crippled Children's program.

More recently, the health department has financed hospital renal dialysis and home renal dialysis for eligible dialysis patients.

All these mechanisms for financing health care have set different

criteria for establishing financial eligibility, yet they are all financed with tax dollars. In spite of all the good intentions New Jersey has demonstrated in providing health care to the medically indigent, thousands of people have no health care coverage.

Today, we support the Assembly bill 1201 to improve the standards of living for the poor.

We are also seeking the state's recognition of adequate health care financing to restore, or maintain the health conditions of many thousands of people, whose income is sufficient to meet the daily living expenditures, but not sufficient to meet the cost of health care.

It is time that New Jersey recognizes the need for a separate guideline for a medical indigency program, separate and apart from welfare eligibility.

Respectfully submitted by:

Mary Vivian Wells

Mrs. Mary Vivian Wells, ACSW
Representing New Jersey Association
of Hospital Social Service Directors

Testimony regarding Assembly Bill #1201

By: Bernice Shaw, ACSW of Family Service of Morris County
62 Elm Street, Morristown

Agency

Family Service is a non-profit, voluntary agency under the United Way.

What we do

People come with a variety of problems. Our most important function is to prevent family disorganization or where it occurs to offer help in remedying the situation.

It has been the agency's experience with clients that the flat grant does not take into account the real cost of rent in Morris County. This causes undue hardship leading to family breakdown. I would like to give you an example:

Example:

Mr. K. came to my office a few weeks ago to discuss his problems of finding an adequate place for his family to live. He is self-employed, operating a one-man service shop. He told me that he, his wife, and child lived in the back of his shop in one room, with no bath and no hot water. Cooking is done on a hot plate.

Because of the primitive conditions and lack of space, an older child has had to go to live with relatives in another state. This family is in this predicament because the father suffered an injury in the course of his regular work, and after a period of recovery, with some compensation, had to find new employment compatible with his physical condition. This man is self-sustaining on a minimal level, just above welfare eligibility.

If housing were available at $100 a month, the cost allowed in the flat Welfare Grant, as provided by law, he would be able to move into a decent apartment. However, as you know, the cost of housing in Morris County is at least twice as much as is allowed in the flat grant.

This man is working up to his capacity and wants more than anything else to support his family - instead he finds himself trapped in a hopeless situation. Furthermore, our community is storing up future trouble by permitting this family disorganization to exist, and by allowing this child to be traumatized by being separated from his family.

This is only one of the many families who are unable to manage under the flat grant. This critical situation has brought Family Service here today to urge the Legislature to Amend our present welfare law by favorably considering Bill #1201 - as a beginning.

SUBMITTED BY SEYMOUR HUNDLEY, JR.

MR. CHAIRMAN, GENTLEMEN OF THE COMMITTEE:

MY NAME IS SEYMOUR HUNDLEY, JR. I AM FROM THE STATE OFFICE OF LEGAL SERVICES, DEPARTMENT OF COMMUNITY AFFAIRS. I AM SPEAKING ON BEHALF OF MR. TIMOTHY MADDEN, DIRECTOR OF HUDSON COUNTY LEGAL SERVICES.

I WOULD LIKE TO DIRECT YOUR ATTENTION TO PAGE 3 LINE 5 OF PARAGRAPH 3, SECTION 8(a) OF ASSEMBLY BILL, NUMBER 1201. WHAT THIS SECTION IS SAYING IN EFFECT IS THAT A PERSON CAN RECEIVE HIS TOTAL INCOME IN AMOUNTS EQUAL TO 85% OF WHAT A FAMILY ON STRAIGHT AFDC WOULD RECEIVE. WHEN I SAY TOTAL INCOME I MEAN THE SALARY PLUS WELFARE BENEFITS. THE EFFECT OF THIS SECTION WOULD NOT STRENGTHEN FAMILIES BUT WOULD STILL ACT TO DRIVE THE MALE PARENT FROM THE HOME TO ALLOW THE FAMILY TO RECEIVE MAXIMUM BENEFITS. IT IS SUGGESTED THAT THE AMOUNT BE INCREASED TO 100% OF THE APPLICABLE STANDARD, SO THAT THE MALE PARENT WOULD HAVE NOTHING TO GAIN BY LEAVING THE HOME.

FURTHER, I SHOULD LIKE TO STATE THAT WE ARE OF THE OPINION THAT THE DISCRETIONARY LANGUAGE AT PAGE 5 LINES 1 TO 7 OF PARAGRAPH 6 SHOULD BE MANDATORY IN THAT IT GIVES OVERLY BROAD DISCRETION TO COUNTY WELFARE DIRECTORS. WE SUGGEST THAT COUNTY WELFARE DIRECTORS' POWERS BE RESTRICTED IN DETERMINING RENT ALLOWANCE BASED SOLELY ON THE NEED OF

THE RECIPIENT BY CHANGING THE LANGUAGE APPEARING ON LINES 4 AND 5 TO READ, "...HE SHALL THEN AUTHORIZE THE PAYMENT OF A SPECIAL RENT ALLOWANCE..." RATHER THAN "...HE CAN THEN AUTHORIZE THE PAYMENT OF SPECIAL RENT ALLOWANCE..." THE RATIONALE OF THIS ARGUMENT IS THE FEAR THAT COUNTY WELFARE DIRECTORS CONCERNED WITH RISING BUDGETS WILL NOT USE THIS VERY NECESSARY RENT ALLOWANCE CLAUSE IN ORDER TO KEEP DOWN THE RISE IN THEIR BUDGETS. IN THE ALTERNATIVE THAT MANDATORY LANGUAGE IS NOT ACCEPTABLE, WE RECOMMEND THAT IN EVENT OF A "FAIR HEARING" THE BURDEN BE PLACED ON WELFARE DIRECTORS TO EXPLAIN WHY RENT SUPPLEMENT WAS NOT GRANTED.

IF THE LANGUAGE IS TO REMAIN DISCRECIONARY THEN UNIFORM STANDARDS SHOULD BE SET TO DETERMINE NEED SO THAT ONE RECIPIENT WILL NOT BE FAVORED OVER ANOTHER SOLELY ON THE JURISDICTION IN WHICH HE RESIDES.

MR. CHAIRMAN, GENTLEMEN OF THE COMMITTEE, THANK YOU FOR ALLOWING ME THIS OPPORTUNITY TO ADDRESS THE COMMITTEE. MR. MADDEN, I UNDERSTAND, HAS SENT YOU A LETTER FURTHER EXPLAINING HIS POSITION.

CAMDEN REGIONAL LEGAL SERVICES, INC.
120 WEST BROAD STREET
(Second floor)
BRIDGETON, NEW JERSEY 08302

DAVID H. DUGAN III
Director

Phone (609) 451-0003

December 7, 1972

Ann Klein, Assembly Woman
District 10-B
Morris County
c/o Barbara Lenoble
Assistant to Ann Klein
222 Amherst
Colonia, New Jersey 07067

Re: ASSEMBLY BILL 1201

Dear Ms. Klein:

I have reviewed your Assembly Bill 1201, and I thank you for this opportunity to convey to you some of the experiences that we have had in our office with respect to the current provision of the Assistance to Families of the Working Poor Act and Assistance for Dependent Children Act. Your proposed amendment deals effectively with the major problems which come to our attention as a result of the current provisions. We have many clients who are deprived of the full measure of assistance to their families because:

(a) parents are not ceremonially married;

(b) parents not ceremonially married have one or more children who are not qualified for any assistance, yet the mother has children from a former marriage or former relationship who are qualified for some measure of ADC assistance requiring the family to subsist on a greatly reduced budget;

(c) A husband is unemployed and eligible only for AFWP which results by reason of the lower standard, very often in no assistance grant at all since no deductions are made from unemployment compensation;

(d) Although we have not had many inquiries to date with regard to high rentals, which are not reflected in the present grant system, we do expect that this will become a major problem shortly since many recipients with whom we deal are involved in Federal Housing Administration and Farmers Home Administration mortgages at rates beyond the current state-wide average. Also, clients who have succeeded in removing from a slum only to find that their rentals in newer complexes are running as high as $160 to $200 and more, especially in the City of Vineland are expected in our office.

One case with which our office was recently involved epitomizes dramatically some of the problems which your amendment attempts to correct. I believe that this case is representative of the many cases related to the AFDP program.

Mrs. S. lived with her paramour for a period of eleven years. They have five children, the oldest of which is 8-1/2 years old. They resided together as man and wife with apparently a stable relationship for the entire period. Her paramour was finally divorced three years ago, but he was under the impression that he could not remarry since he had not paid his former wife's counsel fees.

The family experienced difficult financial problems during the winter of 1971-1972. The family applied for welfare assistance during that time, but were informed that they were ineligible since they were not married to each other. The hardship which resulted finally precipitated in Mrs. S.'s determination to require her paramour to leave the home so that she could qualify for ADC assistance. She qualified for ADC for herself and the children, and immediately became plagued with investigations by the local welfare department on the ground that the father was still living in the home.

Mrs. S. was constantly frank with the welfare department with respect to her deliberate act of forcing her children's father out of the home and also frank to admit that the father loved his children and visited often. The welfare department notified Mrs. S. finally of its intention to terminate her assistance on the basis of the evidence they had which they felt established the father's presence in the home. Mrs. S. contacted our office with respect to the notice of termination, and a Fair Hearing resulted.

Again, at the Fair Hearing Mrs. S. was very frank to admit that she felt she had no other choice under the circumstances of difficult financial hardship, but to require the father of her children to leave the home. She admitted readily that he visited often.

The result of the hearing was that these children were not deprived of a parent continually absent from the home, and therefore, the decision to terminate was upheld.

During the interim, however, between the time of the hearing and the time the decision was received, I was able to advise Mrs. S. and her paramour that there was in fact no impediment to their marriage because of failure to pay counsel fees, and they decided to marry, believing that this would be the answer--or at least a partial answer--to their dilemma in that they would at least qualify for AFWP. They did marry and subsequently applied for AFWP assistance. This application was denied because the father's unemployment compensation exceeded the standards of Schedule II, AFWP allowances by some $4-5 per month.

The net result is a poor family on the brink of emotional disaster from day to day while the father remains unemployed.

Very truly yours,

CAMDEN REGIONAL LEGAL SERVICES, INC.

JAMES M. MAITLAND,
Staff Attorney

TESTIMONY OF SOCIAL CONCERNS ACTION NETWORK
To the Assembly Committee, Institutions & Welfare
December 12, 1972

Formula for Revision of the Flat Grant
Rev. Glen Hatfield

It is the position of SCAN that a flat grant is the most equitable method for assisting the poor. However, the level set for the grant makes a great deal of difference. SCAN wishes to suggest the following:

1. Establishment of an adequate level for public assistance, i.e. a level which provides for the needs of a family.
2. Once a goal is set, that periodic stepwise progressions take place.
3. That the level of public assistance be increased according to the Consumer Price Index (all items) for region of the United States of which New Jersey is a part, published periodically by the Bureau of Labor Statistics, United States Department of Labor.
4. That rents be included in this grant.
5. That the issue of supplemental funds be reviewed, and that some form of supplemental funds be used as a transition into the era of a total flat grant.

SCAN is asking for an increase in the public assistance grant level. It is also suggesting that this Legislature go beyond merely granting an increase, and that it use its power to set a policy of adequate income for the many citizens of the State who suffer the maladies of modern life.

It there are some additional questions, I will try to answer them. I thank you for the Committee's time.