Presentation of

HONORABLE SANFORD BATES

Commissioner, New Jersey State Department
of Institutions and Agencies

On

ASSEMBLY BILL NO. 17

Before

ASSEMBLY STANDING COMMITTEE ON JUDICIARY

Present: Honorable Lawrence A. Cavinato,
Chairman and co-sponsor of A 17.

Honorable Frank W. Shershin,
co-sponsor of A 17.

Senate Chamber
State House
Trenton, New Jersey

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HONORABLE SANFORD BATES, Commissioner, New Jersey State Department of Institutions and Agencies.

Mr. Chairman, Mr. Shershin, and Members of the Legislature:

I have the honor, on behalf of His Excellency, Governor Driscoll, to present a draft of a bill known as Assembly 17 for your consideration. I might open this discussion by reading some of the paragraphs from the Governor's Fourth Annual Message to the Legislature. He says:

> "Important new amendments to the Social Security Act adopted by the Congress of the United States last year make it desirable that our statutes in New Jersey be likewise amended. The consolidation of all State welfare services in one State department a year ago was a very decided step in the right direction. Our present relief functions are administered according to several varying formulae, including aid to the aged, aid to dependent children, aid to the blind, and two types of general assistance. These are not only administered under different formulae but at different levels of government. This arrangement is neither economically sound nor administratively desirable."

Again he says:

> "A consolidation of our social security activities, the simplification of our procedures, and the adoption of standards consistent with those prescribed in the Federal Social Security Act, will result in a very substantial saving of money to the counties and municipalities. It will likewise result in a substantial increase in State and Federal financial participation in the various programs. Of greater importance, it will provide a better and more equitable service. (And he has an exclamation point after that, Mr. Chairman.) While I have objection to the extension of Federal grants-in-aid, to oppose this program at this particular time would hurt our municipalities without accomplishing my basic objective -- the reallocation of State-Federal service responsibilities and taxes and the reduction of Federal non-defense expenditures."

Mr. Chairman, it is obvious that some bill must be passed by the Legislature. To defer it is not impossible, but would mean the sacrifice of a considerable sum of money. Someone had to draft a bill. With my colleagues I appear here -- not, I assure you, as a group that is reaching for or expecting more power or authority. As a matter of fact, we have plenty of headaches now, and we do not need any more. But at the request of His Excellency, Governor Driscoll, we come asking your help, and that of

our friends at al levels of government, in solving some difficult problems of state-craft, which may require some slight sacrifices by all of us. And as I discuss this bill, Mr. Chairman, you will see that we have used every possible means to minimize the sacrifices, and we have not hesitated to accept, in the department, our share of the sacrifices.

The Welfare Code, which Governor Driscoll speaks about, is intended to be submitted to the Legislature in three parts: The Code of Assistance, which we have attempted to cover in Assembly 17; the Child Welfare Code, a much less complicated bill which has been introduced, and on which there will be a public hearing on the 14th of March; and a code to cover the activities of the Blind Commission.

Before commencing my interpretation of the bill, I would like, Mr. Chairman, to submit some verbal amendments, and I would ask you to take the bill and follow these amendments, because it is possible that if our suggestions on these amendments are adopted, that some persons, in fact some who may be here who have suggested the need for such amendments, may feel more comfortable about the language.

I will begin on page 4, Article II, line 6. We suggest as a first amendment that the words "and to direct" be stricken out of the bill so that it will read: "it is the duty of the State to establish objective standards for determining need and assist local units of government..."

On page 5, line 15 -- this, Mr. Chairman, is the meat of the bill, and with your permission I will come back to it a little later. But for the present, I would like to suggest the insertion of the word "needy" before the word "persons" in line 15. It will read: "help those needy persons..."

In line 27 we suggest the insertion of the word "eligible" before the word "persons", and striking out at the end of that line and the beginning of the next, "and assure", and insert the words "<u>to the end</u> that no

eligible person within the State will be denied assistance..."

In Article III, line 1, at the end of that first line insert the words, "the State Board of Control" before the words, "Department of Institutions and Agencies". And immediately following, in line 3, after the word "directed" insert the language now appearing on the next page in line 18 to 21. The result of that change will be to place the entire policy-making function of the department in the hands of the unpaid, representative, non-political Board of Control, and give them the rule-making powers. I will not bother to read those words.

On page 6, line 11, strike out the word "directing" and insert the word "assisting".

In section (d), most of which will have been transferred to the first paragraph, in line 21, strike out the word "except", and put in the word "provided", with a capital P.

In Article IV, page 8, line 2 of section 6, after the word "Department" insert "under rules established by the State Board", the State Board having been defined in the definitions as the State Board of Control.

On page 8, paragraph 7, line 11, at the bottom of the page, insert after word "without" the words, "under jurisdiction of the State Board".

At the top of the next page, line 15, insert the same words after the word "Blind", "under the jurisdiction of the State Board".

On page 10, paragraph 8, line 2, after the word "responsible" insert "in accordance with general policies approved by the State Board".

In line 4 strike out the word "commissioner" and insert the words "State Board".

In line 7 strike out the word "commissioner" and insert the words "State Board".

Now we go over to page 21. In the first line of paragraph 27

strike out the word "Department", and insert "State Board", and make the same change in line 13.

On page 28, paragraph 42, line 5, there is a mistake made in the typing. There are some people who think it isn't the only mistake in this paragraph, but it is the only one I am going to speak about now. That should be "proper" instead of "property".

On page 32, paragraph 54, at the end of line 12, the Hospital Association has suggested that the word "one", at the end of the line, be replaced by the word "three", and we have no objection to that. And they also suggest that the words should be included to provide for staggered terms of those three public members.

On the top of page 33, line 4, again insert the words "State Board" for the word "Department".

On page 37, paragraph 72, line 2, make the same change.

And the last one is on page 41 at the very beginning of paragraph 81 insert "Under regulations promulgated by the State Board and approved by the State Civil Service Commission". Then the language follows, "The commissioner shall be responsible..."

Mr. Chairman, I would like to now proceed very rapidly, as rapidly as I can, although you can well understand that a discussion of a bill that has taken us several years to compile, and has entailed several months of discussion, is, at best, a lengthy matter. I would like to show first the fundamental purposes of the legislation; second, that it is not an attack on Home Rule; third, that it does not centralize power in the department; that it is democratically conceived; that it will benefit the municipalities; that it will benefit the counties; that it will benefit and relieve some of the burden of the rate payers in those cities and counties; that it will benefit the recipients, and that it will bring some kind of order out of the present

chaotic method of making hospital payments. I will comment on one or two controversial issues in the bill. I will try to discuss the employment situation, which is naturally an important one, and will attempt to state, in as simple terms as I can, what an integrated program for the State of New Jersey should be. And then I will be glad to answer any questions which you, or anybody else has.

Now, Mr. Chairman, A-17 is not our bill. It is not our bill anymore than anybody else's bill. It is not the Bane-May bill. It is merely a suggestion to the Legislature, and to your Committee, to use as a framework for what you think is the correct and necessary legislation. This has not been a hurried job. Because the bill is dated February 12 does not mean that it has not been under discussion for many, many months. We have had conferences with the heads of departments; with legislative leaders; with the members of at least three of the legislative committees; with the Freeholders; with the County Welfare Boards; with the municipal authorities -- we refer to that as a conference -- and with the hospital authorities; with special groups of employees -- the municipal employees, the county employees, who naturally are concerned about this legislation. The bill was drafted in stencil form, and was widely circulated even before it appeared in print.

Now, there are two fundamental purposes for this bill, Mr. Chairman; one of them is to take advantage of Federal legislation, and the most important one of those Federal changes has to do with the setting up of a new category known as "The relief of the totally and permanently incapacitated". By tradition and practice in this State, categorical relief has been handled by the County Welfare Boards with a varying amount of supervision from the State department. This bill travels, therefore, on the assumption that a new category having been set up, that the same accepted procedure will prevail, and this bill provides for the operation of the fourth category by the County Welfare Boards.

The Federal law provides for payments to aged in private and public homes, which has never been possible under the law of this State, and this act remedies that omission. Many religious and sectarian homes, as well as public welfare homes, may now receive pay for the inmates of those institutions for services rendered, which they could not receive before. The bill also provides for some increase in the payment to children by the inclusion in those recipients of what is called a "caretaker", rather than the exclusive provision heretofore providing only for the mother. And it also permits direct medical payments to doctors, hospitals, and others, instead of the requirement that that should be included in the grant.

We may have to discuss at closer range a few of those changes. But if this bill is not passed, some bill will have to be passed to take advantage of the two and a half million dollars that will come to the State of New Jersey from these changes. And, Mr. Chairman, I might make the point while I am on it, that does not require that we put up an extra two and a half million dollars to match all of that. Some of that will come to us to match money we are already spending in welfare without federal contribution.

The second important object of the bill is an attempt to simplify and reduce in amount the welfare statutes of the State. I hold in my hand Title 44 of the New Jersey Code which, including the index, has 242 pages. That is where you will have to look to find the welfare laws of New Jersey, and my guess is that at least two-thirds of it is obsolete, because in one case the Municipal Aid law was completely rewritten. So you have to be careful when you look in this book that you look at the right place, or you may be reading something that is not so anymore. About 65 pages of this book comprises a county referendum law which was passed in 1931, and which is accepted by only 2 or 21 counties and, I may say, without any reflection on those counties, that they are paying surprisingly little attention to the

strict methods given in this book for the counties that have accepted it. It goes without saying that the changes that have been made in our civilization, to refer only to the matter of transportation and public communication, have been tremendous since the days of the almshouse and the overseer of the poor. We have even forgotten those names, rightly. And at sometime, if not now, if not in connection with this bill, then sometime some hardy soul would have to undertake the recodification and the simplification of our welfare laws. But there are more immediate needs.

Through traditional and historic reasons, we are operating welfare under a number of different formulas, and on a number of different levels of government. The cost of the care of the needy blind is shared by the Federal government, and the counties, and the State contributes the sum of $8500. a year. I have never been able to find out who thought up that sum, and why that has remained in the statutes year after year. The care of dependent children divides itself into two classifications. What we call "home relief", which we might, and probably did at one time, call the "Mothers' Pension Act", and which existed, to the credit of this State, before the establishment of Social Security, is administered by the State Board of Control, through its Board of Child Welfare, with formal reference to the County Welfare Boards. The counties, nevertheless, having deducted what the Federal government pays, share equally in the cost of home relief. A differential in the amount paid by the Federal government results, however, in a division of cost in home relief of about equal thirds between the county, the State, and the Federal government. However, that large section of child welfare, which we refer to as D.C.D., but which really has to do with the type of cases coming to us from the courts, has also been administered by the State Board of Child Welfare, and we conceive, Mr. Chairman, a very substantial difference in those two types of activities.

In the home relief we are seeking to maintain, and support, and preserve the home, by paying to the mother or some other caretaker a sufficient amount of money to keep those kids in their own home. This bill provides for the transfer of that assistance function to the County Welfare Boards. That is a logical bit of decentralization which this bill provides for. On the other hand, this bill, in its companion legislation - the Child Welfare Bill - preserves to the State the operation of the other part of child welfare, because in that type of legislation we are taking children from the court, where the home has been interfered with, and the home has been broken up, and a new home - a foster home, or with a relative, or as a result of an adoption - must be prepared for that child.

Now, we already have three separate methods of determining assistance. Under the present law, although the counties having practically nothing to do with this second class of child welfare, they pay half of the cost. This bill relieves them of that cost, and puts the total cost of that type of child welfare on the State, and the total administration of it in the State Board of Child Welfare.

Now, in the operation of the Old Age Assistance Laws, the work has been done by the County Welfare Boards under regulations, under a budget manual, and other suggestions, made by the Department of Institutions and Agencies. The checks for the old age assistance are made out by the County Welfare Board, and distributed by them. We certify each month a total amount of money which goes to the County, and the County Welfare Board distributes it. They pay on that amount, normally, 12½%; the State pays 37½%, and the Federal government pays 50%. Now those figures are general, and are subject to change on account of Federal ceilings. This bill changes that allotment so that the County and the State bear equally what the Federal government does not pay. Throughout this bill that is the standard

formula set up for all categories. And all types of assistance, and all categories, except the blind, which is a very small one, will be handled at the same county level by the same board, with supervision only, and nothing in the public assistance act will result in any actual administration of relief by the State Board.

At the same time that there were different methods of operation in these three categories, there were still more differences in municipal aid. In the case of municipal aid - which includes two types of cases now, what they call short-term cases, and what the Governor refers to as "emergency assistance", and what we call long-term cases, and which now at least some of them will be classified under this fourth category - payment has been made by the State on the basis of a variable formula which can be anywhere from 40% to 60% on county settled cases. The State can pay 80% on State settled cases, which have no local settlement, and if a city does not want to operate relief, under the present law it can make a contribution to the State of a small percentage of its ratables. And the State can, and does, and has operated local relief entirely in those cities, which amounts to 16 of those cities now.

Now, you can see, I think, Mr. Chairman, in addition to the need for some kind of codification of the law, that our practice is confusing. We understand it, because we here have grown up with it. It does not seem too difficult to us, but we can well understand that a recipient and his family might well be bewildered by this assortment of varied boards and places to go. We are anxious, so far as we can do so, to simplify that situation, and that is the second purpose of this bill.

Now, I said that I thought I could establish that this was not an attack on home rule. Well, you know, sometimes I just don't know what home rule is, Mr. Chairman, or how big the home has got to be, or how confined

and local a division of government must be to qualify for home rule. But certainly, we do not question, and never have questioned, the validity of that human emotion which says that we, the neighbors, know more about the needs of our other neighbors than anybody else. We may know more about them, and in many cases they handle them much more intelligently. The only attempt in this bill to interfere -- and I suppose that might be challenged -- but the only point in this bill that seriously interferes with the operation of welfare is in the transference of the fourth category from the operation of town and city relief to the counties. Outside of that the option still remains in the municipality to exercise or to perform the functions of general assistance. Now, there are about 10,000 cases on general assistance now, and our estimate is that about from 2500 to 3000 might qualify under this fourth category classification. Bear in mind, there are 566 -- 567 municipalities -- I had yesterday's figures -- and 200 of them do not participate in any State aid whatever. Whatever local relief they have, they know about it, and they handle it. Of that number, as I previously stated, 16 have turned the whole matter over to the State.

We have shown later in this bill, Mr. Chairman, the extent to which we have gone, and are willing to go, to preserve the rights of employees who, through the operation of the provisions of this law, may have to make a change in their employment, or perhaps, forego employment. And if there are any methods that we have overlooked, we would be very glad to have somebody suggest them. We suggest that in determining the effect of this bill upon the local communities, that we must not only take into consideration what happens to the employees, but also the taxpayers, and the citizens, and the general public, and the recipients themselves.

There seems to be some unexpressed fear that to operate four categories instead of three will cause some change to be made in the operation

at the State level. For 16 years the County Welfare Boards, and the State department have been operating 80% of the welfare in this State, and I will match the record of that against any State in this country. When I compare it on two levels, the amount of money we are spending, and the amount of appeals that are made for hearing at the department level -- and I see these figures as they appear in States throughout the country -- I will maintain that position against any challenge that welfare in this State has been economically and humanely administered.

The only other point under this heading that I care to make is that the Federal government just does not give us this money, and say "Do with it what you want". They compel us to submit in advance a detailed statement of how we propose to spend that money, and in the legislation there appear certain items which must be covered in that plan, or the receipt of this money is jeopardized. We have carefully gone over the requirements of the Federal government as they appear in the legislation, and as they are being interpreted by Social Security, and we confidently believe that the 567 towns of this State would find great, and almost insuperable, difficulty in giving to this unfortunate class of people the type and quality of service which they deserve. If it becomes an issue, I will be glad to submit letters that we have from the Federal government outlining exactly what those requirements are - one of them being a state-wide adoption of a merit system as a prerequisite to receiving matchings on the fourth category.

Now, this matter of an attack on home rule naturally verges on similar criticism that is reflected in the public discussions and elsewhere that there is too much centralization under the bill. Well, with the amendments that I have read to you, Mr. Chairman, and which I hope will be adopted, and with the setup that now exists, I do not see how there will be

any centralization. We do not make visits to old age recipients. The work of administering the welfare laws will be done by the County Welfare Boards and by the municipal welfare boards.

You, I think, Mr. Chairman, know how our department is set up. We have an unpaid board of nine people appointed by the Governor, non-partisan, who set the policies for the department. I am just their hired man. Well, the same is true of our agencies and institutions such as the State Board of Child Welfare and the Commission for the Blind. There is a board of seven at the head of everyone of our institutions, so we have 156 citizens who really set the policy of our department, and who should be alert to prevent any undue exercise of authority.

The bill provides, of course, for supervision. How could it do otherwise? On behalf of the Federal government, there must be supervision. On behalf of the State government, the State is to continue to pay its share, and increase its share under this bill, of about three million dollars. Certainly rules and regulations must be made, and supervision must be undertaken. But there is a very great difference between supervision and centralization of effort. As I have stated before, we have not centralized the operation, but we have decentralized this large category of home relief into the counties, all under rules made by the State.

I stated a moment ago that our operations were economical. I would like to leave with you just two little figures. Sometimes I do not know whether to be proud of them or not, but if the Chamber of Commerce is here, they can be proud of them, because last year do you know what we paid for old age assistance in the State of New Jersey -- an average per capita cost of $2.87 -- the cost of one ticket to a second class theater. First class theaters cost more than that, don't they? Two dollars and eighty-seven cents.

The country-wide figure for that same expense is $9.51. I don't know whether to be proud of that or not. The number of old age persons in the assistance rolls in New Jersey is 6.6%, and the figure throughout the country is 21.4%, and the figure in Louisiana is 83% of all persons over 65 years of age on public relief.

I prefer to look at this bill, Mr. Chairman, and I have earnestly hoped that our friends will look at it, as a partnership bill, with the State paying out the money from the Federal government as it comes to us, and all of us meeting together, as we have done repeatedly in the past, to make up rules and regulations that are satisfactory to everybody. The budget manual under which we make a standard set of regulations now was under consideration by the County Welfare Boards for nearly two years, and committees from the counties sat with us and helped us contrive the setting up of this type of standard. That is what is presumed under this bill.

Now, let me run through, as briefly as I can, who this bill benefits, and how. It will benefit the municipalities because it will take over, under the skilled professional and medical leadership that the State can provide, the operation of this difficult fourth category of sick and ailing people. It does not require them to give it up. They may keep the rest of municipal assistance as long as they want to, but the bill would be wrong if it did not offer a method whereby a city could be relieved of emergency assistance if it desired it, and this bill offers that method. If the city does not see fit to relinquish it, they pay the cost with State assistance just the same, and they are relieved of paying their share of the county cost if they retain the work.

It will save too the rate payers, and in saying rate payers, I do not distinguish between communities and counties. The county gets its

money from the towns. It saves the rate payers six million dollars a year. Now, it saves that in several ways: by assuming part of the cost of the fourth category; by relieving them of the cost of these adoption and court cases for children; by relieving the counties, and therefore the cities, of the cost of the blind; and it pays one-half of the cost of administrative services, which has never been paid before. This bill, for the first time, undertakes to not only pay half of the cost of municipal aid, but half of the cost of administering it. It also provides that they would not have to wait six, seven, eight, nine, or ten months for their money, and then get it on the reimbursement basis only, after it has been audited. This bill provides that they will get their money in the same manner the counties have heretofore gotten it. Under categorical assistance, they will get it in advance.

Now, Mr. Chairman, I find it difficult to understand the reluctance of our municipalities -- and when I say municipalities, I refer to everybody in the municipality -- to accept this legislation with alacrity. I have some figures here which show the relative burden which is borne by cities, counties, and towns in the country. In New Jersey the localities bear the highest percentage of welfare of any of the 48 States in the country today -- 34%. The country-wide average of costs attributable to welfare on the localities is 10%. In other words, the difference between an average of 10% contribution by the localities to the cost of welfare, and the 34% prevalent in New Jersey, is the extent to which the municipalities and the counties are over-paying in this State. This bill attempts to relieve some of that burden. It will rectify it by somewhere between five and a half, and six million dollars annually.

I believe, likewise, this bill will benefit the counties. In the first place, it will simplify the formula. Everything now is 50% county, and 50% State, having taken out the Federal government. It will relieve them the cost of D.C.D. It will reduce the cost of home relief, and those two reductions will more than balance the slight increase in their share of old age assistance. We have confidence that the County Welfare Boards who have, throughout these years, shown frugality and humanity in the operation of these categorical welfare laws, can accept this fourth category with very little increase in personnel, and that whatever we save at the State level in the reduction of our own personnel might, perhaps, fill up some of the needs that they have in the counties for extra staff.

Now, the counties not only are relieved of the cost of part of child welfare, but they are relieved of the cost of paying anything toward the care of the blind. And they take over, as they have so often asked us to arrange, the joint administration of the three great categories, old age, home relief, and this new fourth category.

We think that another great benefit from this bill to the taxpayers of the localities is covered under those provisions. Last year they paid over two million dollars -- two million, three -- outside of what they paid for their own hospitals, they paid a million-five, or six, to the non-profit hospitals of the State. They paid that as a result of certain laws passed in 1931. Mr. Chairman, we are satisfied that those payments, while they have undoubtedly helped those hospitals out of a very serious financial condition, were illogically made.

This bill sets up a new formula whereby the government will pay for persons who are governmental responsibilities, and nobody else. They will pay for them on a welfare basis after a certification by a welfare authority, either county or city, that they are in need of assistance. And beyond that,

I must confess, I don't see how far the government can go. It has this important change, Mr. Chairman, that as it is at present, the counties and cities get absolutely no contribution for that four million dollars. When the same amount of money that is paid to the hospitals is paid as welfare, the State will pay its half; and to the extent that this fourt category group will be sent there, the Federal government will pay its share, and old age as well. So, that even assuming that the net cost is the same, there should be a tremendous relief of the tax burden in those counties.

Now, we have attempted, under this bill, to keep within the counties the initiative and the independence which has existed all these years; to put no new authority upon the State, and if anywhere in this bill it appears that new authority or new responsibilities are taken over, if somebody will call it to our attention, we will take it out. This will benefit the towns and counties, and I think I have said enough to show that it will also benefit the taxpayer in these towns. I am satisfied that it will benefit the recipients. At least they will know where to go; they will have one standard known to everybody throughout the commonwealth; there will be no possibility of discrimination of any sort. The residence requirements are reduced. We will pay less attention to these archaic settlement laws, and we expect that under this bill prompt action on appeal will be possible for every disputed case. I think the bill will benefit the general public also, because so many times I have had people say to me: "What is the public welfare policy of New Jersey? Where is it written down? Where do I go to find it out?" Well, I give them this book. We think we have put in this bill, at the very beginning, a clear statement of what that policy is, and in a moment, as I close, I am going to read it.

I want to say one more thing with reference to the hospitals.

While they may not be paid for as many people as they are being paid for now -- that is a possibility, I don't know -- they will, under this bill, be reimbursed for what that patient cost the hospital, and that cost will be determined by this board of five or seven people representative of all interests. So what the hospitals may lose as a result of the bargain rates that they have had to make with the Freeholders, they may gain when they get their full pay for all persons who are, or are to be determined, a governmental responsibility.

Now, I said I would refer to two or three controversial items in the bill. I do not know whether there is still a feeling that this bill is not in the interest of the municipalities, but I call your attention to the fact that there is a substantial body of opinion in this State that the municipality should be entirely relieved of welfare. This was the basis of the so-called Bane-May report. That is the stand which, perhaps, will be taken here today by some groups. We do not go along with that view. We believe that so long as a municipality desires to continue, they should have the right to do so, and only if and when - and we give them repeated options to come in or stay out, or come in again - should they be deprived of the privilege of carrying on local welfare, we have set up in the bill provisions for referral offices for the taking over by the County Welfare Board of municipal offices wherever that seems to be the wise thing to do.

Another controversial item will appear on page 6 -- I don't know whether it is controversial or not; I have heard comments on both sides. However, we have inserted in this bill, on line 21: "....except that no rule shall be established which will bar assistance to any needy person solely by reason of the fact that he is involved in a labor dispute;..." Now I take it that that will be a part of this bill that will be decided by your Committee and the Legislature. Whether it is in or out, I want to say that

the department will be governed by one consideration, and that is need. If a person qualifies under the general terms of the bill as needy, and has no resources, he will get it, and we will attempt to make no preference or prejudice as a result of any extraneous matter whatever. Whether it goes in or whether it stays out, we have put it in. You may decide to leave it in; you may decide to take it out. Whatever happens, we are going to try and be impartial on the matter in any event.

Now, the only other point has to do with page 28 -- the matter of reimbursement. You would almost think, Mr. Chairman, after the discussion on that, that it was the only thing in the bill. I might make this explanation: We have had in the statutes, ever since the beginning of old age assistance, a provision that we might take a reimbursement agreement, file it in a public office, and use it to recover back the money that we paid. Now, we have never had municipal aid until last year, and, of course, we have never had the fourth category. We have never used this license even in connection with children, because we do not believe that children are sui juris, and they cannot make agreements binding on themselves. And we are not anxious, in this bill, to include child welfare in this category. Last year we collected back $50,000 net as a result of this lien. That is almost enough to pay the total administrative cost of old age assistance in this State.

Now, most of the folks who have expressed an opinion on this lien are not anxious to change that situation. I will say that much. The disputed point comes on whether the lien provision should be extended to general assistance and to the fourth category, and whether any special restrictions should be placed on it. Several other States in the country are having and have had several illuminating experiences in relation to the

lien law. There is a long account here of an occasion in Indiana when the lien law in old age assistance was repealed, and the number of applications increased 45% in one year. Two years later when it was restored -- I am quoting from the article: "During the eight months of 1947 that it again became effective, an amount in excess of $1,430,000. was saved in discontinued assistance grants and in reduced rates of application". Now that again is old age, and I cannot predict, in terms of actual dollars, what this would mean in the matter of general assistance or assistance for the fourth category. It is not so much a matter of money; it is whether or not this provision will give a man a chance to carefully think over the matter when he signs this reimbursement agreement as to whether he is going to need the money, or whether he can get it from some relative.

Now there again, I think that fundamentally your Committee will have to decide this issue. In any event, I take it you are not going to disturb the existing lien. I will admit that under a careless or heartless administration -- and that I deny that we are or that the County Welfare Boards are -- that some persons might be victimized. It is possible that this lien agreement could be used to jeopardize a man's job. But who wants to jeopardize his job when we once got him off relief and got him into a job? Where is there a welfare worker that, for her own satisfaction, would like to file an agreement so that he can lose his job? Now, I admit that there is a possibility of misuse. Perhaps there is a possibility that we can cover the problem of abuse and still save this very convenient tool for the County Welfare Boards to operate with. We are not of a closed mind on the matter. If this Committee understands that it is a question of dollars and cents, and can see some way to limit the operation in the case of general assistance, we would be glad to go along with it.

I am not going to take the time to refer to these rather complicated employment provisions. We have had many conferences with the union and with the municipal welfare associations. Wherever we can, we have adopted their suggestions. Naturally, there will have to be some sacrifices by means of transfers, and by means of placement in a special category, but we think we can absorb, one way or another, practically every person whose job is jeopardized. If not, we are likewise ready to recommend the establishment of a reemployment list giving priority for these people over all other persons on that list. And if there is any further safeguard we can take, we are prepared to do it. We cannot save administrative costs, and at the same time keep everybody in the same job that they are in now; but it is possible, with a shifting about, that many of them, and most of them, will be absorbed.

In closing I want to read, in answer to this question, "What is New Jersey's welfare policy", the statement in the bill.

> "....the maintenance of a minimum standard of living compatible with decency and health for all persons in this State is a special matter of public concern and a necessity in promoting the general health and welfare...."

Now, that is straightforward.

> "....it is the duty of the State to establish objective standards for determining need and assist local units of government in maintaining and operating a State-wide program whereby persons in need, while resident in this State, who are unable to provide themselves with such minimum standard of living and who are not otherwise so provided, shall be afforded the opportunity to apply for assistance...."

Now, bear in mind, Mr. Chairman, it does not say that every person has a right to assistance; it says that every person has the right to

apply for assistance, "....pursuant to the provisions of this act...."

"....the standards, rules and procedures shall serve to

(1) help those needy persons, who can be so helped, to become self-supporting...."

That is the number one consideration, and it is because we have emphasized that over the years that our record is down where it is in comparison with other States.

"(2) provide those persons who cannot become self-supporting with the opportunity to maintain a decent and healthful standard of living; and

(3) strengthen and maintain the integrity of the family unit and the social and economic responsibility of the family to its own members and to the community; and

(4) utlize and integrate to the fullest extent reasonably possible ...the personal, family, and community reasources which are available and which can be made available....and

(5) assure equitable treatment to eligible persons throughout the State to the end that no such person within the State will be denied assistance solely by reason of any residence, settlement or citizenship requirement, other than as herein provided."

Mr. Chairman, I submit that, while we have not a perfect bill, we have submitted it only to you as a framework to work on, and we are still willing and anxious to hear suggestions from the group. Here is an opportunity that many of our friends in this room have waited for for years, and years, and years. Here is an opportunity to enact, with your help and the help of these people, a modern, comprehensive, welfare code. And I am satisfied that our friends at all levels of government, in private as well as

public agencies, are prepared to make their share of whatever small sacrifices are necessary to bring this about.

Thank you very much.

MR. CAVINATO: I must say, Commissioner, that you certainly made a very complicated subject as simple as it could possibly be, although I know that even your masterful explanation cannot wipe away some objections. I know that you have contributed a lot in making this matter clearer and more understandable to all those who are interested, including the members of the Legislature.

Now I certainly want to give preference to the co-sponsor of this bill, Assemblyman Shershin. He just asked a while ago if he could ask a few questions of you..... Now, Assemblyman Shershin, you want to ask Commissioner Bates some questions. Commissioner, will you please respond to the questions that Assemblyman Shershin wants to ask.

MR. SHERSHIN: Through you, Mr. Chairman, I call the Commissioner's attention to page 30, paragraph 50. I am wondering if you might simplify that legal language into lay language so that I might have a clearer picture of what the intent of that paragraph is.

COMMISSIONER BATES: Well, this is to take care of the rare case where we come into the possession of money of which we have no knowledge of the ownership. Mr. Dowdell tells me that on a certain occasion a package of bills was left in the welfare office -- of all places to leave money -- and they did not know what to do with it. This bill merely provides that it shall be credited out in the same proportion as the monies have been received in that office, that is all.

MR. SHERSHIN: May I press my point further. As I read the section, it says that the monies, or any funds that come into the legal possession of the agency "not donated and dedicated for a specific lawful purpose, not due

and owing (not due and owing, I repeat) to any recipient or to his estate."

COMMISSIONER BATES: That is right.

MR. SHERSIN: Do I read from that that if there is any overage beyond that amount due the estate, or reimbursement, that one would have to prove that there is money due to an estate, or would it automatically fall to the heirs of law and next of kin?

COMMISSIONER BATES: If we can find out who owns the money, of course we give it back. If we can find any heirs to the money, of course we distribute it to the heirs. But there is that case I mentioned where it has not been left for any purpose, not to be put to the credit of any pargicular recipient, but just appears there as either lost money, or money that has been turned in as conscience funds. In those cases, this provision is in here.

MR. SHERSHIN: Where there are no heirs or next of kind that can be found?

COMMISSIONER BATES: Instead of turning it into the State, we divide it up in the same proportion as between the local government and the State. You can take it out if you want to. I don't care.

MR. SHERSHIN: In reading paragraph 49 and paragraph 50, I see clearly what 49 says; that where you have a sale, and there is any overage from the sale beyond the amount due, then that will go to the estate. I was wondering whether paragraph 50 contemplated --

COMMISSIONER BATES: All this does, if that ever happens again, which maybe it won't, is to divide it in this ratio instead of having it go to the State, that is all.

MR. SHERSIN: Well, Commissioner, I must again call your attention to line 4 of paragraph 50. It says, "...not due and owing to any recipient

or to his estate pursuant to section forty-nine." Section 49 contemplates a sale of realty, and if there would be an overage in the sale of realty it would go, according to section 49, to the heirs or to his estate. However, there is no sale contemplated in section 50. It would be probably money, or a gift given outright to the State at the time that the reimbursement agreement is made. Now, I am wondering whether the language in there is clear as to whether the overage would go back to the heirs at all, in particular reference to section 49.

COMMISSIONER BATES: Section 50 was intended to differentiate it entirely from section 49. If it was due the recipient, then this disposition would not be made. It is only in case it is not due him or his estate that this disposition is suggested.

MR. SHERSHIN: Has your department made a survey to determine the total number of personnel throughout the State that would be affected by this change?

COMMISSIONER BATES: Mr. Engelman has had a good deal to do with that phase of the bill. Maybe he can answer that.

MR. IRVING ENGELMAN (Dept. of Institutions & Agencies): There has been no actual survey. The bill itself calls for s survey to be made. We know, of course, how many persons are now employed by the County Welfare Boards. We know how many persons are employed by the State department in those branches of the State department that related to these activities. We do not know exactly - and as far as I know, no one does - how many people are employed at the municipal level in administering general assistance. We believe that at the present time, throughout the State, there are approximately 900 persons employed at the municipal level in administering

general assistance. Now, when I give that figure of 900, many of those are part-time. Some of them are completely volunteer and receive no payment whatever. No exact figures are available, however.

MR. SHERSHIN: Has there been any study made as to the number of personnel that would be required under this reorganization plan?

MR. ENGELMAN: That will depend, Mr. Shershin, on the number and identify of the municipalities that elect to continue a municipal operation. The more municipalities that elect to continue a separate municipal operation, naturally the more total employees there will have to be.

MR. SHERSHIN: Another question through you, Mr. Chairman, to Commissioner Bates.

Prior to the drafting of this bill, or at any time thereafter before the printed bill was actually dropped into the hopper, did your department confer with the Civil Service Commission to determine what their feelings were with respect thereto as to civil service employees?

COMMISSIONER BATES: Yes we did.

MR. SHERSHIN: With the Commission itself?

COMMISSIONER BATES: Not with the Commission.

MR. SHERSHIN: I should be referring to the Civil Service Association.

COMMISSIONER BATES: We talked with Paul Stafford, who is now in the Governor's office. We talked certain phases of this bill over with staff members in Civil Service. Are you now speaking about the Civil Service Department or the Civil Service Association?

MR. SHERSHIN: The Civil Service Association.

COMMISSIONER BATES: The Civil Service Association has had representatives in our office. I know we had a long letter from them

sometime ago asking some questions, which we answered, and offered to hold conferences. I myself did not sit in on any of the conferences with the State Civil Service Association; but the very men and women who are most interested have been to the office on several occasions. As late as last Wednesday we had half a dozen of the employees in and we went over this bill line by line, and item by item.

MR. SHERSHIN: Would you say, Commissioner, that the civil service status of the present employees engaged in welfare work on a State, municipal, and county, level are protected under this bill?

COMMISSIONER BATES: Yes sir.

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(Following is a statement presented by Commissioner Bates at the conclusion of the hearing)

I would like to refer, as rapidly as I can, to Mr. Goff's statement. We did get a letter from Mr. Goff. We answered it, and we told him what we were hoping to do, and we did see groups of employees. Now, if we did not see the particular group that Mr. Goff represents, and if there was any discourtesy in not answering his letter, I apologize to him. We have had, in our office, as many as two or three meetings a day trying to meet these objections as the bill went along. Mr. Goff's statement graphically illustrates one of the great difficulties in this bill. It illustrates first the difficulty of complying with federal laws at the municipal level; and

secondly, it illustrates the difficulty that we are under now in trying to take care of these existing welfare employees who are not under civil service, and at the same time give preference to all those that are under civil service.

I have tried to carry water on two shoulders, but it is hard to carry it on three. If it is possible to work that out, that is what we are here for, Mr. Chairman. But in these sections where we have been requested to include the statement "subject to existing civil service law", we cannot do that, and at the same time give preference to these employees who are not in and under the civil service law. I cite that merely to show that while this is possible of settlement, it presents a very difficult problem.

The second point is on this section 11. I think we know when we are licked, and it looks as though we are licked on Article 11. We have submitted to you the alternatives. I feel sure that I can assure these good people who have come here and conscientiously voiced their opinion on Article 11 that we can reconcile that language. We can come to either alternative two, three, four, or five -- I do not know about one -- and thereby gain the support of that group.

Now there is only one more thing I want to say, and that is with reference to the hospitals. There has been no disposition on the part of this department to make any encroachment or inroads on any private organization. This section, some of which had been written by my friend Ralph here, and Dr. Landrigan, represents sort of an aspiration, Mr. Chairman, or a sort of future program; but they are all governed by that preliminary language, "to the extent now or hereafter vested in the department by law". Now, maybe we should not have said that. Maybe we should not have looked

forward to the time when the Legislature would want to do something different than they have done. And as far as that goes, that can go out tomorrow. That language that was read both by Ralph and the Doctor is not of present significance. If they think that it is, then the best thing to do is to take it out and remove all doubt.

This question of home rule for hospitals, and in fact, this whole question of home rule is involved with a great many other things. If the municipalities of the State want to pay all the expense of their welfare, who would interfere? If the hospitals were today making both ends meet, they would not come to the Legislature and ask for help. They today are about two or three million dollars in the red in this State, and the moment that the public is brought into a question like that, somebody in the public must set up the terms under which that money is to be granted.

My department, with the commission of hospital men, has allotted about thirteen million dollars of federal money to the public and private hospitals of this State. That has been done by a commission, and in no case in the three years of the operation of that program, has our department made an allocation that was not supported by that non-paid hospital board. The licenseing of hospitals, placed in our care in 1947 by the Legislature, has been conducted by a licensing commission on which there are two hospital men, and my friend, Judge Rafferty, acts as chairman of that commission. In no case has the administration of hospitals differed from the recommendation of the licensing commission.

I cite those things to show, not by empty words, or by words written in this bill, but by the performance of the department, that we have no ulterior designs upon the hospitals. The community is dependent upon them. When the Legislature puts in the hands of the department the important question

of licensing, we try to meet it, and meet it in a straightforward fashion. And when it comes to our attention that we could get Federal money and State money to match part of the money that the Freeholders are now paying, to the amount of four million dollars a year, we would be faithless in our duty if we did not call that to your attention, sir, and to the attention of the people who are paying that money to the hospitals - not with the intention of cramping the hospitals, but with the intention only of determining the question that they have asked us, "Who is going to pay for the charity welfare cases in our hospitals?" Our answer is: We will treat them as welfare cases, and we will let an impartial commission decide how much we shall pay, based upon your statements. And when we do that, we will get these contributions, and until we do that, we won't get them.

I can see nothing in the bill to justify the implication that there is any intention on the part of the department to interfere in the management of private hospitals. If we had that intention, we should have done it in the last three or four years when we had this licensing law.

And so, Mr. Chairman, I want to say again that some bill has got to be passed. It may be a long and tedious and involved job to get the kind of a bill that everybody can agree to. Some people want the same thing in that others want out, but I believe it can be done. I believe that with the patience and with the assistance of all these folks, we can bring a bill out that everybody can support and that the State of New Jersey can be proud of. I thank you, sir, for your very patient listening, and I hope you will permit us to continue to work on this problem with you.

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