Vol. II

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

before

ASSEMBLY COUNTY GOVERNMENT COMMITTEE

on

IMPACT OF THE PROPOSED FEDERAL BUDGET CUTS ON
COUNTY GOVERNMENT OPERATIONS

Held:
April 6, 1982
Rutgers Labor Education Building
New Brunswick, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Thomas H. Paterniti, (Vice Chairman)

ALSO:

Virginia DiBianca, Research Associate
Office of Legislative Services
Aide, County Government Committee

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ASSEMBLYMAN THOMAS H. PATERNITI (Vice Chairman): Ladies and gentlemen, I would like to open up this hearing. I am Assemblyman Tom Paterniti. I am the Vice Chairman of the County Government Committee, and will be chairing the hearing this morning.

The purpose of this hearing is one of fact-finding. The goal of this Committee is to gather data and testimony to present to the New Jersey General Assembly on cuts in Federal Aid and Federal Block Grants. We need to determine how they will affect services, what can be done to effect the appropriate changes, and how we can reassess priorities. From this, the Legislature may gain a clearer perspective on how to perceive the problems counties are facing. It is hoped that the hearing will provide the Committee with direction, which it will then share with the Legislature.

This hearing is not being held as a political forum. It is recognized that there are candidates running for office, and given the topic, people may wish to use their testimony for political purposes.

The County Government Committee of the New Jersey General Assembly recognizes its responsibilities to counties. We must be informed of any difficulties they have experienced in their operations, and to address remedies for these problems when it is possible. The Committee welcomes information that will be useful to it in its continued deliberations on these crucial fiscal matters affecting county budgets, but prohibits any political grandstanding at this meeting.

One of the questions that will be asked is, "Who, at the Federal and State level, provides which services with whose money?" Every level of government is preoccupied with the painful problem of Federal Aid cuts, State cuts, Block Grant changes, and local budget problems.

Other questions that arise are: How can we provide more accountable public programs, more effective program design, and more efficient administration of public funds? It is apparent that State government will be the main political arena where difficult policy decisions will be made, affecting the State, counties, and municipalities. We must determine whether or not to continue Federal programs that are turned over to the State, and where to find State funds if Federal revenue returns are not forthcoming.

The main concern is that Washington is forcing upon us the responsibility to continue programs without providing fiscal resources. In many cases, the State passes these problems down to the counties and municipalities. Due to the projected deficits in the Federal budget of more than $100 billion, the financial pressures will intensify and force the cuts in domestic programs even further.

In the social service area, the Committee realizes that $20 million of Federal funds to the State were cut from the former Title XX budget of 1982 - this is really the Social Service Block Grant.

It is estimated that for Fiscal Year 1983, another $14 million in cuts is proposed for this piece of the State's Social Service budget.

The Committee wants to know in what tangible way counties have trimmed their services in these areas, and how people have been affected in terms of numbers of dollars.

For the record, I would like to again state that the purpose of this hearing is for fact-finding and opinion gathering. Information obtained at this public hearing will be integrated with other relevant data from throughout the State of New Jersey. It is essential that all levels of government act in concert for a concise redefinition of objectives that will be in the best interest of the people of the State of New Jersey.

We have a number of people that have requested to speak before this body. I will call them in the order as they have been presented to me. After we have called these people, if there is anyone else that would like to have some input, they are welcome to come before this body. All questions will be directed to me, and I, in turn, will put them before this body.

The first witness I have is Myrta DaSilva from the Rutgers University Social Action Committee. Is she here? (No response) Maybe she will be here a little later. The next witness is JoAnne Chasnow from the New Jersey Medically Needy Coalition.

J O A N N E C H A S N O W: Good morning, Assemblyman Paterniti. Thank you for this opportunity. My name is JoAnne Chasnow. I am from the Middlesex/Somerset Fair Budget Action Campaign. I am also Chairperson of the New Jersey Medically Needy Coalition. Before I present my prepared testimony, I would like to make two comments: One is that I appreciate your comments. Many of them indicate that further cuts are anticipated at the Federal level. I would encourage all testimony gathered as you go around the State, to be presented to our representatives in Washington to let them know what kind of impact not only the past round of budget cuts have had throughout the State, but also the devastating impact that will come about if the 1983 budget proposals, as designed right now by the administration, should go through.

My other concern is, as I look around the room, and I look at the list of people who are here to testify, about three of those folks are here today because they knew about this hearing through my efforts and from some other people's efforts from the Fair Budget. I am concerned that there are many people, not only in Middlesex County, but in the counties in the surrounding area, who need to be here to present their testimony to you, and who possibly, if not probably, didn't know about these hearings. I know that there are many more cuts coming down that will not be represented at today's hearing, which are very important cuts to know about.

ASSEMBLYMAN PATERNITI: We made it a policy to notify every newspaper. We also, in turn, notified all of the county officials, all of the members of the Board of Freeholders, and-- Is there anyone else we notified?

MS. DiBIANCA: The Constitutional Officers.

ASSEMBLYMAN PATERNITI: And all of the Constitutional Officers. We made every effort to notify the people that these hearings are being held. There will also be another hearing being held in Atlantic City, I believe, on April 19; then there will be another final hearing in Trenton, I believe, on April 26. We are making every effort to have people come before us and let us know what their needs are and to give us some input. We already had one in Newark a little over a week ago. We tried our best to inform everybody that we are having these hearings. I thank for your input.

MS. CHASNOW: I guess my concern is that you shouldn't think that the only cuts are coming from the people who are here to testify, because there are many more who aren't here.

A very prime concern which I have is access for low income people to health care. I am quite familiar with the health system in New Jersey, and I have a certain sense of the difficulty involved in a poor person getting health care when she doesn't have Medicaid. Private practitioners won't see her, and so she often ends up in a hospital emergency room where it is at least three times more expensive to be treated. Because she doesn't have Medicaid, the cost under New Jersey's DRG System gets picked up by everyone who has health insurance. We are quite aware of numerous recent rate increase requests by Blue Cross. It is a very expensive, and inefficient way of delivering

care to low income people.

You may ask why I am speaking about people who have lost Medicaid. It is because in New Jersey, over 32,000 people, two-thirds of whom are children, and the majority of whom are the working poor, have lost all of their AFDC - which is Aid to Families with Dependent Children - benefits since October 1, 1981, which most critically means they have lost Medicaid. This is due to new Federal Guidelines and formulas. In Middlesex County, the number of people losing benefits since October 1st is 723. In addition, 1,014 AFDC people in Middlesex County have received reduced benefits since October 1st.

What do reduced benefits mean? They mean that each family member may have to be a little more hungry all the time. Malnutrition is, in fact, on the increase in the U.S., and it has been documented in various newspapers - including the New York Times. They may have to go through winter a little colder, and they may, in fact, not even be able to buy the prescription when the doctor has indicated it is essential.

It reminds me of the game of "chutes and Ladders". I don't know if you remember that game, but it is a board game. What happens is, I think you roll the dice or you spin a dial and you go a few blocks; then you go up a ladder. You spin the dial again, and if you land on a block where there is a chute, you have to go back down the chute, often times to below the place where the ladder was that you went up.

When a family, often single female headed, is just at subsistence level, maybe even climbing the ladder a little, with enough day care so she is holding a part-time job -- minimum salary, probably -- and may even be in a position for a small raise, if her day care is cut, she can no longer keep her job and simultaneously be a responsible mother. This is what is happening here, in Middlesex County, and all across the country.

Threatened cuts for next year, in Medicaid cutbacks alone, include co-payments for certain medical necessities, and forced elimination of certain services entirely.

I hope that you will find it appropriate to take the information which you are gathering with you, and share it with all of our New Jersey representatives in Washington.

Again, thank you for this opportunity.

ASSEMBLYMAN PATERNITI: Thank you very much.

The next person to be heard is Donna Cohen from the National Child Nutrition Project.

D O N N A C O H E N: Good morning. My name is Donna Cohen. I am representing the National Child Nutrition Project, a private, non-profit organization that works here, in New Jersey, to improve the delivery of Federal food program services to low income families, pregnant women, infants, and children. We also work along with the Fair Budget for New Jersey Campaign.

I would like to briefly outline the impact of the 1982 Federal budget cuts in the Child Nutrition programs, and also talk about the projected impact of the proposed 1983 budget cuts. In my remarks I will discuss the changes that have taken place in the State as a whole, and I will try to give examples of counties that have been most severely affected in particular program areas. I will also try to give you some descriptive information, since State lawmakers have rarely been asked to make fundamental legislative decisions about food programs.

Child Nutrition programs, including the School Lunch, School Breakfast, Summer Food, and Child Care Food programs, are administered by the U.S. Department of Agriculture at the Federal level, and the New Jersey Department of Education at the State level. The Supplemental Food program for women, infants, and children, known as WIC, is also sponsored by the USCA, but it is administered by the New Jersey Department of Health at the State level.

Since 1946, when the School Lunch program began operations, the provision of nutritious meals to the State's children has been a Federal responsibility. Richard Nixon reaffirmed this commitment in 1969 when he said, "Malnourishment is a national concern because we are a nation that cares about its people. This nation cannot long continue to live with its conscience if millions of its own people are unable to get an adequate diet."

The passage of the Omnibus Reconciliation Act of 1981, which mandated spending reductions of over $4 billion for Child Nutrition programs, can be interpreted as nothing less than a clear abandonment of the Federal priority to maintain the health of the nation's children. In fact, the current 1983 proposals, shifts full responsibility for a number of these programs to State and local government in the form of block grants. This transfer would take place only after further cuts cripple the program's effectiveness, and would set the stage for the competition of limited State funds for a series of proven, effective feeding programs.

New Jersey has suffered greatly as a result of last year's cuts in the School Lunch program. Severe reductions and reimbursement rates have resulted in sharp price increases, forcing daily student participation to fall from 589,000 to 504,000, or a 14% state-wide decrease. Decreases of as much as 20% to 30% in participation have taken place in some districts. In Middlesex County alone, over 4,000 children are no longer receiving school lunches.

The loss in reimbursements combined with decreases in revenues from students who pay for lunch have caused over 120 New Jersey schools to drop the program completely. Needy children living in more affluent districts have been most seriously effected since they may not have the option of bringing lunch from home, or purchasing more expensive, often less nutritious, meals elsewhere. In Essex County, 44 schools have dropped the program; in Morris County 35 schools are no longer serving school lunch. Districts that have remained in the program have had to sacrifice the quality of foods served, and employees have been laid off, or their hours curtailed. New Jersey's schools have also sustained a $3.7 million cut in State matching funds for the School Lunch program, compounding the financial hardships precipitated by the Federal cuts.

The Summer Food program, which is intended to extend school meal benefits to low income children when school is not in session, was cut in half by last year's budget cuts. The program has also provided the first work experience for many low-income teenagers. Congress actually conceded to this heavy loss of funds for this program as an alternative to disbanding it entirely as the administration proposed. Of New Jersey's 167 sponsors, 75 programs operated by non-profit organizations have been forced to close since they will no longer be considered legal sponsors. Over 21,000 needy children who depend on these nutritious meals from churches, YM or YWCA's, community centers, and the Boy Scouts, will have to seek alternate programs. This search will be frustrating or impossible for many children since currently, there are only 33 public sponsors throughout this State -- public sponsors, referring to county and municipal governments that allowed sponsors for the Summer Food program.

In Passaic County, for example, only six of twelve sponsors which served over 2,000 children last summer, will be able to operate this year. Efforts are underway to increase the number of local governments sponsoring the program to ensure that New Jersey's Summer Food program will be available to those who depend on these meals. With so many families financially strapped by cuts in other programs, such as Food Stamps and AFDC, there will be a much greater need for the program this summer.

The Summer Food program, however, is again slated for total elimination in 1983. If the program is terminated, New Jersey will lose $4.3 million in Federal reimbursements, and over 58,000 needy children served last year will be denied summer food.

The other Child Nutrition programs are now facing Block Grants. The formation of a General Nutrition Assistance Block Grant, which first cut funds for our School Breakfast and Child Care Food programs, and then merged them to be administered soley by the State.

As a result of last year's budget cuts, reimbursements for New Jersey's School Breakfast program dropped 35%, and reimbursements for New Jersey's CCSP dropped 15% to 22%. The projected future costs for the two programs are approximately $3.2 million and $8.1 million respectively, but New Jersey's share of the General Nutrition Assistance Block Grant would only be about $7.6 million. There would be a large gap in the funds actually allotted to New Jersey.

In the last year, 57 of the 366 New Jersey schools serving breakfast have discontinued the program. These program closings combined with increases in prices have caused over 10,000 children across the State to drop out of the program.

Last year's Child Care Food Program cuts, combined with other cuts in other programs that aid day care centers and family day care homes, have made it more difficult for these child care facilities to provide nutritious meals.

Additional sharp cuts in CCSP would cause fees for day care to increase, contributing to the erosion of work incentives for low income working mothers. The consolidation of the School Breakfast program and CCSP into a block grant is likely to force the two programs, both serving growing children with high nutritional needs to compete for already inadequate food dollars.

Finally, I would like to discuss a new proposal to cut the WIC program by 34% and add it to the Maternal and Child Health Block Grant, formed last year. A 30% cut in WIC, proposed last year, was rejected by Congress at every step of the budget process. Since WIC has proven to deal effectively with the nutritional problems of low-income pregnant women and children, Congress maintained wide support for the program.

If New Jersey's WIC program is cut by 34%, $6.3 million will be lost in Federal reimbursements to the State. As a result, 16,750 pregnant and lactating women, infants and children, will no longer be provided with supplemental milk, cheese, eggs, cereal, and juice. Unlike other food assistance programs, WIC requires all participants to be needy in terms of health as well as income. Therefore, the consequences of limiting access to nutritious food would be most severe.

The importance of adequate nutrition during pregnancy cannot be overstated. A healthy diet directly affects the birth weight of the child, which in turn, incidences the infant's survival in good health. Babies weighing less than 5½ pounds at birth are 20 times more likely to die than normal birth weight babies in comparable samples of WIC and non-WIC mothers. Furthermore, treating low birth weight babies is three times more expensive than preventing it through good nutrition that has been provided through the WIC program.

In addition, the common arguments supporting block grants--which are, increased effectiveness and coordination with other programs--did not apply to the WIC program. Studies have shown that WIC has been extremely cost-effective, and income and eligibility certification requirements are already closely aligned with the Maternal and Child Health programs. The rationale that is usually put forth for block grants does not really hold true in this case.

If WIC becomes part of the Maternal and Child Health Block Grant, the provision of foods high in essential nutrients, the key of WIC's success, would be jeopardized. There would be no guarantee that any nutritional services would be maintained, since this has not been a past priority of the other programs included in the Block Grant.

It is clear that these block grant proposals would not only be detrimental to program participants, but to the State itself. If national eligibility criteria and program policies are not maintained, and some program benefits are eliminated, population shifts to states that have a greater sensitivity to the needs of the poor can be expected.

In closing, I would like to make the following recommendations:

New Jersey's legislators must continue to seek information about the scope of child nutrition programs, the benefits they provide, and how they have helped alleviate much of the hunger and malnutrition in this country. With this understanding of how Federal programs have worked on the local level, informed recommendations can be made to our representatives in Washington. The protection of New Jersey's needy families and children is primarily in their hands.

Here at home, County government should be encouraged to become Summer Food program sponsors so that New Jersey will not lose millions in Federal dollars, and thousands of needy children will have access to nutritious food this summer.

Finally, the State's 14-year commitment to safeguarding the health of New Jersey's children must be maintained. A restoration of the State funds cut in school lunch would help offset the damage done by the drastic Federal cuts.

The National Child Nutrition Project has developed county by county analyses detailing the impact of the proposed 1983 cuts in food programs. I have them here and would like to submit them to you for future reference. I would be happy to act as a resource person for the future.

ASSEMBLYMAN PATERNITI: Thank you very much.

The next witness asked to speak is Edith Edelson from the New Jersey Federation of Senior Citizens.

E D I T H E D E L S O N: Good morning, Mr. Paterniti. We meet again. I would just like to add a footnote to the previous report about the Summer Food program for children. When I was a child in New York, I used to go to the public park every day. At some point, the children would line up to get a glass of milk. I can still taste it. It was the highlight for me for the day. I just thought that would be an interesting sideline to what has been said.

ASSEMBLYMAN PATERNITI: I know. As far as programs such as WIC are concerned -- the prior witness mentioned this -- and with mothers that are pregnant, and so forth and so on, I happen to work with birth defects. That was the first thing that came to my mind. If a child, because of the lack of nutritious foods, develops a birth defect, the impact on the general public is going to be traumatic for many years to come because the child would have to be institutionalized, the child may have special education

needs as far as education goes, and the whole bit. It is a long range thing. I think this input is very important. Please continue.

MS. EDELSON: The cuts look very good on a cost-effective sheet. However, I am Edith Edelson from the New Jersey Federation of Senior Citizens. All seniors' state-wide organizations agree that the main priorities for seniors are relief for renters in meeting their high rents and home care, so they can continue to live in the community, even though their infirmaties make it difficult and even impossible to do so without some outside help.

For home health care, Title XX of the Social Security Act is an important source. Under this, persons with incomes somewhat above the Medicaid level are eligible for home health care, chore services, adult care, adult aid care, and transportation for medical services. These services were sharply cut in 1982, and are threatened with further cuts.

Getting away from the faceless statistics, what do these cuts mean in terms of human beings? I visited a woman recently, 78 years old, who lives alone in a large development. Her hands are crippled and she cannot walk without assistance because of an ear condition. She has not had a bath in four months; she can only sponge bathe. Her floors have not been vacuumed for a month. She cannot use the minibus for shopping because she has no one to help her get down the steps of her apartment, or into the minibus. She sees her neighbors driving around, but no one asks her if she needs anything in the store. She has a daughter living in New Jersey who is very busy. The mother feels that she has to adapt her needs to her daughter's convenience. The doctor says she can no longer live alone, which she is doing anyway. All she needs to remain in her home is someone to help her bathe and wash her hair, someone for chore services, light housekeeping, and shopping. She is a proud and sensitive woman who cannot understand or accept the callousness of a society that withholds this little bit of help after a lifetime of work and contribution.

This age group, 75 and up, is the fastest growing population. Some provision has to be made for them to keep them out of costly institutions.

Another thing seniors cannot cope with without help is the high rent and the limited availability of apartments. Let us look at the situation in Old Bridge. There are 7,000 apartment units with less than one percent vacancy. The Glenwood development, as an example, has 1,160 apartments. Four hundred and fifty, or 38%, are occupied by seniors, half of them living alone. The rent for a one-bedroom apartment is $386.00 a month. In May it will go up to $405.00. The average Social Security check is under $340.00, and a large percentage of elderly women have no other income. In fact, the cheapest one-bedroom apartment is in Arcade Gardens, and the rent there is $360.00. How can these people possibly manage? And yet, Section 8, which provides rental assistance, is being phased out. In Old Bridge, 50 units were subsidized in 1979 -- this is for the entire population, not just seniors -- 24 more in 1980. In 1981, none were added; in 1982, HUD is not even taking applications. There are, at present, 135 families on the waiting list, and the township has had to advertise, "Please, no more applications."

The Office on Aging receives about 40 to 50 calls a week from people who need assistance -- these are not just seniors. In fact, the largest number of calls comes from poor families with children. Now the Federal government is proposing to substitute vouchers for Section 8 assistance. They would give a flat sum to the renters, and the latter would have to pay the difference between the voucher and the rent. The voucher, itself, even as projected, is less than the government is giving

in rental assistance. As the rents go up, the voucher amount remains the same. There is practically no building of low-rent housing going on, and yet, housing is a basic component of survival. Something must be done to relieve this kind of situation.

Another service desperately needed by seniors is the free legal services offered by Legal Services Corporation. This is recognized in the Older Americans Act which mandates that some of the funds be used for legal services. Some years back, the United Way conducted a survey of the service needs in the community and found that legal services for the indigent and the elderly ranked among the top five. Yet, the budget of Middlesex County legal services, inadequate to begin with, has been cut 25% with the threat of a further cut for Fiscal Year 1983 -- if it isn't just abandoned completely, as the President would like to do. The office has reduced its staff of attorneys from 10 to 7, the paralegal staff from 6 to 3, and they have no money to fill vacancies. The Office last year, had a grant from the County Freeholders covering the salary of one attorney to serve the elderly. They don't as yet know how much the grant will be for Fiscal Year 1983, but they fear it will not be sufficient to pay for the one attorney.

We, in the Federation, appreciate the chance to testify on the impact of some of the legislation and proposals, as the Federal government removes itself from involvement with the people's needs. We hope that the State Legislature will accept the greater responsibility thrust upon it, that they will communicate to Congressional members the devastation brought by their cuts, and that the State Legislature will provide the additional funds to cover the gaps left by the Federal government.

ASSEMBLYMAN PATERNITI: Thank you very much.

The next person I would like to call upon is Alan Kaufman of the CWA, Fair Budget Action Committee.

M A R S H A L L R U B I N: Good morning. I am Marshall Rubin. I am here on behalf of Alan Kaufman. I will present his remarks.

As President of Local 1082 of the Communications Workers of America, I represent over 600 public workers in county and municipal jobs in welfare, health care, the justice system, and road maintenance. I am a member of the New Jersey Fair Budget Coalition, which has been recently organized to fight against the effects of the Reagan Budget cuts. I am also a member of the People's Independent Coalition, a broad-based grassroots organization of labor and the community whose aim is to put the needs of people before the profits of corporate America by educating and organizing people to be independent of both the Democratic and Republican parties, and to understand that the terrible mess we are in as a country is the result of corporate greed and control of American life, economically and politically.

We are here to discuss the effects of the Reagan Budget cuts. There is so much to be said on this topic, and there are now many good studies and reports available from the unions, women's groups, minority organizations, welfare director associations, and tax groups, to name a few. In fact, there is so much good information available because so many different groups of people have been adversely affected and have documented the effects of the cuts. It is difficult to pick a point of departure because there are so many places one could begin, in analyzing the Reagan Budget cuts. But in a real sense, it does not make much difference where one begins, either from the standpoint of labor, women, minorities, students, homeowners, or the millions of recipients of entitlement programs. Regardless of where one begins, the conclusions remain the same.

Without citing actual dollar amounts associated in each area of cutbacks, it can be truthfully concluded that the Reagan Budget is a program which will destroy the economic, social, and moral fabric of America, even as it clothes itself in patriotic and humanistic terms.

Economically, the program calls for unregulated corporate power. "Supply side economics", "trickle-down economics", "Hooverism", are all expressions for the same economic theory that what profits big business will be good for the average citizen. Socially, the program pits the various groups of American citizens against each other, fostering a climate of disregard for the worth of women, minorities, labor, poor, and others, and in fact, blaming them for the current problems. Morally, the program is based on the false and callous notion that the government has no responsibility to develop and fund programs designed to improve and promote the security, health, and happiness of its citizens, goals that the founding fathers held to be self-evident.

As a labor and community activist, and as a worker whose job it is to provide AFDC and Food Stamps to the needy, I am in a position to see directly the devastating effects of this program on both clients and workers. But before going into specifics about this, I think it is important to go over what this whole Reagan program is about. I take it that this Committee wants to be able to understand and cope with the effects of the Reagan Program, since the states and localities are left with the responsibilities that the President abrogates. In order to do this, I think it is necessary to have a clear understanding of what lies behind the program. I also think it is going to be very important to realize that at this point in time, the Reagan Program has already had a detrimental effect which cannot be overcome in the short run, simply because it takes money currently not available to create and administer programs to adequately serve the citizens of the country and this State. So, part of the question we have to address here is, "Where is the money we need, and how do we get it back for the people we represent?"

Ronald Reagan was elected President because of voter discontent with the Carter Administration and the downward drift of the economy and quality of life over the last decade. Reagan demagogically blamed the workers and needy for the troubled economy - for "stagflation". No, the yearly budget deficits were not the result of the $100 billion in lost Federal revenues due to corporate tax loopholes. The deficits were the result of social programs that were too expensive. No, the depressed economy was not the result of the yearly export of capital by the large corporations to other countries. It was the result of lazy and unproductive American workers. No, the problem was not with the corporations responsible for the economic decisions affecting us all, but with the American citizens themselves. So, the solution was to take the money from the needy and the average middle and working class families and give it to the wealthy and corporations who would invest this money and get the economy going again. We had a campaign against "welfare cheats", debates about who were the "truly needy", and publicity campaigns to convince people that the American worker was overpaid, lazy, and unproductive. Many people bought these arguments and voted for Ronald Reagan, who promised the overburdened taxpayer relief and an economy which would generate the funds to close the budget deficits to zero by 1984.

By now, after one round of budget cuts, tax breaks to the wealthy and corporations, and many steps backward in the areas of democratic and civil rights, environmental protection and so forth, it is clear to even members of his own party that the Reagan program will not and cannot work. The very reason for the existence of the current social programs that the President has set out to destroy is that

unregulated corporate decisions to make profits, no matter how, led to the great Depression of the 30's, and the social programs were necessary then and now to take care of the millions who had no shelter, no food, no jobs, no income or social security, or old age benefits. If one watches the nightly national news, one can plainly see that some people are talking about a depression again and that some areas, like Michigan, with over 14% unemployed, are in a depression. Giving money to big business and the rich to invest has not worked in the past and will not work now to provide a decent life for the American people.

But the Reagan program is nothing but a program that, as has been said, is a Robinhood in reverse, taking from the needy and giving to the greedy. It calls for the transfer of $750 billion to the corporations over the next few years in tax breaks and giveaways. This three quarter of a trillion dollar giveaway is being financed by the destruction and dismantling of all the social programs built up over the last 50 years, programs which provide some means of security to millions of American citizens. In addition, this giveaway is being financed with further budget deficits. Rather than balancing the budget, Reagan has abandoned this number one campaign promise, and plans to create deficits beyond any that have previously existed. While he once argued on the evils of the budget deficits and demagogically blamed them on social programs, now he plans these deficits because they are part of a program to finance, to an unprecedented degree, the profits of corporate America. The only priority is to make big business and the wealthy even richer than they already are.

There is no evidence, historically, to support the notion that this money will be invested in a way which will get the economy going again with benefit to the American people. Hooverism gave us the Great Depression before and we will have the same effect now if things cannot be reversed. We already have numerous examples of how the capital-bloated oil companies and other corporate giants use their profits. They take over other companies. Such corporate mergers do nothing to expand production, but simply redistribute greater wealth to the largest corporations.

What does all of this have to do with us here today? Well, for one thing, I think Governor Kean has a similar economic and social philosophy as the President. His proposals include lowering business income and net worth taxes, while raising consumer taxes $250 million on gas and cigarette sales. His plan also includes eliminating thousands of public jobs, raising tuition, and transportation costs. Like Reagan, he believes and assumes that if we give the corporations money, they will create the good and just society. It is simply not true.

I don't think it is necessary to list the exact figures on all of the cuts, or to show exactly how the $41 billion in Fiscal '83 cuts are going to be distributed, or exactly where another 700,000 jobs will be lost nationally as a result of his new budget proposals on top of the million already lost in the first round cuts. What more can be said than is already known about the destructive impact on the unemployed person by his not having a productive place in society, or the increase in illness among the unemployed, and the higher suicide rate? What more can be said about the outrageous situation of a society with tremendous unmet human needs that plans a recession that causes factories to run at only a 70% capacity?

How many times do we need to make the point that close to 70% of AFDC recipients are children? They are the ones really hurt when 660,000 families nationally lose AFDC as a result of the Reagan changes. Millions will lose food stamps, on top of those who have already been denied. Is there much need to seriously comment on an administration of one of the richest countries in the world which proposes to feed

growing children catsup as a substitute for vegetables? What can be said about a program that will reduce educational assistance to 91,000 New Jersey students and reduce vocational education aid to another 240,000 New Jersey students? What is more important than rearing a healthy and educated youth? Really, it is an assault on the sensibilities to even debate such things.

What can be said of a program that denies medical coverage to the sick, that eliminates CETA jobs for those willing and able to work, that makes it impossible for the poor to obtain legal representation, and for the average citizen to know that the air and water are safe to consume? What can be said of an administration that attacks the social security of the elderly, and that sets out to bust unions and to lower the health and safety standards of our shops and factories?

Where I work, I see people, predominately children, denied food, clothing, and adequate shelter because of this administration. I also have seen fellow workers lose their CETA funded jobs and know that 6% more are slated to join the ranks of the unemployed. Our working conditions worsen, the workload increases, and the nature of our job changes from providing a needed service to being punitive and suspicious.

The cutbacks are everywhere you look. The statistics are readily available. And the only reason for all of this carnage is to transfer more money to those who already have it, and to beef up the profits of the giant corporations.

We must start to clearly see that the Reagan Administration and the corporate program he is pushing represents the greatest danger imaginable to the people of this society. It should not be given a chance. Many people simply do not realize or clearly understand the struggle and hardship endured by millions of people, from the 30's on, to build a web of social programs, however flawed and imperfect, that represent a bit of security for millions of people and that represents, in its insistence that government has the responsibility to provide for its citizens, the direction that we should take. Do we go with corporate greed and profit seeking? Or do we go with what benefits the vast majority of American citizens? This is our choice. There is really nothing much in between. If we do not turn things around, we will literally be back 50 years.

I don't know what this Committee can do to put people first. The problem with the new Federalism is that it shifts the unmanageable burden onto the states and localities. It is absolutely obvious that the meager tax breaks for the average family under the Reagan Tax Act will be more than offset on the negative side by increased sales and property taxes, and increased out-of-pocket expenses for services previously provided through the programs that are being cut. The only way to budget this equation is to focus on the almost trillion dollars in breaks and loopholes given to the wealthy and corporations through the Reagan Tax Act. There, in reality, is where our programs are until we build a coalition of groups and concerned individuals dedicated to stopping Reaganism. This is clearly a long-term effect.

In the short run, I hope this Committee will, in its legislative recommendations, reject the tenets of Reaganism and Keanism. I have been a New Jersey resident nearly eight years. It is amazing that a state with such vast pools of corporate wealth can be so poor. Many of the largest corporations do business here. They make millions in profits. There need to be laws penalizing companies that take the money and then run away, leaving behind unemployed people and decaying cities. Pass runaway shop legislation and encourage the passage of a national tax law designed to penalize companies who try to play one state against another. It simply should not be profitable to run away either to another state or country.

Close all corporate tax loopholes. Raise corporate taxes.

Enact a truly progressive state income tax which gets at the income and wealth of the rich.

Enact legislation to protect the environment and workplace. Clean up the air, the water, the shops, and the factories.

Stand firm in the areas of civil and democratic rights of the citizens.

Adopt a resolution condemning the Reagan program and calling for full restoration of the programs he has cut.

I am asking you to adopt a program that serves the people and not the profits of big business and the wealthy. The money for this program is in the corporate tills and portfolios of the rich.

I have no faith that the Legislature will do this without public pressure. I am glad for the opportunity to address this Committee. Other than trying to speak and state the plain and simple truths about the Reagan program, I see my responsibility as a labor leader and community activist who believes in the right of the people of this state and country to have jobs, equality, democracy, and justice, to organize effectively and take back the power with which the present administrations, both in Washington and Trenton, and corporate America, seek to strangle and crush the hopes, aspirations, and potential of its own people.

ASSEMBLYMAN PATERNITI: Thank you very much.

The next witness I would like to call upon is Carol Puleio, Deputy Director of Middlesex County Board of Social Services.

C A R O L P U L E I O: Good morning, Assemblyman. I am here on behalf of the Middlesex County Board of Social Services. Our agency has prepared a packet. As a welfare agency serving Middlesex County, we are affected by a number of these social cuts that were enacted in 1981 and which are targeted for 1983, if the proposals are passed.

We administer the Aid to Families with Dependent Children program, the Food Stamp program, the Social Services program to Welfare and SSI recipients, the Child Support program, the Medicaid program, and we have a WIC program administered by our Board.

Since 1973, Welfare grants in New Jersey have increased 28% while the Consumer Price Index has gone up 100%.

With inflation already taking its greatest toll on the poor -- in particular, mothers with young children -- Washington has cut benefits and proposes additional reductions in eligibility and funding that will inflict additional long-term damage on the people and the economy of Middlesex County and New Jersey.

As a result of the Federal cutbacks in the AFDC program, 600 cases in our county alone were terminated from assistance, and 500 cases received reduced benefits as of October 1, 1981. On February 1, 1982, due to additional changes, 123 cases were terminated and benefits were reduced for an additional 514 cases. From October 1st to March 1, 1982, our case load has declined an additional 500 cases, not because we have fewer poor people, but because it is harder for them to qualify.

Cutbacks so far have been targeted for mothers and single parent families; mothers who found employment and were given work disregards that enabled them to receive a smaller supplement in a Welfare grant, and to continue receiving Medicaid benefits. New regulations reducing and/or eliminating work incentive disregards have penalized working mothers, and made it less likely that low income families can become financially self-sufficient and move out of poverty.

Loss of Medicaid benefits is devastating for mothers with children, mothers who are working at minimum wage jobs. Many of these jobs do not provide Medicaid coverage. It is a strong disincentive to work in New Jersey, one of the twenty states that does not provide broad-based medical support for the poor who are not on welfare.

Neither the Federal government nor New Jersey can wave a magic wand and tell the children in families living below the poverty level that they are no longer poor. Nor can they tell families already fighting a losing battle with inflation that they can do with less; that they can continue to pay high rents for substandard housing; that school lunches can be cut back and Food Stamps reduced; that they can manage with less medical coverage, and they can go to work even though unemployment is high and they don't have skills or child care; and that if they do not manage to find a job, they will be penalized.

Poor families are caught in a vice that is permanently entrapping them in poverty as we witness sharp declines in the percentage of students from low income families applying for college.

Basic freedoms are denied through unconscionable cutbacks in legal services to the poor.

We cannot, we must not, destroy our greatest national resource - which is our children - by denying them a decent life, adequate nutrition, and proper medical care. It is in the interest of short-term economy that we are inflicting irreparable harm on the children, and that will be a costly burden to our society.

I would like to give you an example of a case that was affected by the Omnibus Reconciliation Act cuts in 1981 in AFDC:

We have an individual, an employed mother who was receiving a supplemental welfare check of $149 per month from our agency, plus Medicaid coverage for herself and her children. On October 1, 1981, her case was discontinued since her gross monthly income of $622 was one dollar more than the maximum standard of $621 set for a family of four. When I say the maximum, part of the changes were to prevent anyone from receiving more than 150% of the standard of need from being eligible for welfare, although previously they were.

Her concern was not only that she would lose $149 per month, but for the loss of Medicaid coverage for her children. Her employer did provide Medicaid coverage for her, but not for the family. She pointed out the difficulties in working and raising three children by herself: making breakfast, preparing lunches, preparing meals in the evening, doing the laundry, cleaning, shopping, and still trying to find time for the children and their school work.

We have told her that with an income of $622.00 a month she is not poor and she can manage without our help. The Bureau of Labor Statistics, however, lists the lower living standard for a family of four in the New York/New Jersey area at $967.00 per month. Mrs. "X" and her children, with an income of $622 per month, are trying to survive on 64% of this lower living standard.

I would ask those of you in the room, could you survive on $622.00 a month without asking for help?

As I said, we do administer the AFDC program. I would just like to highlight rather than go into detail some of the impacts of the proposed 1983 changes.

One of the major changes that we are very concerned about in our program is to count energy assistance against the Welfare grant. We currently have a separate Energy Assistance Program, which is also administered by our agency. The dollars received under this program are strictly for energy and are not applied against welfare.

It is being proposed that any monies received under the Home Energy program in the future should be deducted from the Welfare grant. We ask, why do they have a separate program if the Welfare program would be meeting this need?

They are also suggesting that the shelter and the utility costs be prorated in the future. In New Jersey, as you know, we have a flat grant welfare system. Part of that is for shelter, part of that is for utilities, and part is for food costs not covered by the Food Stamp program, clothing, and incidental items.

New Jersey's standard, as I said, has only increased 23% since its enactment. We do not believe that prorating the shelter or utility cost is really feasible with our grant levels in New Jersey.

Eliminating the Work Incentive program: The WIN program is a program that we have found very beneficial to our recipients. In our agency, alone, in the past seven or eight years, we have hired, through WIN, 60 to 75 people, many of whom are still with us and who moved from the Welfare system, off the roles, and into self-sufficiency.

Another area is eliminating emergency assistance, which is a separate program to meet situations are of an emergent nature which cannot be planned for, such as a fire, flooding, or abused women. They are suggesting that this be included as part of the Home Energy program.

Our county alone, spends 28% of the State's Emergency Assistance Resources. If you were to look at statistics put out by the Division of Public Welfare, you would see Middlesex County pays more than any county in this area. One of the reasons is the high rental rates in this county. If we were lumped in and had to block grant these funds, we fear that we would not have the dollars needed to serve the population in our county.

Lastly, there is a proposal for rounding down benefits to the lower whole dollar. This, in essence, would impact negatively on our entire AFDC population, because every family would receive at least a dollar less, if not more, in benefits.

We have also prepared for you information on the cuts in the Food Stamp program. In 1981, there were changes that took place in Food Stamps. While we were not anxious to have these changes, at least we could live with them, and felt that the impact on our recipient population was somewhat minimal. We do not foresee the same happening if the changes proposed for Fiscal Year 1983 are enacted.

Again, one of the proposals is to increase the benefit reduction rate from 30¢ as it is currently to 35¢. To further cut Food Stamp benefits by increasing the benefit reduction rate applied to a food plan that is behind actual prices, will jeopardize the ability to purchase the lowest priced food plan which averages 43¢ per person per meal. In essence, what it is saying is, instead of spending 30% of your disposable income on food before you would be eligible for food stamps, you are expected to spend 35¢. So that is in affect a reduction to each of the families.

They are proposing to enact income disregards for earnings in the Food Stamp program similar to those enacted in the AFDC program in 1981. In essence, that would reduce the benefits received. We have examples in our packet to show you how that would impact.

They are also suggesting that Energy Assistance payments be counted in the determination of income for Food Stamp eligibility.

They are recommending eliminating the $10.00 minimum benefit. Right now, if someone is eligible for food coupons between $1.00 and $10.00, they automatically get a $10.00 minimum. It is suggested that they get the actual dollar value, be it $1.00 or $2.00. This minimum benefit of $10.00 is generally received by the elderly -

either Social Security or SSI recipients. Although it does not appear to be a significant change, it is to an elderly person to whom every dollar counts.

In Food Stamps, they are also recommending that the rounding tables be adjusted downward. This would impact on every household.

In Social Services: since the enactment of a ceiling on Title XX dollars, our Agency, each year, had to reduce its Social Service programs. That began in 1974. It has represented a reduction in a number of service areas in our population, which serves not only AFDC but also SSI recipients. For Middlesex County, the Fiscal Year '83 reduction of Federal dollars would affect approximately 200,000 persons because we serve approximately one-third of the population. But to translate these numbers into more human terms, the impact becomes sobering.

It is easy to say that Social Services will be reduced by one-third. It is more difficult when you translate that into the reality of not being able to provide home health care to elderly Social Security recipients who are homebound and living alone, or medical transportation for dialysis and chemotherapy, which are life sustaining services for many people, or community based transitional services for psychiatrically disabled adults, or day care to marginally employed single parents who are fighting to keep off of welfare, or protective services to abused women or children.

These are the types of programs that will be cut by one-third. This does not mean that each program will sustain a 33% reduction; it does mean that some services will be discontinued, others will be reduced.

Home health has been an area where, since 1977, we were serving 259 families at an average cost of $2,900 per year. Our case load was comprised of 134 elderly, 104 disabled, and 22 neglected families. For those families, we provided parenting skills so that the parent in the home could take care of the children. We had, at that point, 12 service priority areas which included, number one, homebound, bedbound patients living alone, down through 12, persons in need of some assistance to maintain proper nutrition and sanitary living. It was more of a chore service.

By 1981 we reduced services to the extent that only 66 families at an average cost of $6,000 per year were receiving home health care. We now only serve persons in priorities 1 -4 -- I have attached the priorities for you. Believe me when I say it is very difficult to deny services to an individual when you know it makes the difference between a nursing home or staying at home. It makes a difference between, for some, being alive or not.

We have also reduced our medical transportation services for the frail, elderly, and the disabled. We have totally eliminated an in-house resource unit, due to lack of funding. This unit collected and repaired furniture and appliances and redistributed them to welfare recipients. We anticipate further cutbacks, again in staffing as well as program areas.

We have outlined the impact on the Child Support program, a program that is designed to obtain support for children in AFDC families and non-welfare families as well; but the majority we serve are welfare families. It has been a highly cost-effective system. It has assisted some of the very people we took off the roles in October to be able to manage because their spouse was paying support. That extra money, added to their benefits, was a big help. The way the program is slated to be changed, we feel , will prevent us from being as effective in pursuing support collections.

The impact on Medicaid is also rather upsetting to us, especially as it relates to nursing home recipients. They are suggesting, right now in New Jersey, that those people who are in nursing homes, who are above the SSI limit but below

a certain standard, are considered optional recipients of Medicaid. Since the optional services are slated to be reduced, we see an impact on this area, and that will affect a great number of people -- I believe they receive approximately, nationally, 40% of the Medicaid expenditures -- who are in this nursing home population.

Lastly, as I said, we administer a WIC program. This is a program that we began in 1979 and we started it because Perth Amboy and New Brunswick were in the top ten list of cities in need of a food supplement program. As of March of this year, we currently serve 1,220 participants, county-wide. Due to budget cuts from the Omnibus Reconciliation Act of 1981, we will lose approximately $31,000 in food benefits in FY '82. This is a loss of approximately 7% of our original allocation.

In FY '82, numerous maternal and child health programs were consolidated into a block grant. The total funding was reduced by 20%. To add the WIC program to the block grant, and not increase the total funding by more than the addition of the WIC dollars, will seriously affect both the WIC program and the other child health programs.

We have experienced, first hand, the effectiveness of nutrition programs such as WIC. Our experience was reinforced by a study done by Harvard School of Public Health which found participation of WIC to be associated with a marked reduction in the incidents of low birth weight in infants. This study determined that each $1.00 spent on the prenatal component of WIC averts $3.00 in hospitalization costs due to decreased need to hospitalize infants after birth. The Center for Disease Control also undertook a study and the findings showed a marked reduction in anemia among WIC participants.

As I said, we have an appendix which gives you a listing of the amounts we pay in AFDC, the ceiling, the number of cases impacted by the Omnibus Reconciliation Act in the AFDC program, the entitlement levels for Medicaid, nursing homes, and an article from the New York Times dated Wednesday, March 31st, which outlines the number of cuts and impacts.

Thank you.

ASSEMBLYMAN PATERNITI: Thank you. Did Myrta DaSilva arrive? Is she here now? She was on this list. (No response)

If not, we have some people who asked to be heard. Is there anyone here from Rutgers Financial Aid Office? (No response)

Is there anyone here from the Middlesex-Somerset Fair Budget Action Committee?

MEMBER OF AUDIENCE: He spoke already.

ASSEMBLYMAN PATERNITI: Okay, fine. Is there anyone else that would like to come before this body to add some more testimony? We would appreciate it.

M Y R N A O. H I N T O N: Good morning. My name is Myrna Hinton. I am the Executive Director of Middlesex County Planned Parenthood. I would like to give some funding facts about family planning and also the facts of life in New Jersey. I thank you for this opportunity to talk about family planning.

There are 23 family planning agencies in the State of New Jersey, providing services in all 21 counties. The major sources of funding are through Title X of the Public Health Service Act, Title V, Maternal and Child Health, Title XIX, Medicaid, and Title XX, Social Services.

Our concern with the cuts has been their effect on family planning programs, and particularly, the Title XX Block Grant cuts on what is projected for the coming year with regard to Title XX. Presently, it is mandated that there is a 10% match to Title XX. We will be mandated to have a 25% match. The

effect that will have on Planned Parenthood in Middlesex County is-- That 25% match is pretty unrealistic if there are cuts throughout the rest of the State budgets, such as the Maternal and Child Health Program, because much of our match does not come from the County, it comes directly from the State Health Department.

The impact of these cuts will be directly on the quality of life -- of family life. The results, without family planning services, will be more unwanted births, more prematurity, increase in birth defects, high-risk infant low birth weights, mental retardation, more abortions, increased child abuse -- particularly the teens and the unwed pregnancies -- and disruption of family relationships. In New Jersey, there are 7,364,158 persons. Ninety-six thousand four hundred and thirty-eight children were born to New Jersey women in 1980. The birth rate, per 1,000 people, was 13.1. There were 20,371 out-of-wedlock births, 21% of the total births in this State. Of these, 11,595 were teenagers between the ages of 15 and 19, which was 214 less than the previous year. Another 292 births were to girls under 15. This was 4 more than the previous year. There were 7,837 out-of-wedlock births to teens, which was 67% of all births through that age group. This percentage has increased steadily since 1970. Thirty-one, point four of every 100,000 New Jerseyans had syphilis. Twenty-seven, point six of every 100,000 New Jersey teenagers, 15 to 19, had syphilis. The gonorrhea figures have also increased. Now, there is herpes in the venereal disease area.

Family planning is oftentimes the only health service that a woman does enter. Therefore, the medical screening processes, and the referrals to health centers to be treated for any recognized condition that could cause the woman's health to be broken down, would be treated. We are concerned that our educational services have to be cut because of the Federal cuts; services to schools, educational components, health teachers, family planning agencies and Planned Parenthood Agencies, providing resources as well as assisting in the development of curriculum and going to their schools, upon invitation, to speak. There are groups and other institutions that ask for training in order to be able to counsel families, to give direct counselling in regard to parental experiences.

The cuts will also relate to us to the point that family relationships will break down and there will be no encouragement of the communication within families.

We feel the cuts in Middlesex County, particularly with regard to the matching of our grants, and the inability of funds to come into the county. We have served 3,344 women below the 150% poverty level. We have served 1,148 women at the 150% poverty level. There is an estimated number of 18,000 women in need of services in Middlesex County. The age group is between 18 to 44.

I would like you, Assemblyman Paterniti, to have these figures so that you will be able to let our other legislators know and understand the impact family planning programs have on the quality of life in this State. Thank you.

ASSEMBLYMAN PATERNITI: Thank you very much, Myrta. We appreciate your comments. Is there anyone else who would like to be heard? (No response) For the record, I would again like to state that the purpose of this hearing was for fact-finding and opinion gathering. All of this information will be gathered and it will be presented to the Legislature. Hopefully, we can come up with some concise objectives. Maybe something can be done about the problems that have been brought before us so we can help the people that are in need.

I want to thank all of you for coming here this morning. We will now close this hearing. Thank you very much.

(Hearing concluded)

NATIONAL CHILD NUTRITION PROJECT

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THE WIC PROGRAM

Proposed Cuts for 1983:

President Reagan has proposed to end the WIC Program and Commodity Supplemental Food Program as separate programs and merge them with the Maternal and Child Health Block Grant formed last year. The WIC funds transferred to the block grant would be cut by 34% of the current level.

A 30% cut in WIC proposed last year was rejected by Congress at every step of the budget process, since WIC has proven to deal effectively with the nutritional problems of low-income pregnant women and children.

Impact on New Jersey:

If New Jersey's WIC Program is cut 34%, $6.3 million will be lost in federal reimbursements. As a result, 16,750 pregnant and lactating women, infants and children will no longer be provided with supplemental milk, cheese, eggs, cereal and juice. Unlike other food assistance programs, WIC requires all participants to be "needy" in terms of health as well as income. Therefore, the consequences of limiting access to nutritious food would be most severe.

If WIC becomes part of the Maternal and Child Health Block Grant, the provision of foods high in essential nutrients--the key to WIC's success--would be jeopardized. There would be no guarantee that any nutritional services would be maintained since this has not been a past priority of the other programs included in the block grant.

In addition, the common arguments supporting block grants (increased effectiveness and coordination with other programs) do not apply to the WIC Program. Studies have shown that WIC has been extremely effective, and income eligibility and certification requirements are already closely aligned with the Maternal and Child Health programs.

The importance of adequate nutrition during pregnancy cannot be overstated. A healthy diet directly affects the birthweight of the child, which in turn influences the infant's chances for survival and good health. Babies weighing less than 5½ pounds at birth are 20 times more likely to die than normal birthweight infants. A number of studies have demonstrated that WIC mothers deliver fewer low birthweight babies than comparable samples of non-WIC mothers.

According to a Harvard report, treating low birthweight babies is three times more expensive than preventing it through WIC. Since almost 10 thousand women or 18% of all WIC clients are pregnant women, less than $3 million could prevent $7 million in hospital costs. The average length of stay for a low birthweight baby in the Intensive Care Nursery of a large New Jersey hospital is 6 weeks. The cost per day for the crib alone is $375. This does not include medications, physician fees, etc. When this is compared to $274.50 per year in WIC benefits, the savings is staggering. Furthermore, many of these babies would not survive the first year of life or would require additional services later.

The benefits cited apply only to the prenatal component of WIC. Although WIC puts pregnant women and infants at the highest priority, it must be remembered that the nutrients contained in WIC foods are also essential for preschool children. The budget cuts may in effect, deny iron rich foods to the anemic child or a needed caloric supplement to the underweight child.

THE NUTRITION EDUCATION AND TRAINING PROGRAM (NET)

Proposed Cuts for 1983:

The NET Program has been slated for elimination.

Impact on New Jersey:

The NET Program was trimmed back to minimal levels last year. In 1981 New Jersey's program received $454,000, which was cut to only $134,000 in 1982.

In the past two and a half years, New Jersey's NET Program has provided nutrition information and materials to over 100,000 children and 8,000 teachers in schools, institutions, day care centers and family day care homes. The program is designed to improve the quality of school food service, and encourage children to develop good eating habits. Teachers trained by NET personnel extend the benefits of the program to new students long after the program funds are spent. Eliminating the NET Program would destroy the first national effort to teach good nutrition to New Jersey's children.

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THE SUMMER FOOD PROGRAM

Proposed Cuts for 1983:

The Summer Food Program has been slated for elimination.

Impact on New Jersey:

Although the elimination of the Summer Food Program was thwarted last year, the Administration has resubmitted the proposal. The program, which is intended to extend school meal benefits to children during the summer months, is targeted to low-income areas. Last year's spending reductions cut the program in half. Of New Jersey's 167 sponsorships, 75 programs operated by non-profit organizations which served 21,000 children last summer, have been forced to close since they will no longer be considered legal sponsors. Strong public support for the continuation of nutritious meals to poor children recently helped block proposed regulations to impose further limitations on sponsors.

If the program is terminated, New Jersey will lose $4.3 million in federal reimbursements and over 58,000 needy children served last year will be denied summer meals.

THE SPECIAL MILK PROGRAM

Proposed Cuts for 1983:

The Special Milk Program has been slated for elimination.

Impact on New Jersey:

As a result of last year's cuts, the Special Milk Program was limited to schools with neither School Lunch nor School Breakfast Programs. In New Jersey, the program is expected to receive about $200,000 in 1982, 80% less than last year's level. If the program is terminated, food assistance will no longer be available to almost 83,000 children in 218 New Jersey schools.

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SCHOOL BREAKFAST AND CHILD CARE FOOD PROGRAMS

Proposed Cuts for 1983:

The Administration is proposing to cut the School Breakfast and Child Care Food Programs (CCFP) by 30% and then merge them into a General Nutrition Assistance Block Grant. On the national level, the two programs are expected to cost about $735 million next year, but the block grant would be funded at only $488 million. This level would not be adjusted in future years to keep pace with rising food prices.

Impact on New Jersey:

As a result of last year's budget cuts, reimbursements for New Jersey's School Breakfast Program dropped 35% and reimbursements for New Jersey's CCFP dropped 15-22%. The projected future costs for the two programs are approximately $3.2 million and $8.1 million, respectively. New Jersey's share of the General Nutrition Assistance Block Grant would be about $7.6 million.

Children of poor and working-poor families have already been hurt by cuts in these two programs which serve predominantly low-income children. In the last year, 57 of the 366 New Jersey schools serving breakfast have discontinued the program. These program closings, combined with increased prices in remaining schools, have caused over 10,000 children across the state to drop out of the program. While these figures appear small when compared to losses in other programs, it must be remembered that the School Breakfast Program is available to only 7% of the state's children.

Nationally, over 90% of the Child Care Food Program funds support meals for needy children. Last year's CCFP cuts, combined with cuts in other programs that aid day care centers and family day care homes, have made it more difficult for these child care facilities to provide nutritious meals. Since New Jersey was able to postpone Title XX cuts, these centers remain open. However, families already financially strapped by cuts in AFDC and food stamp benefits, are now charged fees for the day care services. The postponed cuts are expected to be implemented July 1, which will increase the burden on these families. Additional sharp cuts in CCFP could cause these fees to increase, contributing to the erosion of work incentives for low-income working mothers.

The consolidation of the School Breakfast Program and CCFP into a block grant is likely to force the two programs, both serving growing children with high nutritional needs, to compete for already inadequate food dollars. Although the state's funding priorities are as yet unknown, family day care homes would most probably lose out since they are more difficult to administer than centers. The deemphasis of family day care homes is predicted despite the fact that an increasing number of the nation's low-income children are being cared for in home environments.

The block grant proposal would undoubtedly deter needed expansion in both the School Breakfast and Child Care Food Programs.

(Exerpts from Center on Budget and Policy Priorities materials.)

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THE SCHOOL LUNCH PROGRAM

Proposed Cuts for 1983:

The Reagan Administration has not proposed any direct cuts in the School Lunch Program for 1983. However, it has proposed that "entitlement status" for school lunch be ended and that no supplemental appropriation be allowed. This would mean that instead of assuring full reimbursements for eligible children attending a school with a lunch program, a funding ceiling would be placed on the program. In the event that the appropriated funds fall short of the amount needed to support all participating children, across the board cuts would probably be instituted.

Proposals to change the Type A meal pattern, which is designed to ensure that school lunches provide one-third of the Recommended Dietary Allowances (RDA), are expected again this year. Public outcry against diminishing the nutritional value of the lunch averted the institution of these changes last year. Senate and House resolutions affirming the government's commitment to maintaining the nutritional quality of the lunches at one-third of the RDA have been passed.

Impact on the 1982 Cuts on New Jersey:

New Jersey has suffered greatly as a result of last year's cuts in the School Lunch Program. Sharp price increases have caused participation to fall 20-30%. The average full price lunch now costs 90¢ - $1.05 as opposed to last year's average of 61.5¢. The cost of the reduced price lunch has doubled from 20¢ - 40¢, seriously affecting needy children from families earning between 130% - 185% of the poverty level ($11,000 - $15,000 for a family of four). The loss in reimbursements, combined with decreases in revenues from students who pay for lunch have caused over 120 schools to drop the program completely. Schools remaining in the program have had to sacrifice the quality of food served and some employees have been laid off or their hours curtailed.

In addition to last year's federal cuts, New Jersey schools sustained a $3.7 million cut in state matching funds for the School Lunch Program. Two bills to restore these funds have been introduced into the State Senate and Assembly. They have the support of statewide groups representing school foodservice workers, school administrators, school boards, parents and other concerned citizens.

Effects of the Proposed Food Stamp Cuts on New Jersey Participants

Here's how the President's fiscal 1983 food stamp reductions would affect households now on the program in New Jersey. Figures include effects of the higher benefit reduction rate, elimination of the earnings disregard, stricter rounding rules and counting energy assistance. (Source of formulas for calculations: USDA)

	New Jersey Food Stamp Households	New Jersey Food Stamp Households with Elderly Members	New Jersey Female-Headed Food Stamp Households	New Jersey Food Stamp Households with Earnings
# made ineligible	28,428	3,814	3,908	5,306
# remaining eligible but likely to drop out due to low benefits	9,476	497	2,605	2,321
# to receive reduced benefits	161,097	11,110	114,663	23,548
# households unchanged	37,905	1,160	9,120	1,990
Total	236,908	16,583	130,299	33,167
Average monthly reduction	$17	$16	$28	$54

State program administrators will also face fiscal hardships and procedural changes if the proposed budget cuts become law. States would be required to foot the bill for all errors exceeding three percent and this "error tolerance level" would drop to zero by 1986. The State of New Jersey would have to pay the federal government $24.8 million if the provision is passed, but the alleviation of waste and fraud is not guaranteed, since a large part of the calculated error rate is the result of unintentional mistakes or underpayments of benefits. New Jersey will also lose $1.7 million of the funds used to operate the Food Stamp Program, and all financial support for implementing job search requirements would be eliminated.

NATIONAL CHILD NUTRITION PROJECT

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THE FOOD STAMP PROGRAM

Impact of Proposed Cuts on New Jersey:

As a result of last year's cuts in the Food Stamp Program, approximately 5,000 New Jersey households lost food stamp benefits. Federal funds to the state increased slightly since some families received higher food stamp benefits due to cuts in their AFDC allotments.

The Administration is seeking a net reduction of $2.3 billion in the FY 1983 Food Stamp budget. The New Jersey Department of Human Services estimates that these cuts will result in an $89 million dollar loss in benefits for the State. Nearly every food stamp family will be touched by the proposed cuts, but again, the working poor and elderly will bear a disproportionate share of the burden. The President has suggested that Congress make the following legislative changes in the Food Stamp Program in order to achieve the proposed spending reductions:

- Raise the benefit reduction rate from 30% to 35%. Food stamp families are expected to use part of their income for food. The maximum food stamp benefit would be reduced by 35¢ for every dollar of income, rather than the current 30¢ per dollar of income, when calculating allotments. New Jersey participants will lose $11 million as a result.

- Abolish the 18% earned income deduction. Currently, the first step in determining a family's food stamp benefit is to deduct 18% of the earned income from the total income, to allow for work-related expenses. Elimination of this earned income deduction would create a work disincentive, by providing greater benefits to welfare families than to working families with identical incomes. In New Jersey, 33,000 working food stamp families would lose over $50 million in benefits as a result of this provision. (Figure includes the impact of the increased benefit reduction rate.)

- Eliminate the $10 minimum benefit. Eligible one and two-person households are now guaranteed at least $10 monthly in food stamps even if calculations show they are entitled to less. This will save about $1.0 million in New Jersey benefits. Many households now receiving more than $10 in monthly benefits would drop below this minimum allotment due to other eligibility changes, and would receive the exact amount calculated. An undetermined number of New Jersey households thus affected might decide to forego their entitled benefits since it might not be worth the paperwork, long lines and stigma of the food stamp office.

- Count energy assistance as income. Individual families could lose $5 in food stamp for every $10 in energy assistance they receive. Food stamp benefits for New Jersey would decline $7.9 million, affecting 102,000 households. This provision would hurt the lowest income families, elderly, and disabled who also receive public assistance and Supplemental Security Income (SSI).

- Round benefits to the lowest dollar. The proposed changes in rounding rules would no longer allow food stamp workers to round figures ending between 50 and 99 cents to the next highest dollar. All rounding off would be required to drop to the lower dollar figure. New Jersey families would lose $1.4 million in benefits as a result.

TESTIMONY OF THE MIDDLESEX COUNTY BOARD OF SOCIAL SERVICES REGARDING THE IMPACT OF PRESIDENT REAGAN'S FY'83 BUDGET PROPOSAL.

PRESENTED AT A PUBLIC HEARING OF THE ASSEMBLY COUNTY GOVERNMENT COMMITTEE
ASSEMBLYMAN THOMAS H. PATERNITI, CHAIRMAN

RUTGERS LABOR EDUCATION BUILDING
APRIL 1, 1982

Presented by: CAROL A. PULEIO,
Deputy Director
Middlesex County
Board of Social
Services

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IMPACT OF FEDERAL BUDGET CUTS

INTRODUCTION

Since 1973 Welfare grants in New Jersey have increased 28% while the Consumer Price Index has gone up 100%.

With inflation already taking its greatest toll on the poor - in particular mothers with young children - Washington has cut benefits and proposes additional reductions in eligibility and funding that will inflict additional long term damage on the people and the economy of Middlesex County and New Jersey.

As a result of Federal cut backs in the A.F.D.C. Program 600 cases in our county were terminated from assistance and 500 cases received reduced benefits on October 1, 1981. On February 1, 1982, an additional 123 cases were terminated and benefits were reduced for 514 cases. From October 1, 1981 to March 1, 1982 our case load has declined an additional 500 cases not because there are fewer poor people but because it's harder for them to qualify for assistance.

Cut backs so far have been targeted for mothers in single parent families; mothers who found employment and were given work disregards that enabled them to receive a smaller supplemental welfare grant and to continue to receive Medicaid benefits. New regulations reducing and/or eliminating work incentive disregards have penalized working mothers and made it less likely that low income families can become financially self-sufficient and move gradually out of poverty.

Loss of Medicaid benefits is devastating for mothers with children, mothers who are working at minimum wage jobs that do not provide medical coverage. This is a strong disincentive to work in New Jersey - one of twenty states that does not provide broad based medical support for the poor who are not on welfare.

Neither the Federal government nor New Jersey can wave a magic wand and tell children in families living below the poverty level that they are no longer poor. Nor can they tell families already fighting a losing battle with inflation that they can do with less; that they can continue to pay high rents for substandard housing; that school lunches can be cut back and Food Stamps reduced; that they can manage with less medical coverage; that they can go to work even though unemployment is high and they have no job skills or child care; that if they do manage to find a job they will be penalized.

Poor families are caught in a vice that is permanently entrapping them in poverty as we witness sharp declines in the percentage of students from low income families who apply for college.

Basic freedoms are denied through unconscionable cut backs in legal services to the poor.

We cannot - we must not destroy our greatest natural resource - our children - by denying them a decent life, adequate nutrition and proper medical care. In the interest of short term economy we cannot inflict irreparable damage on children that will lead to a long term and costly burden on our society.

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IMPACT OF FEDERAL BUDGET CUTS

A Case Example

Arbitrary and capricious guidelines have been established by the Federal government to tell us who is poor in New Jersey. These guidelines are not only unrealistic but are unfair.

Let's look at an example:

Mrs. X, an employed mother was receiving a supplemental welfare check of $149 per month from the Middlesex County Board of Social Services plus Medicaid coverage for herself and three children. On October 1, 1981 her case was discontinued since her gross monthly income of $622 was one dollar more than the new maximum income level of $621 set for a family of four in New Jersey. Her concern was not only that she would lose $149 per month but in the loss of Medicaid coverage for her children - her employer did provide medical coverage for herself. "God forbid," she said, "that one of my children should come down with a serious illness." Mrs. X pointed out the difficulties in working and raising three children by herself - making breakfast - preparing lunches - preparing an evening meal - doing laundry - cleaning - shopping and still trying to find time to help the children with school work in the evening.

We have told her that with an income of $622 per month that she is not poor and she can manage without any help from us. The Bureau of Labor Statistics, however, lists the lower living standard for a family of four in the New York/New Jersey area at $967 per month. Mrs. X and her children with an income of $622 per month are trying to survive on 64% of this lower living standard.

I would ask those of you in this room - and you know what it costs for food, clothing, shelter, fuel - could you raise a family of four in New Jersey today on $622 per month without asking someone for help?

FY'83 BUDGET FOR THE AID TO FAMILIES
WITH DEPENDENT CHILDREN PROGRAM (A.F.D.C.)

Middlesex County serves approximately 6,320 families a month under the Aid to Families with Dependent Children Program. These families are comprised of approximately 2,085 adults and 4,234 children. The average household consists of one adult and two children. Prior to October of 1981, approximately 17% of the families had earned income to supplement the welfare grant. Currently, 9% have earnings.

The major changes impacting earnings were: 1.) the establishment of a maximum income level (see attached chart) and 2.) a change in the formula for computing income disregards. In addition to losing welfare supplementation to earnings, these families lost Medicaid eligibility. Some of these families were not receiving medical benefits under private insurance plans from their employers. The loss of Medicaid, therefore, forced some families to leave employment and return to the welfare system due to the need for medical converage of a family member with severe medical problems.

The change in the maximum age for the youngest in-school child on the grant from 21 to 18 also had an impact on the caseload. This change prevented children 18 years old who were not yet in their senior year in high school from being able to receive assistance until they finish high school. It has left some teenagers without skills or a high school diploma, thereby making attaining a living-wage job almost an impossibility. Such an action does not recognize the need to encourage and assist youths in reaching their potential as contributing members of society. This expands an at-risk group in an industrial economy and only adds to the already burdened unemployed sector. Many children who had hopes of pursuing their education were unable to do so due to a lack of resources and a need to help support a parent. These same youth are part of the labor market seeking employment at a time when unemployment is on the rise.

While recipients and workers are still adjusting to the recent program changes, we face more proposed program revisions. Regarding program administration, there is a recommendation to limit the amount of money the Federal Government will pay to operate the program. At the same time, there is a proposal

requiring states to reduce errors each year under a 4-3-2-1-0 formula by FY'86 or lose federal funds. It seems rather ironic that we are being asked to achieve a "zero" error rate at the same time our costs are being constrained and the program is becoming more complex. We recognize that this requirement of a "zero" error rate is an intentional policy decision to save additional federal dollars, rather than a methodology to improve program accuracy.

We in Middlesex County believe we have a fiscally sound program and pride ourselves on maintaining a high degree of accuracy in a cost-effective manner. We do not agree that a "zero" error rate is realistic or achievable in any situation, especially in a program as dynamic and prone to outside influences as welfare. In order to maintain program integrity, it appears that if there are less federal dollars available for program administration, either local dollars will have to be increased or client services will have to be decreased.

There are 20 programmatic changes currently under discussion for the Aid for Dependent Children Program. Our reaction to the major ones is as follows:

1. Counting energy assistance as AFDC income.

   Almost all AFDC recipients in New Jersey receive energy assistance. They receive these benefits due to the rising cost of heating their homes. To count this assistance as income not only defeats the purpose of the energy program but would be costly to administer and would increase program errors.

2. Include income of all unrelated adults as part of AFDC assistance unit for computing benefits.

   In Middlesex County we have encouraged recipients to share living arrangements when feasible in order to minimize the impact of high rental costs. If implemented, this regulation would negate the benefit of such arrangements, as well as be administratively costly and error prone. When New Jersey had household size as a factor in calculating

grant levels, the error rate was 3% higher than when household size (as opposed to eligible unit) was no longer utilized to compute the grant.

3. Pro-rating shelter and utility costs.

   In New Jersey a flat grant system is used to determine monthly entitlement. The percentage of the grant established for shelter cost can almost be considered "laughable" in light of today's housing costs. Under pro-ration, New Jersey would once again be required to verify shelter and utility costs. Again, this proposal would be costly to administer and prone to error.

4. Redefining the definition of essential persons to those who live in the house and care for an incapacitated family member or provide child care so an adult member of the AFDC family can work.

   Currently, needy caretaker relatives are eligible as members of the assistance unit. Under the revised definition they would no longer be eligible. For economic reasons, such relative may not be able to care for the child or the indivdual might have to apply for general assistance, thereby increasing state and local costs.

5. Eliminating the Work Incentive Program (W.I.N.)

   With reductions in C.E.T.A. funds and educational benefits, there are few programs which provide employment-training services for welfare recipients. Through the W.I.N. program, our agency was able to hire and train 60 - 75 recipients in clerical and para-professional positions. We were also planning to use the WIN-Demo program authorized by the Omnibus Reconciliation Act to fund job clubs for welfare applicants and recipients.

6. Mandatory Workfare for recipients of AFDC.

This program, known as C.W.E.P. (Community Work Experience Program) would require recipients to accept work in the private sector and perform useful public services if no private job is available. In essence, a recipient would be expected to work-off his/her grant at minimum wage while learning a skill.

In states which piloted the programs, i.e. California, Oregon, C.W.E.P. was found to be administratively costly and did not provide for skill training, job development or job search activities. It also requires the availability of transportation and child care services.

We would prefer to develop a job search program with job development and job skill training components. It should be remembered that most recipients of AFDC are children and single parents, mostly women. Many of the adult recipients are unskilled or have medical, transportation or child care problems with young children that make employment difficult. Additionally, participation in workfare prevents the parent from seeking employment.

7. Eliminating Emergency Assistance and including emergency-type expenditures under the Home Energy Assistance Program.

Middlesex County provides more emergency assistance than any other county in New Jersey. We spend approximately $1,000,000 a year in emergency assistance, or 28% of the State's IV-A emergency funds. In addition, emergency assistance is used to provide for states of homelessness and is not an energy-related expense. To combine the two would minimize the nature of "emergency" and would impact negatively on clients. Additionally, if energy assistance were counted as income, emergency assistance would also be counted and would prevent the system from helping persons in need.

8. Rounding down benefits to the lower whole dollar.

This is a proposal which would effect every family. For some, this will make the difference between being eligible or ineligible for Medicaid benefits. While we would like to have conformity in eligibility formulas between AFDC, Food Stamps and Medicaid, we would not like to see rounding down implemented. New Jersey's grant levels are already low and every dollar is important to an AFDC household.

IMPACT OF PROPOSED FY 83 BUDGET CUTS ON THE FOOD STAMP PROGRAM

The Administration proposes to cut $ 2.3 billion dollars from the Food Stamp Program in FY 83. These proposals reduce benefit levels for all recipients. The actual cuts are $ 2.8 billion dollars. However, the net savings anticipated by the Administration taking account of the impact of cuts in other programs such as AFDC are 500 million less then the $ 2.8 billion dollar target.

Current spending authority for the Food Stamp Program is $ 10.3 billion dollars for FY 82. This amount is insufficient therefore the Administration is seeking $ 1.0 billion dollars to supplement the current budget contingent upon congressional adoption of the proposed increased benefit reduction rate (30% to 35%), elimination of the earned income disregard, and counting of energy assistance payments as income.

The various Administration proposals to reduce spending in the Food Stamp Program will have a disastrous effect on our nations poor. The Congressional Budget Office estimates that:

93% of all elderly and disabled households would be terminated or have their benefits reduced. This would adversely affect nearly 2 million elderly and disabled households.

26% of all elderly and disabled households (560,000 households) would either be terminated or have their benefits reduced to such low levels ($ 1-5 a month) that they would drop out of the program.

An additional 66% of the elderly and disabled (over 1.4 million households) would remain in the program but would have their benefits cut.

Overall, 25% of all food stamp benefits now provided to the elderly and disabled would be eliminated.

The working poor would be hit even harder. 41% of all food stamp benefits now provided to low income working families would be wiped out.

94% of the working poor households would have their benefits reduced or terminated. 23% would no longer be in the program, while 71% would remain but have their benefits cut.

The average working poor family would lose $684 a year in food stamps.

Overall, 85% of the entire food stamp caseload would have benefits reduced or terminated. 6.35 million households with about 17 million persons would lose benefits.

It is important to keep in mind that these proposed reductions will reduce the food buying power of our poorest citizens - the poorest of the elderly, the working poor and the most disadvantaged.

The majority of the participants on the food stamp program are children. These proposals will significantly reduce the nutritional assistance to millions of American children as well as significantly affect the future health of infants and the unborn children of pregnant clients.

Another significant portion of clients are the elderly and SSI recipients. Again the Administration is proposing termination and reduction of benefits of the most helpless groups - those that are on fixed incomes and those that do not have a chance to change their circumstances. To enact such cuts would create a national tragedy for all elderly and disabled who must use food stamps in order to survive.

Below is a brief description of specific proposals and the likely impact on Middlesex County Food Stamp clients.

Increasing the Benefit Reduction Rate

It is proposed that benefits be reduced by 35 cents for each dollar in income rather than the current 30 cents.

Comment:

To further cut food stamp benefits by increasing the benefit reduction rate, applied to a food plan that is behind actual prices will jeopardize the ability to purchase the "lowest price food plan" which averages 43 cents per person per meal.

Another likely effect of raising the benefit reduction rate would be to reduce the spendable income of persons below the poverty line for meeting other essential costs such as shelter.

The following are examples of the impact of increasing the Benefit Reduction Rate:

Four Person Household

Gross Monthly Income	$ 916.00	(This is the maximum income a household of 4 may have and still qualify for food stamps.)
18% Earned Income Deduction	751.00	
Standard Deduction	- 85.00	
Dependent Care Deduction	- 100.00	
Shelter Deduction	- 15.00	
Countable Monthly Income	$ 551.00	$551.00
	X .30	X .35
	165.00	193.00
4 person TFP	233.00	233.00
	- 165.00	- 193.00
Food Stamp Allotment	$ 68.00	$ 40.00

Two Person Elderly Household

Gross Monthly Income (unearned)	$ 425.00	
Standard Deduction	- 85.00	
Medical Deduction	- 35.00	
Excess Shelter Deduction	- 70.00	
Countable Monthly Income	$ 235.00	$ 235.00
	X .30	X .35
	71.00	82.00
2 Person TFP	128.00	128.00
	- 71.00	- 82.00
Food Stamp Allotment	$ 57.00	$ 46.00

Income Disregard

The special disregard of earnings in determining benefit levels would be eliminated.

Comment:

This proposal would reduce benefits to all working households. The overwhelming majority of the working households contain children. Any effort by these households to work toward self-sufficiency would be severly curtailed.

A household of 4 that currently is eligible for $68 in food stamps monthly would be affected as follows by this proposal:

1. Eliminating the Income Disregard

Gross Monthly Income	$ 916.00
Standard Deduction	- 85.00
Dependent Care Deduction	- 100.00
Shelter Cost Deduction	- 15.00
Countable Monthly Income (without 18% disregard)	731.00
Current Benefit Rate	X .30
	219.00
4 Person TFP	233.00
	- 219.00
Food Stamp Allotment	$ 14.00

2. Eliminating the Income Disregard and Increasing the Benefit Reduction Rate

Gross Monthly Income	$ 916.00
Standard Deduction	- 85.00
Dependent Care Deduction	- 100.00
Shelter Cost Deduction	- 15.00
	731.00
Countable Monthly Income	X .35
	242.00 which exceeds the 4 person TFP by $9.00.

Count Energy Assistance Payments

Energy assistance payments would be counted as income in determining household eligibility and benefit level.

Comment:

Currently all federal, state and local energy assistance is excluded as income for food stamp purposes.

It is recognized that federal and state legislation to assist low income households was designed to meet rising energy bills. This assistance was designed to assist those who could not keep up with bills that jumped by 50% between 1978 and 1980. It is also recognized that the majority of this energy assistance goes to the aging, SSI recipients and welfare households (which are made up mostly of children). This proposal clearly demonstrates that the Administration is asking those who can not help themselves to reduce the federal budget.

In addition, because of the various types of energy assistance and the frequency of the delivery it would be impossible for a state or county to avoid excessive errors when trying to correctly determine eligibility.

Eliminate the $10 Minimum Benefit

This proposal will eliminate the guaranteed $10 monthly benefit for 1 and 2 person households.

Comment:

Generally the minimum benefit of $10 is received by the elderly, Social Security recipients and SSI recipients. Although $10 is not significant to the Administration it is extremely essential to thousands of poor Americans.

Mandatory Job Search

Able-bodied food stamp applicants would be required to begin job search activities when they apply for assistance.

Comment:

This proposal lacks specific details. It is essential that such activity be properly funded. It is also essential that this requirement not merely increase the paper work within the food stamp office but serve as an avenue to assist the household to self-sufficiency.

Changing Rounding Rules

Benefit rounding adjustments would be made so that amounts in excess of whole dollar amounts will be dropped from benefit payments.

Comment:

This proposal would essentially drop the benefits to all households by a small amount. This change affects the internal statistical method of designing eligibility lists for various household sizes. Simply put, all Thrifty Food Plans will be rounded down resulting in small reductions for all households. It is important to note that this method is always in the favor of the Federal Budget rather then the food stamp household.

Making States Responsible for Excessive Error Rates

The Administration proposed that states be required to bear the cost of any overpayments in excess of 3 percent in 1983, 2 percent in 1984 and 1 percent in 1985. In 1986 and later, the states would have to pay for all errors.

Comment:

It is obvious that such a proposal was designed with little experience in the administration of any large organization. The complexities of administering regulations in the food stamp program greatly exceed any expectations that states can meet the above tolerance levels. The proposal further assumes that a zero error rate is possible. The administration in essence is mandating that states perform at a greater level of accuracy then is achieved by even the most efficient corporation in the United States. This expectation appears even more unrealistic when considering the number of reforms and changes that federal, state and county agencies administering the food stamp program have had to endure over the last decade.

The cumulative affect of these proposals will further reduce the plight of the poorest of poor in Middlesex County. If proposed budget cuts by the administration for FY 1982 with regard to the supplemental budget and proposed changes for FY 1983 are enacted either individually or in various combinations, they will severly affect the health and welfare of large groups now receiving benefits. On behalf of 27,000 food stamp recipients in Middlesex County we encourage you to reject any further cuts in a program that provides life sustaining, nutritional aid to thousands in Middlesex County and millions in the United States.

(These comments were prepared for the Assembly County Government Committee hearing on April 1, 1982 at the Rutgers Labor Education Building Auditorium by the Middlesex County Board of Social Services.)

IMPACT OF FY '83 BUDGET CUTS: SOCIAL SERVICES

The Administration proposal is to reduce funding for the Social Services Block Grant to $1.974 billion in FY '83. This represents over $1 billion or 33% reduction from the FY '81 Title XX Social Services Allocation.

For Middlesex County this represents a reduction of federal dollars from $5,397,632 in 1981 to $3,562,437 in 1983. Presently there are 31 different agencies sharing in this funding representing a myriad of services to a varied population of about 200,000 persons. This represents approximately 1/3 of the population of Middlesex County.

To translate these numbers into more human terms, the impact becomes sobering. It is rather easy for one to say social service dollars are being reduced by a third. It becomes more difficult to say when translated into reality, i.e., not being able to provide (1.) home-health care to elderly social security recipients who are home-bound and living alone; or (2.) medical transportation for dialysis and chemotherapy or (3.) community based transistional services for psychiatrically disabled adults when increasing numbers are being deinsitutionaled everyday; or (4.) day care to marginally employed single parents who are fighting to keep off welfare; or (5.) protective services to abused or neglected children or adults.

These are the types of programs that will be cut by one-third. This does not mean that each program will sustain a 33 per cent reduction. It means these vital programs will have to compete with one another and some may suffer extinction. We are pitting the frail elderly against our children; the disabled against the marginally employed.

Reductions in these social services program are not a recent phenomena. The Title XX allocation has remained static since 1976. Considering inflationary costs this has resulted in a net reduction of service delivery each year. For example, at the Middlesex County Board of Social Services Title XX day care services were eliminated in 1978. Prior to that we had provided $60,000 per year or $5,000 per month to service an average of 30 children per month.

Another service area affected was homemaker-home-health. The nature of the population served, as well as the hours of home-health services have changed dramatically over the past couple of years. In 1977 we were serving 259 families at an average cost per family of $2,900 per year. Our case load was comprised of 134 elderly, 104 disabled and 22 neglectful families who needed to learn parenting skills in order to care properly for their children. We were serving 12 priorities (see attached) from number one (the bedbound patient

living alone) down through 12 (the person who needed some assistance to maintain proper nutrition and sanitary living conditions - otherwise known as chore service). By 1981 we reduced services to the extent that only 66 families at an average cost of $6,000 per year are receiving home-health care. We now serve only persons eligible for priorities one through four. These categories represent only severely disabled persons either bedbound or partially ambulatory who either live alone or with a person who is physically unable to provide the essential services for daily living. 100 clients receiving chore services and 22 clients receiving teaching homemakers were completely eliminated. A number of former chore service clients are now receiving home health service due to deterioration of their health status which may, in part, be due to lack of preventive services.

Medical transportation services for the frail elderly and disabled who are not on medicaid have also been severely curtailed. In 1977, we transported 1050 clients to medical services at a cost of $49,789. Ten of these were dialysis patients with repetitive transportation at a cost of $20,000 which means that approximately $30,000 was spent on 1040 persons or an average cost of $28 per person. This service had to be eliminated in order to continue providing services to dialysis patients for transportation to life sustaining therapy. In 1981 we provided 2861 trips to 16 persons for dialysis for a total cost of $24,889.

We have had to totally eliminate an in-home Resource Unit which collected and repaired furniture and appliances, and redistributed these goods and clothing to individuals in need. Additionally, staff reductions in professional positions resulted in the elimination of preventive services. As a result, these clients come to us in a state of crisis such as homelessness or after severe disruption in family relationships.

These reductions impact upon other funding sources and have caused expenditures in IV-A emergency assistance to quadruple over the past six years.

These dramatic reductions, in a single agency, were the result of receiving the <u>same</u> dollar amount for social services for six (6) years. Thus it can be concluded, from the examples cited, that the administration's proposal to <u>reduce</u> this dollar amount by one-third portends a drastic reduction in services delivered in Middlesex County.

The administration also proposes to eliminate the WIN Program. This program provided structured job services and support services, including day care and counseling, to employable AFDC recipients. In addition to the fact that this appears to be contradictory to the stated goal of work opportunity

and full employment for welfare recipients, the administration proposes that these costs could be subsumed within the social services block grant, this adding a new dimension to the field of competitors discribed above.

We urge the State to support a stable funding base, at least at the levels of the 1981 Reconciliation Act.

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PROPOSED FUNDING REDUCTIONS FOR CHILD SUPPORT
PROGRAMS EFFECTIVE JULY 1, 1982

PRESENT PROGRAM

Present services provide for establishment and enforcement of child support obligations. Services are available to AFDC recipients and to non-welfare families.

Program costs for New Jersey in 1981 were $28,368,374. Administrative costs were matched 75% by the Federal Government. $32.6 million in child support was collected on behalf of AFDC cases. This money was used to offset assistance costs. $77.8 million in support was collected and passed along to non-welfare families.

In Middlesex County, the Board of Social Services seeks to establish a child support obligation on behalf of every family eligible for AFDC due to parental absence. For 1981, support collections were $2,245,677. Fifteen percent of collections are paid to the County as an incentive which is used to reduce the County's share of expenses. The remaining money is used to offset assistance costs which are shared by the Federal, State and County Governments.

The AFDC Program cuts initiated in October, 1981 have reduced the AFDC caseload and have resulted in a related decline in child support collections as indicated in the following figures for Middlesex County:

	2/81	2/82	Reduction
AFDC cases	7733	6479	16.2%
Number of support collections	1664	1423	14.5%
Gross support collections	$178,691	$156,290	12.5%

Child support services in New Jersey are being improved through legislative changes and computerized location and collection systems. The fact remains, however, that support obligations established against AFDC absent parents are rarely sufficient for the family to leave public assistance.

PROPOSED CHANGES

RESTRUCTURE FEDERAL FUNDING FORMULA
Funding Reduction -

Nationally	$100 million	(1983)
New Jersey	$12 million	
Middlesex Co.	$751,491	

Proposal -

Eliminate 75% Federal match for administrative costs.

Eliminate 15% collection incentive currently paid to county.

Administrative costs will be paid out of AFDC collections.

Performance incentives to be paid based on improvements in AFDC collections.

Anticipated Impact -

Since program costs and incentives will be based on AFDC collections, services to non-welfare cases will create a drain on the program's limited resources. Service reductions will jeopardize the child support income which presently enables families to maintain themselves without public assistance.

Costly services, such as paternity establishment and reciprocal processing,will receive lower priority in order to minimize program expenses.

The AFDC support collections presently used to offset public assistance costs will be shifted to pay for child support administrative costs. This will result in increased assistance costs for the state and county, or further AFDC program cuts.

Middlesex County stands to lose the 15% incentive payment which amounted to $225,000 in 1981.

ELIMINATE SUPPORT REFUND TO AFDC FAMILIES TERMINATED DUE TO SUPPORT INCOME.

Increase collections - $3 million (1983)
Proposal - the support refund available to AFDC families terminated due to support collections will be eliminated.

Anticipated impact -
This support refund for the month of termination allowed families to make a transition from the regular monthly assistance payment to irregular support payments.

Additional program changes include:

6% Service Fee on non-AFDC Collections.

Funding reduction - $44.5 million (1983)

Proposal -a flat fee of 6% will be retained by the state on all non-AFDC collections.

Anticipated Impact -

This will further reduce the amount of support income available to non-welfare families. The fee will be imposed regardless of the family's ability to pay or the amount of the collection.

Require Members of the Armed Forces to Make Allotments After Two Delinquencies.

Increased Collections - $7 million (1983)

Require Members of the Armed Forces to be Made Available for Child Support Legal Actions.

Increased collections - $1 million (1983)

Require Food Stamp Agencies to Disclose Records to Child Support Program.

Increased collections - $1 million (1983)

PROPOSED FUNDING REDUCTIONS FOR CHILD SUPPORT PROGRAMS
EFFECTIVE JULY 1, 1982

PRESENT PROGRAM

Present services provide for establishment and enforcement of child support obligations. Services are available to AFDC recipients and to non-welfare families.

Program costs for N.J. in 1981 were $28,368,374. Administrative costs were matched 75% by the Federal government. $32.6 million in child support was collected on behalf of AFDC cases. This money was used to offset assistance costs. $77.8 million in support was collected and passed along to non-welfare families.

In Middlesex County, the Board of Social Services seeks to establish a child support obligation on behalf of every family eligible for AFDC due to parental absence. For 1981, support collections were $2,245,677. 15% of collections are paid to the county as an incentive which is used to reduce the county's share of expenses. The remaining money is used to offset assistance costs which are shared by the Federal, State and County Governments.

The AFDC program cuts initiated in October 1981 have reduced the AFDC caseload and have resulted in a related decline in child support collections as indicated in the following figures for Middlesex County:

	2-81	2-82	Reduction
AFDC cases	7733	6479	16.2%
Number of support collections	1664	1423	14.5%
Gross support collections	$178,691	$156,290	12.5%

Child support services in NJ are being improved through legislative changes and computerized location and collection systems. The fact remains, however, that support obligations established against AFDC absent parents are rarely sufficient for the family to leave public assistance.

PROPOSED CHANGES

RESTRUCTURE FEDERAL FUNDING FORMULA

Funding reduction-

Nationally	$100 million	(1983)
NJ	$12 million	
Middlesex Co.	$751,491	

Proposal -

Eliminate 75% Federal match for administrative costs.
Eliminate 15% collection incentive currently paid to county.
Administrative costs will be paid out of AFDC collections.
Performance incentives to be paid based on improvements in AFDC collections.

Anticipated impact -

Since program costs and incentives will be based on AFDC collections, services to non-welfare cases will create a drain on the program's limited resources. Service reductions will jeopardize the child support income which presently

enables many families to maintain themselves without public assistance.

Costly services such as paternity establishment and reciprocal processing will receive lower priority in order to minimize program expenses.

The AFDC support collections presently used to offset public assistance costs will be shifted to pay for child support administrative costs. This will result in increased assistance costs for the state and county, or further AFDC program cuts.

Middlesex County stands to lose the 15% incentive payment which amounted to $225,000. in 1981.

ELIMINATE SUPPORT REFUND TO AFDC FAMILIES TERMINATED DUE TO SUPPORT INCOME.

Increased collections - $3 million (1983)
Proposal - the support refund available to AFDC families terminated due to support collections will be eliminated.

Anticipated impact -
This support refund for the month of termination allowed families to make a transition from the regular monthly assistance payment to irregular support payments.

Additional program changes include:

6% Service Fee on non-AFDC Collections.
Funding reduction - $44.5 million (1983)
Proposal - a flat fee of 6% will be retained by the state on all non-AFDC collections.

Anticipated impact -
This will further reduce the amount of support income available to non-welfare families. The fee will be imposed regardless of the family's ability to pay or the amount of the collection.

Require Members of the Armed Forces to make Allotments after Two Delinquiencies.
Increased Collections $7 million (1983)

Require Members of the Armed Forces to be made available for Child Support Legal Actions.
Increased collections $1 million (1983)

Require Food Stamp Agencies to Disclose records to Child Suport Program.
Increased collections $1 million (1983)

FY 83 BUDGET PROPOSALS FOR MEDICAID

The Reagan Administration is recommending regulatory and legislative changes in the Medicaid Program which are expected to save $278 million in FY 82 and $2.1 billion in FY 83.

Health - Medicaid Block Grant

The proposals include combining Medicaid into a welfare administration block grant and to lower the federal matching rate on certain Medicaid services. One of these services is Early and Periodic Screening, Diagnosis and Treatment (EPSDT). This program serves children in AFDC households and was designed as a preventive health service. Our agency utilizes 4 health aides to assist clients in understanding and utilizing preventive health care. Block granting EPSDT will lower the federal matching funds and potentially minimize the funds spent on preventive health care for children.

The administration has also suggested that Medicaid be administered federally. This raises some questions since currently eligibility for Medicaid in New Jersey is directly related to eligibility for AFDC. If the federal government took over Medicaid would state and local government still determine eligibility without any reimbursement for this activity or would there be duplicative administrative structures? Under the current and state reimbursement system for determining Medicaid eligibility, counties do not receive the full reimbursement rate of $10.00 per case per year.

Another argument against the block grant is that the administration wants to cut back administrative costs while simultaneously proposing major program changes designed to increase administrative activities. As in AFDC and food stamps, the maximum allowable payment error rate would be 3% in FY 83 declining to 0 in FY 86. Not only is a "0" tolerance for error unrealistic, it is counterproductive because it establishes artificial and unattainable long term goals. It further serves to frustrate conscientious administrators and prevents states from focusing on responsible and realistic program improvements.

Reducing the Federal Match for Optional Services and Beneficiaries

Currently the federal government matches a state's optional services at the same rate as basic expenditures. The proposal is to reduce matching on optional services by 3 per-

centage points to reflect their lower priority and discretionary nature.

Optional services in New Jersey include Medicaid coverage for persons in nursing homes who are above the SSI standard in income (see appendix). Nationally this population accounts for 40 per cent of Medicaid expenditures. As the need for Medicaid beds in nursing homes far exceeds the availability, reduced federal funding will require increased state or local dollars unless states chose to reduce eligible population or benefit packages.

Copayment for Mandatory Services

Copayments are being proposed for four service areas: inpatient hospital services, outpatient hospital services, physician services and clinic services. The level is $1.00 per day for inpatient and $1.00 per visit in the other areas. These are mandatory copayment levels.

In reviewing Medicaid expenditures, the majority are spent on the elderly and on children. Additionally, to charge a $1.00 fee for service is costly to administer. If collection is a provider responsibility it may lead to higher cost per service. Copayments might also prevent persons on limited income from seeking needed care. Most recipients on our programs can barely survive from check day to check day and frequently go without in order to manage.

Eliminating Federal Matching for Medicare Buy-In

Currently states are allowed to enroll eligible Medicaid beneficiaries in Medicare Supplementary Medical Insurance and pay the beneficiary share of premiums out of Medicaid funds at the 75% federal Medicaid match. Buy-in has been cost-effective because the cost of buying is minimal compared to benefits recipients receive under Medicare. The elimination of federal match would only shift the cost of buy-in to the state and local governments.

Eliminating Special Matching Rates for Family Planning

Currently family planning services are matched at a 90% rate. This service has assisted a number of women and female teenagers in better understanding how to control the size of their family. In addition, family planning is a federally mandated service. To lower the matching formula would only shift the cost of the service from the federal to the state and local level. In our agency alone, it would increase our county costs by $45,000 per year.

Shorten the Automatic Extension of Medicaid Eligibility

Currently individuals who lose eligibility for AFDC as a result of earnings remain eligible for Medicaid for 4 months after discontinuance from AFDC. The administration recommends reducing Medicaid eligibility to one month.

The reason recipients were able to maintain Medicaid eligibility for 4 months was to allow them to enroll in an alternate health insurance plan. As health insurance coverage is important to every family the loss of Medicaid can be very traumatic. Additionally, low-income jobs do not always provide health insurance fringe benefits, and some only cover the employee. It is unrealistic to expect welfare recipients to make the transition from Medicaid to private health insurance in one month. Lack of adequate time to obtain alternate health coverage could force some recipients to terminate employment and return to welfare. The lack of coverage could increase the amount the county pays at least for in-patient "county free day care" to hospitals.

F.Y. 1983 PROPOSAL REGARDING THE SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN (W.I.C.)

President Reagan's 1983 budget proposes to merge the Special Supplemental Food Program for Women, Infants and Children (W.I.C.) and the Commodity Supplemental Food Program into the Maternal and Child Health block grant at sharply reduced funding levels. This would result in a 37% cut from present levels and would mean hundreds of thousands of fewer women, infants and children would be served despite their nutritional risk according to the Center on Budget and Policy Priorities.

In September of 1980, our agency began serving W.I.C. eligible participants in Middlesex County. As of March 1, 1982, the Middlesex County Board of Social Services' W.I.C. Program serves approximately 1,220 participants County wide. Due to budget cuts resulting from the Omnibus Reconciliation Act of 1981, we will lose approximately $31,000 in food benefits to recipients in FY'82. This represents a loss of 7% of our original allocation of $44,000.

In FY'82, numerous Maternal and Child Health programs were consolidated into a block grant and the total funding was reduced by 20% of FY'81 levels. To add the W.I.C. Program to the block grant and not increase total funding by more than the addition of W.I.C. monies severely impacts upon the recognition of W.I.C. as a beneficial and necessary food supplementation program.

The Middlesex County Board of Social Services has experienced first hand the effectiveness of nutrition programs such as W.I.C. Our experience was reinforced by a study done by the Harvard School of Public Health which found participation in W.I.C. to be associated with a marked reduction in the incidence of low birth weight in infants. This study determined that each $1 spent on the prenatal component of W.I.C. averts $3 in hospitalization costs due to decreased need to hospitalize infants after birth. The Center for Disease Control also undertook a study and the findings showed a marked reduction in anemia among W.I.C. participants.

The Middlesex County Board of Social Services opposes the plan of putting W.I.C. into a block grant. We do not believe there should be "competition" for nutritional resources which were originally authorized to improve the health of infants and young children. We have found W.I.C. to be an effective and efficient program. Most of the funds in the W.I.C. Program are utilized to purchase foods to improve nutritional needs of program participants. The serious problems and consequences of inadequate nutrition during critical stages of growth and development and the lack of nutrition supplementation efforts in health programs in the past makes us realize the need for a federal mandate and increased federal funds for the W.I.C. Program.

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Appendix A

TO: Staff
FROM: Mary L. Hollis

FOR YOUR INFORMATION

IMPACT OF FEDERAL BUDGET CUTS, OCTOBER 1, 1981 AND FEBRUARY 1, 1982

OCTOBER 1, 1981

1100 Cases Effected

600 cases terminated from assistance
500 cases received reduced benefits

FEBRUARY 1, 1982

840 Cases Effected

123 Cases Terminated
41 cases due to loss of disregards
74 cases only eligible child taken off grant
8 cases combination of both

514 Cases Received Reduced Benefits
316 cases due to loss of disregards
177 cases children taken off grant
21 cases combination of both

* 204 Children Removed from Medicaid Only

* State has authorized reinstatement of Medicaid benefits effective March 1, 1982

MIDDLESEX COUNTY BOARD OF SOCIAL SERVICES

ACTIVE CASES - MONEY PAYMENTS

DATE	CASES	CHANGE FROM PREVIOUS MONTH
July 1, 1981	7488	- 6
August 1, 1981	7558	+ 70
September 1, 1981	7569	+ 11
October 1, 1981	6947	- 622
November 1, 1981	6807	- 140
December 1, 1981	6725	- 82
January 1, 1982	6588	- 137
February 1, 1982	6381	- 207
March 1, 1982	6321	- 60

THE NEW YORK TIMES, WEDNESDAY, MARCH 31, 1982

The Safety Net and 1997

Hang in there, says the President to the poor. Give our program time to work. Meanwhile, there is his famous safety net for the truly needy. For some of the truly needy, that is. It is dawning on us from what the President's theorists say and what his budget would do that one group of people is systematically left out of the net: children.

Pick a program that benefits children, at any stage of childhood; almost certainly it is being cut severely, or eliminated. The pattern is so consistent as to invite the suspicion that someone up there wants to punish the poor for having babies:

- Federal family planning programs help poor teen-agers avoid pregnancies; even so, about 600,000 of them have babies each year. The Administration has nonetheless cut funding for these programs by 25 percent.
- The WIC (women, infants, children) program provides special food and care for nursing mothers and their babies. It is to be cut 30 percent.
- Washington pays to immunize children against dread diseases. In 1981, the total was 6.3 million children. The 1983 budget would vaccinate only 3.8 million.
- Last year school lunches were cut 30 percent, eliminating 900,000 lower-income children. Some 400,000 were eliminated from the breakfast program. Now the Administration wants to phase out the breakfast program and sharply reduce its funds.
- Aid to Families with Dependent Children is the principal support program for needy children. The Administration wants to chop out $1.1 billion; while the cost of living is going up 10 percent, assistance would go down 18 percent.
- Then there are older, college-age children. The American Association of University Professors estimates that two million needy students will be hurt by proposed cuts in grant and loan programs.

The Administration defends such cuts as essential to controlling spending. The President finds it unconscionable, for instance, to subsidize school lunches for students who can buy their own; he says he knows of children receiving free school lunches whose parents earn $75,000. That kind of argumentation invites one to wonder how much the Administration cares about economy, how much about ideology and how much about children.

The school lunch program cannot be a wholly efficient way of feeding poor children. Most districts could not possibly afford the administrative cost of tailoring the program to each school and each student. To reach all the needy children, the program must be universal. That means many students from non-poor families also benefit. But society has understood that difficulty since the school lunch program began — and has been willing to pay the price. The issue is not efficiency but nutrition and health.

There is another dimension to the Administration's policy toward children. When asked about exceptionally high unemployment among minorities, Mr. Reagan's answer is, look at the want ads. He does not say why there are so many ads for cellular immunologists and psychiatric nurses — and so few for unskilled labor. One answer can be found 15 years ago. Even then, at the height of the Great Society, America didn't make the investment in education, health and hope to qualify more children to become immunologists and nurses.

The price of this Administration's indifference won't be wholly evident for another 15 years. Perhaps by 1997 or so, the supply-side rainbow will lead to pots of gold for everyone. Either that, or yet another generation of poor children will have turned into sullen, wasted adults.

Attachment to
Circular Letter No. 81-8-13

Maximum Income Levels

AFDC-C AFDC-F	Number in Eligible Unit	AFDC-N
$ 206	1	$137
410	2	273
540	3	360
621	4	414
702	5	468
783	6	522
864	7	576
945	8	630
1026	9	684
1107	10	738
Add $81 each person	More than 10	Add $54 each person

Public Assistance Allowance Standards

AFDC Program - 7/1/80

Schedule I AFDC-C AFDC-F	Number in Eligible Unit	Schedule II AFDC-N
$137	1	$ 91
273	2	182
360	3	240
414	4	276
468	5	312
522	6	348
576	7	384
630	8	420
684	9	456
738	10	492
add $54 each person	more than 10	add $36 each person

Appendix E

SOCIAL SERVICES PRIORITIES

MIDDLESEX COUNTY BOARD OF SOCIAL SERVICES

January 22, 1982

Homemaker - Home Health Services is a program of personal care and home management for individuals, families, caretaker-relatives and/or children provided in their own home because of illness, incapability or absence of a caretaker-relative. The program includes helping clients to achieve adequate household and family management through the services of a trained homemaker. A homemaker may provide non-medical care for ill or disabled persons; provide health, nutrition and parenting education; provide training in home management skills including budgeting; provide general emotional support; provide consumer education; do routine light housekeeping; and provide protective services for adults and children.

A home service worker does not provide sitting or companionship services which would be for the sole purpose of seeing to it that the client is alright. The presence of a home service worker and the time in which that worker is in a client's home is determined solely by the tasks that must be accomplished. In addition, a home service worker cannot administer any drug or medication or administer any type of therapy.

Priorities 1 through 5 are Home Health Services equivalent to services provided by Medicare and Medicaid, clients in those priorities eligible for service under those programs will not be eligible for Home Health Services under Title XX. Medical need will be established by a VNA or Public Health Nurse evaluation.

All cases will be approved, re-approved or denied in accordance with the the following priorities:

1. Cases just released from the hospital requiring personal care, not eligible under any other financial program.*

   *Reserved strictly for cases of an emergency nature and only when the client is released from the hospital in a condition where they could not survive on their own. However, the Middlesex County Board of Social Services will only accept cases that can assume at least partial responsibility for themselves.

2. Ill or incapacitated, bedbound persons in need of peronsal care to prevent hospitalization, institutionalization, or other placement who have no relatives (including spouse or children) and/or other persons who are able to assist. If others are in the home, they must also be physically disabled.

3. Ill or incapacitated ambulatory persons that are in need of personal care to avoid hospitalization, institutionalization, or placement who have no relatives (including spouse or children) and/or other persons who are able to assist. If others are in the home, they must also be physically disabled.

4. Ill or incapacitated bedbound persons in need of personal care to prevent hospitalization, institutionalization or other placement, who have relatives or other persons in the home who because of work or other circumstance are unable to attend to life sustaining needs.

5. Ill or incapacitated ambulatory persons that are in need of personal care to avoid hospitalization, institutionalization, or placement who have relatives or other persons in the home, who because of work or other circumstances are unable to attend to life sustaining needs.

6. Teaching and supportive services for ADC families.*

   *All families with minor children, who are not covered by Emergency Homemaker ASH 530.4, and meeting priorities 2, 3, and 4 should be referred to the Middlesex County DYFS District Office to determine if the District Office can provide services

7. Temporary relief for families of old age, disabled and blind.

8. Chore Services (no personal care is given by chore service workers).

   A. Single persons or couples that are alone and unable to provide for their own service.

   B. Persons with spouse or relatives in the home who for medical reasons have limited ability to perform the services.

The Middlesex County Board of Social Services will attempt to serve priorities 1 - 4 throughout calender year 1982. Priorities 1 - 4 are intended for use in both direct and purchased services.

Priorities for Title XX Transportation Services (Please note that the Middlesex County Board of Social Services is utlizing transportation priorities established by the Director's Association in conjunction with Department and Division staff):

1. When the service is critical to sustain life.

2. When without the service a disability or signnificant increase in disability would result.

3. When the service is necessary to prevent institutionalization.

4. When the service is necessary to maintain adequate health care standards.

With regard to the above social service priorities, the Middlesex County Board of Social Services will plan expenditures to remain within its allocation on a monthly basis. An appropriate monthly expenditure level will be determined by dividing the allocation by the number of months remaining in the calender year. The County Agency shall make adjustments in the priority categories being served in order to maintain some level of service throughout the calendar year.

PAG:ddl
(Rev. 1/22/82)

Appendix F

AMERICAN PUBLIC
WELFARE ASSOCIATION

1125 FIFTEENTH STREET, N.W., SUITE 300, WASHINGTON, D.C. 20005

T.M. Jim Parham, President
Edward T. Weaver, Executive Director

Telephone:
(202) 293-7550

During the past several months, the federal dollar costs of human service programs have been variously reported and documented. The costs of such programs have also been implicitly connected to runaway federal spending and high budget deficits. The facts of the case, as drawn from the FY 82-83 budgets, are presented on this sheet so that you may be able to draw your own conclusions.

- Basic welfare programs* represent less than 7% of the total federal budget, but absorb almost 11% of the FY 82 cuts and 16.4% of the proposed FY 83 reductions.

- Basic welfare programs have been cut by around $4 billion FY 82. The cut would rise to $7.1 billion in FY 83, if the administration's proposals are accepted.

- **AFDC has been cut by 11.2% this year and is slated for a further reduction of 15.5% in FY 83.**

- Food Stamps has been cut by 10.2% this year and is slated for a further reduction of 17.5% in FY 83.

- Social Services have been slashed already by more than 22%. The proposed cut for FY 83 would reduce the program by another 20%.

- Low Income Energy Assistance is lined up for a cut of 33% for FY 83.

- Child Welfare has been trimmed by 18% this year and would be reduced by another 18% next year.

- The AFDC program, what most people think of when they hear the word "welfare," represents only 1% of the federal budget.

*Basic welfare programs (Aid to Families with Dependent Children, Food Stamps, Medicaid, Social Services Block Grant, Low Income Energy Block Grant, Subsidized Housing and Child Welfare).

State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF PUBLIC WELFARE

G. THOMAS RITI
Director

Address Reply to:
CN 716
Trenton, New Jersey 08625

February 17, 1982

Circular Letter No. 82-2-5

TO: COUNTY WELFARE AGENCY DIRECTORS

Subject: Change in Medicaid Eligibility Standards Due to Decision in Acevedo v. Harris — Med

As a result of the decision in the Federal court case Acevedo v. Harris affecting payment levels in the SSI program, the income eligibility standards for certain living arrangements in the Medicaid Only program are revised effective February 1, 1982. The new standards are contained in the attached tables which supersede those currently found in MOM 10:94-5.5(d) and 5.6(c)5.

You will note that the previous living arrangement classifications of "living alone" and "living with others" have now been combined. Persons residing in those living arrangements are now subject to the same income eligibility standard. You are advised that the new payment level for the combined living arrangement category is lower than that applied to persons previously determined to be living alone. Likewise, the income standard applicable to persons "living alone with ineligible spouse" is reduced.

This information is to be brought to the attention of appropriate staff. Questions may be directed to the field representative assigned to your county.

Sincerely yours,

G. Thomas Riti, Director
Division of Public Welfare

GTR:HMD:RHp

Attachments

cc: Thomas M. Russo, Director
Division of Medical Assistance and Health Services

Bernice L. Manshel, Director
Division of Youth and Family Services

New Jersey Is An Equal Opportunity Employer

Attachment to
Circular Letter No. 82-2-5

10:94-5.5(d)

TABLE A

Deeming Computation Amounts

1.	Living allowance for each ineligible child	$132.30	
2.	Remaining income amount	Head of Household $132.35	Receiving Support and Maintenance $88.24
3.	Spouse to Spouse Deeming-Eligibility Levels		
	a. Residential Health Care Facility	$540.80	
	b. Eligible individual living alone with ineligible spouse	$548.30	
	c. Living alone or with others	$422.00	
	d. Living in household of another	$302.70	
4.	Parental Allowance - Deeming to Child(ren)		
	Remaining income is:	1 Parent	Parent & Spouse of Parent
	a. Earned only	$529.40	$794.00
	b. Unearned only	$264.70	$397.00
	c. Both earned and unearned	$264.70	$397.00

10:94-5.6(c)5.

TABLE B

	Variations in Living Arrangements	Medicaid Eligibility Income Standards	
		Individual	Couple
I.	Residential Health Care Facility	$408.50	$804.50
II.	Living Alone or with Others	289.70	416.00
III.	Living Alone with Ineligible Spouse	416.00	
IV.	Living in Household of Another	214.50	351.50
V.	Title XIX Approved Facility - Includes persons in acute general hospitals, skilled nursing facilities, intermediate care facilities (level A, B, and ICF/MR) and licensed special hospitals (Class A, B, C) and Title XIX psychiatric hospitals (for persons under age 21 and age 65 and over) or a combination of such facilities for a full calendar month.	794.10*	

*Gross income (i.e., income prior to any income exclusions) is applied to this Medicaid "Cap".

BOARD OF CHOSEN FREEHOLDERS
COUNTY OF MIDDLESEX
NEW BRUNSWICK, N. J. 08903

CHAIRMAN
DEPARTMENT OF
HEALTH AND SOCIAL SERVICES
321-6811

STEPHEN J. CAPESTRO
DIRECTOR

March 26, 1982

Dr. Thomas H. Paterniti, Assemblyman -- Vice-Chairperson
County Government Committee--New Jersey State Assembly
State House
Trenton, New Jersey 08625

Dear Tom:

I am writing to you in your capacity as Vice-Chairman of the Assembly County Government Committee, in connection with the Hearings now being sponsored to assess the impact of the Federal Budget reductions on County operations. I have some deep concerns about the effects of these reductions and, very specifically, as they apply to social services.

As you may be aware, the consolidation of the various categorical programs into the Social Services Block Grant and the substantial funding reductions, as provided for in the Federal Omnibus Reconciliation Act, severely curtail the amount of Federal funds available for social programs in counties. Ms. Carol Puleio, Deputy Director of our Board of Social Services, will be presenting testimony at the Hearing of your Committee on April 1st, at the Labor Education Building in New Brunswick, as regards the effects on county welfare agencies. In addition to the serious impact on that aspect of County operations, there is another aspect, also very critical, which has not yet been implemented.

As you know, the New Jersey Department of Human Services passes through, in the form of individual purchase of services contracts, to local non-profit organizations as well as to County and Municipal Government, Federal funds for the provision of individual types of social services, including day care for children, homemaker services for the elderly, legal services for the poor, protective services for children, transportation services for the elderly and handicapped, and others. The reductions for these programs were not initially felt by the agencies in that, through actions taken in the latter part of the former State administration, sufficient funds were found to continue the programs without reductions until the end of the current State fiscal year.

In October of last year, before this information was known, the State Department of Human Services embarked on a very painful process of determining where the reductions, if they were to come, would be applied. The conclusions led to the obvious necessity of reducing or eliminating cost effective programs of the highest priority nature that would affect the most vulnerable segments of our population. Further, several of these programs were operated by local municipalities who, due to CAP restrictions and other financial constraints, might not be in the position of refinancing same with local funds. Fortunately, due to timely State action, the need for these reductions were deferred until at least July 1st of 1982. We have now been advised, however, that it will be necessary to again determine reductions to be made for these critical programs based on funding levels originally established in the Omnibus Reconciliation Act, as the supplemental State funds (approximately $4.5 Million) may no longer be available. Further, if the President's current proposals are approved, these reductions will be more dramatic and may result in the wholesale elimination of the vast majority of the remaining viable social programs in Middlesex County and likely throughout the State.

The implementation of the budget reductions will undoubtedly increase demands for County funding as, in many cases, the County already contributes portions of funding for many of the programs. Further, the loss of such programs may very likely cause spin-off costs in other sectors of local government budgets -- (i.e., loss of alcoholism and drug treatment funds may increase local law enforcement costs; loss of day care may increase county expenditures for public assistance, and etc.).

For your information, I have appended hereto the entire list of the individual programs in Middlesex County that are vulnerable to such reductions. Should you or your staff require any additional information or clarification regarding this matter, please feel free to call Mr. William Waldman, Director of our Department of Human Services, at 745-4186.

Your consideration of these concerns will be greatly appreciated.

Sincerely,

/s/ Stephen J. Capestro hrs

Stephen J. Capestro, Director
Board of Chosen Freeholders
County of Middlesex

SJC:fl
Encl.
cc: Freeholder Dorothy Power
John T. McHugh
Mary Hollis
William Waldman

PURCHASE OF SERVICE AGENCIES (DYFS)

POTENTIALLY AFFECTED BY $242,843 FEDERAL FUNDING REDUCTION

FOR

MIDDLESEX COUNTY, NEW JERSEY

AGENCY	SERVICE
South County Day Care Center	Pre-School Day Care
YWCA--New Brunswick	Day Care--After School Summer Camp
Middlesex County Board of Social Services	Homemaker Services
Visiting Homemaker Association of Middlesex	Homemaker Services
Human Services Council of Middlesex County	Community Planning
Greater New Brunswick Day Care Center	Pre-School Day Care
Middlesex County College	Pre-School Day Care--Day Care Serv. before and after Kindergarten--Summer Camp
New Brunswick Board of Education	Pre-School Day Care
Perth Amboy Day Care 100	Pre-School Day Care
Puerto Rican Action Board	Pre-School Day Care--Multi-Services for Hispanics
Old Bridge Office on Aging	Multi-Service Programs for the Aged
Woman Helping Women	Protective Services -- Domestic Violence
Middlesex County Special Parent Aide Network	Protective Services -- Child
Family Service Association of Middlesex County	Protective Services-- Child
New Brunswick Dial-A-Ride	Transportation Services
Middlesex Are-Wide Transportation Program	Transportation Services
Puerto Rican Association for Human Development	Multi-Service for Hispanics--Pre-School Day Care

WIC PROGRAM

Projected Loss Due to Proposed 1983 Cut*

WIC Program	January, 1982 Participation	Projected '82 - '83 Participation	Current '81 - '82 Federal Reimbursement	Projected Reimbursement For '82 - '83 Due to Proposed Cutbacks
Atlantic City	1,282	846	$ 340,000	$ 224,400
Atlantic County	1,090	719	492,234	324,875
Bayonne	509	336	163,775	108,091
Burlington Co.	2,262	1,493	674,168	444,951
Camden Co.	3,390	2,237	1,360,063	897,642
Cumberland	1,544	1,019	859,877	567,519
East Orange	2,148	1,418	676,832	446,709
Gloucester Co.	1,813	1,197	620,000	409,200
Hoboken	870	574	437,337	288,643
Jersey City	5,705	3,765	1,841,466	1,215,368
Middlesex Co.	1,107	731	532,610	351,523
Monmouth Co.	2,235	1,475	1,212,323	800,133
Newark City	6,284	4,148	2,463,244	1,625,741
CMDNJ - Newark	3,258	2,150	1,089,000	718,740
NORWESCAP	1,638	1,081	562,361	371,158
Ocean County	714	472	566,123	373,641
Passaic City	982	648	361,003	238,262
Paterson Div. of Health	985	650	453,585	299,366
St. Joseph's Hospital (Paterson)	2,844	1,877	844,000	557,040
Plainfield City	2,440	1,610	839,000	553,740
St. Elizabeth Hospital	469	310	238,133	157,168
Sussex County	1,138	751	422,736	279,006
Trenton	2,792	1,843	932,523	615,465
West New York (North Hudson)	1,768	1,167	771,118	508,938
	49,267	32,517	$18,753,511	$12,377,319

* The Reagan 1983 budget proposes to end WIC and Commodity Supplemental Food Program (CSFP) as separate programs and include both in the Maternal and Child Health block grant at a funding level of $650 million. This level is 34% less than the current budget of $985 M.

EFFECT OF PROPOSAL TO ELIMINATE THE
SUMMER FOOD PROGRAM ON NEW JERSEY

County	# Children Impacted (ADP 1981)	$ Lost in Federal Reimbursements
Atlantic	1,966	$ 129,795
Bergen	1,631	124,137
Burlington	503	34,593
Camden	4,709	266,951
Cumberland	1,790	129,835
Essex	17,578	1,400,833
Gloucester	825	60,341
Hudson	7,269	566,266
Hunterdon*	95	14,584
Mercer	5,898	302,715
Middlesex	2,943	212,413
Monmouth	3,084	194,145
Morris	185	12,428
Ocean	1,603	73,802
Passaic	4,817	466,365
Salem	265	20,630
Somerset	181	19,904
Sussex	1,056	186,608
Union	1,710	123,895
Warren	311	56,283
	58,419	$4,396,523

Effects of the Proposed Food Stamp Cuts on New Jersey Participants

Number of Households to Receive Reduced Benefits

County	Total # Food Stamp Households	Total Households to Receive Reduced Benefits	# Households w/Elderly Members to Receive Reduced Benefits	# Female-Headed Households to Receive Reduced Benefits	# Households w/Earnings to Receive Reduced Benefits
Atlantic	8,031	5,461	377	3,887	798
Bergen	8,026	5,458	376	3,886	797
Burlington	7,659	5,208	359	3,707	761
Camden	21,323	14,500	1,000	10,320	2,120
Cape May	1,894	1,288	89	917	188
Cumberland	6,481	4,407	304	3,137	644
Essex	56,325	38,301	2,642	27,261	5,599
Gloucester	4,157	2,827	195	2,012	413
Hudson	29,892	20,327	1,402	14,468	2,971
Hunterdon	691	653	32	334	69
Mercer	13,819	9,397	648	6,688	1,374
Middlesex	11,278	7,669	529	5,459	1,121
Monmouth	11,803	8,026	554	5,713	1,173
Morris	2,604	1,771	122	1,260	259
Ocean	4,269	2,903	200	2,066	424
Passaic	15,054	10,237	706	7,286	1,496
Salem	2,554	1,737	120	1,236	254
Somerset	2,623	1,784	123	1,270	261
Sussex	1,095	745	51	530	109
Union	11,609	7,894	544	5,619	1,154
Warren	1,671	1,136	78	809	166
State	228,306	151,729	10,451	107,865	22,151
Average Monthly Reduction per household:		$17	$16	$28	$54

* Projections based on N.J. Department of Human Services and United States Department of Agriculture figures.

Effects of the Proposed Food Stamp Cuts on New Jersey Participants

Number of Households Made Ineligible

County	Total # Food Stamp Households	Total # Households Made Ineligible	# Households w/Elderly Members Made Ineligible	# Female-Headed House-Made Ineligible	# Households w/Earnings Made Ineligible
Atlantic	8,031	964	129	133	180
Bergen	8,026	963	129	132	179
Burlington	7,659	919	123	126	172
Camden	21,323	2,559	343	352	478
Cape May	1,894	227	30	33	159
Cumberland	6,481	778	104	107	145
Essex	56,325	6,759	907	929	1,262
Gloucester	4,157	499	67	69	93
Hudson	29,892	3,587	481	493	670
Hunterdon	691	83	11	11	15
Mercer	13,819	1,658	222	228	310
Middlesex	11,278	1,353	182	186	253
Monmouth	11,803	1,416	190	195	264
Morris	2,604	312	42	43	58
Ocean	4,269	512	69	70	96
Passaic	15,054	1,806	242	248	337
Salem	2,554	306	41	42	57
Somerset	2,623	315	42	43	59
Sussex	1,095	131	18	18	26
Union	11,609	1,393	187	192	260
Warren	1,671	201	27	28	37
State	228,306	26,741	3,627	3,678	5,110

* Projections based on N.J. Department of Human Services and United States Department of Agriculture figures.

BENEFITS LOST DUE TO PROPOSED FY 1983 FOOD STAMP CUTS

(Preliminary New Jersey Impact)

County	Projected Benefits for FY 1983 (Assuming No Budget Cuts)	Loss Due to Combined Effects of Increased Benefit Reduction Rate & Elimination of Earned Income Deduction	Loss Due To Counting Energy Assistance As Income
Atlantic	$ 13,858,000.	$ 2,054,100.	$ 323,900.
Bergen	8,788,000.	1,302,600.	205,400.
Burlington	11,154,000.	1,653,300.	260,700.
Camden	31,772,000.	4,709,400.	742,600.
Cape May	3,042,000.	450,900.	71,100.
Cumberland	9,802,000.	1,452,900.	229,100.
Essex	86,528,000.	12,825,600.	2,022,400.
Gloucester	6,084,000.	901,800.	142,200.
Hudson	45,968,000.	6,813,600.	1,074,400.
Hunterdon	1,014,000.	150,300.	23,700.
Mercer	18,928,000.	2,805,600.	442,400.
Middlesex	16,562,000.	2,454,900.	387,100.
Monmouth	16,900,000.	2,505,000.	395,000.
Morris	3,042,000.	450,900.	71,100.
Ocean	14,534,000.	2,154,300.	339,700.
Passaic	23,998,000.	3,557,100.	560,900.
Salem	3,380,000.	501,000.	79,000.
Somerset	3,380,000.	501,000.	79,000.
Sussex	1,352,000.	200,400.	31,600.
Union	16,224,000.	2,404,800.	379,200.
Warren	2,366,000.	350,700.	55,300.
State	$338,000.000.	$50,100,000.	$7,915,800.

Impact of other proposed food stamp budget cuts on New Jersey:

- Eliminate $10 minimum benefit - $1.0 million in benefits lost.
- Round benefits to lowest dollar - $1.4 million in benefits lost.
- Require states to pay for error rate over 3% - Cost to N.J. - $24.8 million.
- Block grant and reduce administrative funds for Food Stamps, AFDC and Medicaid - $1.7 million in food stamp administrative funds lost.