
Public Hearing

before

SENATE JUDICIARY COMMITTEE

SENATE BILL No. 2363

(*“Uniform Interstate Family Support Act”*)

and

(*“New Jersey Child Support Program Improvement Act”*)

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: January 6, 1998
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator William L. Gormley, Chairman
Senator John O. Bennett
Senator Louis F. Kosco
Senator Raymond J. Zane

ALSO PRESENT:

Senator Wayne R. Bryant
District 5

John J. Tumulty
Office of Legislative Services
Committee Aide



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TABLE OF CONTENTS

	<u>Page</u>
William Waldman Commissioner New Jersey Department of Human Services	1
Theodore J. Fetter Deputy Administrative Director Administrative Office of the Courts	23
Ann Bartlett First Vice President New Jersey State Bar Association	25
Nancy Goldhill Senior Attorney Legal Services of New Jersey	37
Lois Cuccinello Co-Chair Judiciary Council of Affiliated Unions	44
John Loos Legislative-Political Coordinator Communications Workers of America, AFL-CIO	53
Ciro A. Scalera Executive Director Association for Children of New Jersey	63
Marcia Schiffer Child Support and Paternity Coordinator Passaic County Board of Social Services	65
W. Stuart Cameron Executive Vice President and Director of Government Relations New Jersey Bankers Association	68
Alisha Griffin	

TABLE OF CONTENTS (continued)

	<u>Page</u>
Assistant Project Director Child Support Transition Project New Jersey Department of Human Services	69
Bear Atwood Representative National Organization for Women-New Jersey	73
Irene Von Sylewitz Former President and Member National Child Support Advocacy Coalition	75
APPENDIX:	
Testimony submitted by Commissioner William Waldman	1x
Testimony submitted by Ann Bartlett	4x
Testimony submitted by Nancy Goldhill	11x
Statement submitted by John Loos	14x
Letter plus attachments addressed to Senator William L. Gormley from W. Stuart Cameron	16x
dmt: 1-84	

SENATOR WILLIAM L. GORMLEY (Chairman): Sorry for the delay. I would like to welcome everyone to the Committee hearing. We are going to review Senate Bill S-2363.

I'd like to welcome to the Committee for today Senator Bryant, who is cosponsoring the legislation with me.

What I'd like to do is first call up Commissioner Bill Waldman of the Department of Human Services.

COMMISSIONER WILLIAM WALDMAN: Good morning. First let me introduce my Deputy Commissioner, Velvet Miller, to my right, and Debbie Bradley to my left.

Mr. Chair, distinguished members of the Committee: I appreciate this opportunity to testify on a matter of critical importance to the families and children of this state. Mr. Chair, I want to commend you and Senator Bryant, personally, for your leadership on this issue of child support enforcement and your sponsorship of the legislation that is before your Committee today.

Very simply, the goal of this legislation is to collect more child support and collect it more quickly on behalf of children and families in New Jersey. A more effective and streamlined system will strengthen the safety net for those served in the new time-limited environment for welfare and prevent the need for welfare for many families. As welfare is now a block grant, every dollar collected for a family on welfare or for one who might otherwise need it is a dollar less of cap taxpayer funds that we'll need to spend on public assistance. Fundamentally supporting children should be a primary responsibility of parents. This legislation will make sure that the New Jersey parents fulfill this personal responsibility.

The proposed legislation, if you look at it one way, has two distinct themes or components. The first concerns compliance with the Federal welfare law, the Personal Responsibility and Work Opportunity Act of 1996. These are required, and these requirements are reflected in the bill before you and provide us with powerful new child support enforcement tools. With this legislation to tell you what is federally required, we will have more effective ways to locate absent parents, such as the establishment of a new hires directory for business and industry and all employers matching with the records of cable television companies; improved procedures for genetic testing and establishing parentage; ways to improve collection rates such as matching with financial institutions to identify bank accounts for absent parents who owe significant past amounts due in child support; and it will get the money distributed faster through initiatives such as centralized collections. It would also build on the existing laws that deny professional and driver's licenses to people seriously delinquent and add recreational licenses such as boating and fishing, hunting to that list.

Also, the bill implements some very important provisions of Federal law dealing with the Interstate Family Support Act. It's called UIFSA. It is federally mandated. It will make a significant difference in our ability to collect child support in interstate cases. No longer will absent parents be able to avoid the jurisdiction of New Jersey courts by simply moving to another state.

Let me give you an example of how this would work. If an absent parent is subject to a New Jersey order and moves to Florida, New Jersey under this child support provision will now be able to go directly to the Florida

employer and establish automatic wage withholding. That is something that we can't do now that the interstate law will permit us to do.

These Federal parts of the bill before you must be enacted into law and implemented by April 1, 1998 or the State of New Jersey faces extraordinary Federal penalties involving tens of millions of dollars. In order to meet this Federal deadline and avoid these penalties, it is my judgment that these provisions must be enacted this session if we are to have sufficient time to meet the Federal standards for implementation.

The second theme or component of the legislation--

SENATOR GORMLEY: Excuse me, before we get to the second theme. Senator Bryant-- For those who are here, to clarify what direction Senator Bryant and I are going to recommend -- and I would like him to add his comments -- the first portion of the testimony by Commissioner Waldman relates to what is mandated by Federal law. Senator Bryant and I will work out, today, those portions from the existing bill that deal with those mandates. There will be a series of bills, committee substitutes that will be listed on Thursday that would fulfill our requirement under the Federal mandates so that we are in compliance and don't accumulate any penalties by April 1.

In terms of the second portion of Commissioner Waldman's comments, the portion dealing with reorganization, if you will, of departments and divisions throughout the State of New Jersey in terms of collection, what we would do is have a draft, then prepared, of another piece of legislation. It would be considered in the next session. Everyone here today, and anyone interested, will get a copy of that draft, and we would seek as much comment and input as people would like to give regarding that concept. And if they

have a better way to do it or achieve it, please tell us. We are more than happy to look at any alternative mechanism which achieves the goal. The goal is to collect more child support.

The bottom line, increase the amount of collections in this state, and there is no single repository of wisdom in terms of how that can be done. There are many fine employees who, over the years, have quite frankly been frustrated by either the lack of coordination -- which I think is Commissioner Waldman's goal and the Department's goal -- and frustrated by the amount of the inability to have, shall we say, the type of sanctions that now are provided on the Federal level.

I ask Senator Bryant now to make a comment.

SENATOR BRYANT: Thank you, Mr. Chairman.

Let me first congratulate you on having the understanding, along with administration, that enacting the Federal regulations has required -- it really came out of the welfare bill, because the second part of making sure that a child has its support is having to support a piece of it. It is very important and very complicated, but we need to make sure that the Federal mandates are in place so that we can collect not only the dollars of Federal government, one, what we're is service for the families and most of all the children. But as those areas which may go beyond that, we need to look at how we can even do better than what the Federal government has stated, and that ought to be in a process where everybody has an opportunity to be heard as to how that should be done and where it should be done.

I want to basically reiterate what the Chairman said so that it is very clear that what we plan to do is to divide it into a couple of bills, as I

understand it, that deal with the mandates that this Federal government is requiring us to do so that we do not lose any important funding from the Federal government. Those mandates must be done by April 1. You can't do them overnight. So in essence, if we don't do it now, then we will lose that opportunity to have them in place by April 1. So we would have to get an opportunity for that to be done. But that is what we are going to restrict it to, at this point in time. And for the other matters, I think the Chairman is absolutely right, if we send out a draft bill showing those other consolidations that we might want to do and get comment on it.

But I also want to reiterate what the Chairman said, we want to do this expeditiously. In other words, it's not something that we want to do to take us a year to get done. Hopefully this Legislature can do this in a very timely fashion, right after the beginning of the new legislative session.

SENATOR GORMLEY: I appreciate that, and one of the major concerns in all of this is that the more you realize it, the more you get into the legislation is the complexity of what is being dealt with. Senator Bryant's suggestion to divide this in not just two bills, but possibly three or four bills is designed so that not just those people in the room who deal with these acronyms on a day-to-day basis and are the few people that sometimes are able to understand what this is that is being cross-referenced, so that the public, the Legislature, and people understand what this is about, especially those New Jersey consumers -- and that's what these people are, people who pay taxes and are consumers in New Jersey and want to have the system work for them to collect what they are owed under the law.

We want to see, as best as possible, as many people understand what we are trying to do here because I think anybody-- It wasn't the intent of the bill, but I have to be the first to admit, you could get lost in the reading of it, at a point or two. It wasn't exactly-- It was a cross-reference to *War and Peace*. (laughter)

Commissioner, now what we are going to do, though-- Now we are going to have the Commissioner go over what the draft legislation will be that will be sent out to get an idea of it, because we don't want people to have to bifurcate their testimony. We want them to bifurcate it when they get up here, but we want them to give both portions of how they feel about what is going to move now and what prospectively is going to be considered.

Commissioner.

COMMISSIONER WALDMAN: Thank you, Senators.

Let me then speak to the second part of the bill, as the Senators indicate will be sent out in draft form. We are trying to address the issue that the current method or system we have that collects child support today, the administrative aspects of it, involve 1700 employees that work in five different bureaucracies in two levels and two branches of State government. What this second part of the proposal speaks to is creating a unified, single-purpose administrative entity, a division of State government in the Department of Human Services, whose sole responsibility it would be, through a unified chain of command, to take care of the administrative aspects of enforcement.

There is a very difficult balance here that we work very hard to craft. One is there is a very important residual, ongoing role of the Judiciary, in my judgment that is to resolve all disputed matters, to assure due process to

all parties, and to keep a holistic and comprehensive family court. On our end, I think it's an administrative function to collect and distribute literally hundreds of millions of dollars, to operate the large computer systems that support that system, and provide customer service -- good word -- consumer service to hundreds of thousands of parents across the State of New Jersey so they know their status. I think, by doing it this way, we are building on the strength of each branch.

I want to point out something else that is important that we have to do. We have some property tax relief in this legislation, and some counties have to spend their own county taxpayer funds to provide for the operation. This bill provides for relieving the counties of any responsibility they have to use county dollars to operate this system and to hold them harmless from any financial loss.

SENATOR GORMLEY: I think it's important. The intent of the bill was to hold counties harmless--

COMMISSIONER WALDMAN: Absolutely.

SENATOR GORMLEY: --because certain counties had been receiving some excess money as a result of their work effort, for which they were entitled.

COMMISSIONER WALDMAN: That's right.

SENATOR GORMLEY: You would hold them harmless for that loss?

COMMISSIONER WALDMAN: Exactly correct, Senator.

SENATOR GORMLEY: Okay.

COMMISSIONER WALDMAN: Exactly correct. Another issue we considered very closely, and that is, the issue of what happens to our dedicated employees that work in these five different bureaucracies. I would submit to you in our work with the various bargaining units, discussions, considerations, we have some extraordinary protections and safeguards for employees built into the proposal that we put together.

One of the concerns people had about this was privatization. Was this all just a guise so the State could privatize this entire system? And the answer to that is a clear no. Unusually, in the draft legislation before you, there is a five-year prohibition against anyone losing their job as a result of privatization. We went even further than that. We said even for an additional five years, beyond that five years, if New Jersey, for the second five years, scored in the top quartile of the states in their performance, we would even provide another five-year guarantee of no privatization based on performance. I think that is very fair.

In addition, we had no layoff provisions for three months. It's not our intent to do any layoffs at this time. We wanted to be reasonable. We also assured that no employee would be negatively affected in terms of salary, benefits, pensions, anything else associated with this.

There are some issues. I think you will hear from some of the bargaining units today. These are jurisdictional issues. The truth is here that if this proposal as put forth goes through, some unions will gain membership and some will lose membership. That is a legitimate issue for unions to be concerned about, but I would submit to you, Mr. Chair and members of the

Committee, that shouldn't be a determinate factor in our public policy on this matter.

I want to also reflect that in crafting some of the language that is reflected and working under your leadership, we've met extensively with the Administrative Office of the Courts, the New Jersey Bar Association, with various bargaining units, with important advocacy organizations that represent children and families. I want to tell you that almost every single word has been scrutinized with one group or another.

But I agree with you, and I am so pleased you've taken the action that you have today, because it is a 90-page bill. It affects hundreds of employees and tens of thousands of families in our state, and it certainly warrants -- you're correct -- the additional time that you and Senator Bryant and others asked, that the Legislature requires, to look at a matter of this complexity.

I hope, and I was going to suggest based on our consultation this morning and yesterday, that you take the action that you do. I think that's reasonable. I am very pleased that you said expeditiously that you want to hear it. I think this is important. I think, bottom line, this is all about improving the collections and having -- making parents meet their responsibilities to benefit children and families of the state and the taxpayer.

I strongly believe that the responsibility to support children is with parents, and it shouldn't be with the State of New Jersey. My hope is that you will move expeditiously to pass those federally required parts this session, that we'll have a good process and start early next session. I hope to be back in front of you testifying and answer your questions.

I want, again, to thank you for your leadership, for your responsiveness to what is -- you're correct -- a complicated, but very important, issue. I'm pleased with the outcome. I look forward to working with you, and if I or my staff can answer any questions you may have this morning, we'd be glad to.

SENATOR GORMLEY: I'm going to ask one question, and then I'm going to turn it over to the Committee. In terms of the second portion of the testimony, what will be considered prospectively, what elements does this reform bring that makes you feel that we will collect more money? That is the bottom-line question to the issue of the reform. Why do you think by your accepting -- let's call it the pinnacle responsibility -- why do you think that will cause New Jersey to increase its percentage of collections?

COMMISSIONER WALDMAN: I think it for a variety of reasons, but first off I would say -- and having some extensive experience as to even today being a major participant in this -- it is very difficult, even with dedicated employees, to deal with five separate bureaucracies who often have their own computer systems, their other goals and objectives to deal with. I'm convinced, just as we did with Juvenile Justice, that will spread in our Department and others. The creation of the unified, single-purpose entity will be more efficient. There is no question in my mind that will happen, Senator. That's what it is about.

When you have to deal with five different bureaucracies to come together to do one task, that's a complicated task albeit, and given that those bureaucracies have very important other responsibilities, you are at the luck of the draw. I've seen, through my career, good people, well-meaning people

disagree about aspects of how to do this in a way that's held up our system and our success.

So I'm convinced, unified, single-purpose-- Right now, Senator, would be hard for you to hold a single individual, short of the Governor for example or the Chief Justice, responsible for how we are doing this, this administrative end of it. I think, with the creation of a single-purpose division, I think the Governor and the Legislature can hold the head of that division and me, if it's in our Department, accountable and responsible for it. We can set goals that we would be responsible for keeping. I think that's what it's all about, and I think that's what will make the difference over time. This is not a criticism of any employees currently associated with the system. It's a structure that a yield never results.

SENATOR GORMLEY: Questions from members of the Committee?

SENATOR ZANE: I have one.

SENATOR GORMLEY: Sure.

SENATOR ZANE: I just need to get clear in my mind. The Federal requirements that you are looking to have adopted by the State of New Jersey, you're looking to handle that part first, am I correct?

COMMISSIONER WALDMAN: Yes.

SENATOR ZANE: That's what you are looking to do.

I have a letter from the Director of Welfare from Gloucester County, who expressed some concern about the consolidation of employees. That you're not going to do--

SENATOR GORMLEY: That, we're not going to do.

SENATOR ZANE: --that will be addressed possibly--

SENATOR GORMLEY: We are not doing anything-- What we are going to do is take from this existing bill a proposed piece of legislation that would consolidate those portions that deal with the consolidation of the various divisions and departments. That would be sent out for comment. What we are going to do-- We are only going to do in this session that which deals with those prescribed Federal mandates. We will not be doing anything as it pertains to altering the structure of State government or county government or any level of government to deal with that.

SENATOR ZANE: What are the, at least perceived at this point, the benefits that are ultimately consolidating?

SENATOR GORMLEY: Well, the--

SENATOR ZANE: Or are there any, really?

COMMISSIONER WALDMAN: I sincerely think there-- As an administrator, someone with 30-years experience in human services and government, right now I think we cannot reach our potential because of the various, sometimes competing under different branches and levels of government, units in government. I think the issue of having a single chain of command, a single dedicated agency whose only job it is, who stands and falls on its success in one area, will make a difference over time.

Right now we have to spend a lot of time coordinating computer systems, for example, making them talk to each other, because the agencies we deal with and the courts and county government have their own legitimate needs that they also have to accommodate and balance those with the child support agency.

So my thought to have the unified chain of command, to have people whose job it is just exclusively to collect it, to have one director who could apportion out whatever resources that the Legislature and the Governor make available in the most rational and best managerial way will make a great difference over time.

SENATOR ZANE: Let me just ask you a couple of questions.

COMMISSIONER WALDMAN: Sure.

SENATOR ZANE: Employees today that are county employees working for boards of social services who ultimately, under -- not what you're going to deal with immediately, but with--

COMMISSIONER WALDMAN: Right, down the road.

SENATOR GORMLEY: Keep saying it that way. That's very important.

SENATOR ZANE: That's right. Would those people still be, for example, functioning in the same buildings with the same colleagues that they have presently?

COMMISSIONER WALDMAN: Yes.

SENATOR ZANE: And let me ask you, you answered it with yes. The State provides moneys as well to those counties that provide those services to which the State could attach strings, could they not?

COMMISSIONER WALDMAN: Well, we do now, as a matter of fact.

SENATOR ZANE: And couldn't those strings say that your computer systems will all be like X, Y, and Z established by you so that they are compatible? That alternate decisions and directives will come from, let's

say, you at your level, and everybody will follow them? Don't you accomplish the same thing?

COMMISSIONER WALDMAN: To a much more limited degree. We do have-- I think you are raising the issue, we already have some administrative authority to direct the counties in certain ways. But, also, a major part of this proposal not only brings in the counties, it brings in over 1000 individuals that are currently in the Civil Part of child support collection in the probation offices, as well as some people from the administrative court in our own entity.

There are different personnel rules; there are different work hours. This proposal to consolidate it all into one system and answer that question with great definitiveness in terms of work rules-- There is, from my own experience, when you have one chain of command, you could move people to do jobs that you need at the local level much more easily than if you have to sort through the five different bureaucracies. You have a union contract, one, that can consol instead of two dozen that we probably have today. It makes it much simpler from everybody's perspective to do it.

Yes, you are correct, Senator, we do have certain authorities over the counties today, but I think, given this whole system, I believe it will work better if you bring it together into a unified chain of command.

Again, that county and other counties do, do a good job given the structure that they have now.

SENATOR ZANE: I don't offer this as a criticism. It's my last comment. I don't know enough about this, and I want to learn a little bit more. I sense from what you were just saying -- please correct me if I'm wrong

-- that part of the concern you have is control over the people that will be doing this job and the concern, I think it is further amplified that you have -- if I heard you correctly -- by the fact that you have to deal with a number of unions. Is that really what you're looking with?

COMMISSIONER WALDMAN: It's not-- I mean, our employees have always been unionized, and we have lots of different employees. That's not a concern to me. That's a concern of employees and the unions in a lot of ways. But when you're dealing with five different bureaucracies and a whole lot of different union contracts, or whatever, it makes-- The way I look at it -- just to give you a perspective from the top-- You have 1700 employees collecting almost \$600 million, and we are spending over \$100 million to collect that almost \$600 million. I think part of those costs, or the return on investment perspective, is not as good as it could be because of these separations, these different computer systems, these difficulties in really managing resources.

I've had experience doing this in a lot of different perspectives. It is very difficult. Yes, we do have certain limited authority over certain aspects of it, but to be really effective-- It is like a business. You want to be able to control those people -- not the whole system because the Judiciary will keep a lot of this, the important parts they have always had, but the parts around administration, moving, collecting, distributing large sums of money, my own judgment is you will do much better by having a clear, unified chain of command. We've taken extra steps to protect the counties' financial interest and the rights and responsibilities of county employees as well.

SENATOR ZANE: Finally, the impression I have is that basically the same number of people statewide, be they county employees, court employees, whatever, will still be intact when all of this is done, except that they will be State employees.

COMMISSIONER WALDMAN: We have some options for the counties, and the bill is written very carefully to permit them to retain, but technically they will be directed -- we'll have a contract.

SENATOR ZANE: But that is the objective, is it not?

COMMISSIONER WALDMAN: Over time, as through attrition and other things, it is likely five years down the road if the bill were adopted next session, as being discussed, that we would have a unified system that would be predominately State employees. As you know, the Judiciary, the courts, probation folks, are State employees as a result of the transition that the Legislature did before.

So, yes, it would be all one State-operated system for the administrative aspects of enforcement.

SENATOR ZANE: And within that planning, there is no anticipated loss of jobs.

COMMISSIONER WALDMAN: Absolutely not. In fact, we guarantee -- that five-year guarantee is no privatization that would displace people is there. It is actually in the statute, which is very unusual.

SENATOR ZANE: Okay, thank you.

SENATOR GORMLEY: Senator Kosco.

SENATOR KOSCO: Thank you.

How do I answer the people who tell me that they think that this legislation is too drastic, and that to take a system that has been working since, I believe, 1975 and-- The request that I can receive I think in ranks, the State of New Jersey ranks, No. 6 in the country in collection of child support, which I think is pretty good.

Why do we want to make such a drastic change and eliminate this?

COMMISSIONER WALDMAN: Well, we've had some drastic changes in the Federal laws and a drastic, tremendous change--

SENATOR KOSCO: Yes, but there is nothing that goes into the consolidation aspect.

COMMISSIONER WALDMAN: No, there is nothing that requires it, but if you look at welfare, for example, this is a vital issue for us and for taxpayers generally, is that now that welfare is a block grant and that we can't count, for example, on the Feds putting up the dollars for everybody who comes in, we get a fixed and limited amount.

Child support is very effective, in our judgment, of keeping people from ever getting on welfare and reducing the amount we've got to pay people on welfare. In addition, because welfare only has a five-year time limit now, basically, it is an important part of the safety net. If people time-out, they have to have some level of support, and we think it is important it come from parents. So that is a very major change as well.

Also the change about tools, additional tools that we need to operate, things that are in the federally mandated part, centralized collection, uniform interstate, a lot of complexity relating to bank is utility companies.

My judgment is what worked for us in the past with dedicated employees is not what is going to work for us in the year 2000 and above. To have 21 different systems by 21 different counties, by having the complexity of a judicial executive branch operational responsibility-- I think what served us from the '70s, and some would argue served us well, will not serve us well in the year 2000.

The issue of how we are doing is argumentative as a state. I would also point out we are only in the middle with respect to how well we do for welfare recipients. I think we are 24th and 25th. One could, argue, yes we are sixth or seventh best, but we are also sixth or seventh the most populous state in the country, too, so we should get in terms of aggregate amounts.

My view as a manager is, I think New Jersey we can do better under this system in terms of return on investment. We are spending about \$120 million now to collect about \$590 million. Frankly, I think we can do better with that through the tools that the Feds gave us but also as a result of having to unify.

I think it's like running a business. You have a responsibility, and a clear line of authority to get that job done is the best way to do it, particularly in this changed environment.

SENATOR KOSCO: Right now in the Probation Division there are over 1000 people.

COMMISSIONER WALDMAN: Right.

SENATOR KOSCO: I think there is 1100 and some odd people, and they have a budget of \$46 million.

COMMISSIONER WALDMAN: Right.

SENATOR KOSCO: What's going to happen to those people that are in the Probation Department?

COMMISSIONER WALDMAN: What they do is, we would phase them in, and again this is great complexity as the Senator has indicated, and even under the bill before you now that will be considered next session, we had proposed to have a year phase-in schedule. They would be phased in, they would have rights to return to the Judiciary if an appropriate vacancy came up -- they give them some priority for that.

SENATOR KOSCO: And if it didn't?

COMMISSIONER WALDMAN: Pardon. If they didn't?

SENATOR KOSCO: If an appropriate situation did not come up?

COMMISSIONER WALDMAN: Then they would stay with us at the Department of Human Services. We have assured that no one would issue or suffer a loss in salary. Their pension program would remain the same. Their benefits would be the State's Health Benefits Program. So basically their job is protected. Many may opt or have the opportunity to stay in Probation. Some may want to stay with us. Some may want to go back and may not have the opportunity, but they will be accommodated in our Department.

SENATOR KOSCO: Thank you.

SENATOR GORMLEY: Senator Bryant.

SENATOR BRYANT: Thank you, Mr. Chairman.

Commissioner, I think what I'm hearing -- and one of the things as we go into the second stage we have to be very careful and understanding, and I said it back when we were doing welfare reform. Welfare reform, in

many ways, might have been easier than doing child support, even though child support is probably as important as welfare reform.

What we must look at, as we look at the second piece-- And I think, what Senator Kosco had asked about really was, that 75 percent of all persons who get child support are not welfare recipients.

COMMISSIONER WALDMAN: That's right.

SENATOR BRYANT: And, therefore, there are families that are working that have found a system that serves them very, very well. There is some concern that the largest bureaucracy in State government happens to be the human services, and now we are talking about adding to that bureaucracy, and how that treats-- And I must be very candid. You're really talking about women -- 98 point some odd are women that come to this system -- and do we marginalize them when we take them out of a system that separated them as hardworking, loving mothers and parents and place them in a system that has basically concentrated on welfare recipients? You have to take that into account in whatever legislation we do.

COMMISSIONER WALDMAN: If-- Go ahead, I'm sorry.

SENATOR BRYANT: Let me finish and then--

I think secondly -- along that line, I think we must worry that, and as I look at just some of the reform records, everything up front is about welfare recipients. If you even look at our retirement, it's not that we can't and then sort of lend an afterthought thinks about the 75 percent. I'm saying that has to be reversed.

The 25 is sort of like the tail would wag the dog, the dog ought to wag the tail. So we ought to be talking about what has there -- and I think

what you have an obligation to do to this Committee and the Legislature is tell us how the present system has kept these folks whole, and how this new system will not at least change their environment, but enhance their environment. I'm not saying it cannot be overcome.

Two other issues, confidentiality of information: People trust that the courts and those who work for the courts are under a much deeper bind -- bound for confidentiality than they are in State agencies. It is very, very important.

Secondly, the privacy issue: The issue of privacy, even of the obligor, in terms of information that is obtained through this unified system. The last thing is that as you review through your legislation there is some assumptions in some of the paragraphs, at least as I look at it, that under the standards of the welfare recipient they, by the nature of coming in and getting welfare, waive their basically total rights to all information and everything. They subrogate themselves, but those who are not on welfare do not.

Yet, you apply some of the same standards that you can do for welfare recipients to those who have not ever given you a waiver. One of them might be -- I'll give you an example -- is the compromising of arrears. I don't know how you compromise arrears of an individual who never gave you any waiver to do that.

Lastly, look at the whole issue, if you can compromise arrears, how does it affect the ultimate, even, welfare recipient? The reason I bring that up is-- Let's say someone who has \$1000, and they all got it from welfare. They happened to be on welfare, man or woman. You compromise with \$500. I get off of welfare, do I still owe \$500 as the person who received it, or

because you made the compromise from my obligor, has that wiped out the whole thousand?

Those kinds of issues -- that's why I say this is very complex, and I think the Chairman is right of why we have to talk about these things. Those issues seem to be sort of the ban on nature, but then, actually have obligations later on. I think it's a good start. Let me say this because I think the Chairman is right. We ought to do what we need to do federally.

If we don't have this discussion about how do we better collect funds, we are not only disservicing families, but we are impoverishing young people. So at the forefront ought to be that 75 percent who do not get welfare and how do we keep those children from falling into that category or impoverishing them as children as a grown-up. If that is the forefront of how we frame this thing, I think we'll end up coming up with a better unified system.

COMMISSIONER WALDMAN: You've outlined a challenge for us to respond to, and I certainly will. Just off the top, because I know in our next session we'll get at the hearings that will examine these issues in greater detail-- We are the largest bureaucracy -- there is no question about that -- in the State of New Jersey. But you may recall that we have undergone some earlier changes that have reduced our scope right now. Juvenile Justice has been moved to a separate entity, and the senior citizens responsibility and that part of Medicaid. So when you look at the Department after all of those changes, we are basically the size we were.

The issues I take most seriously, and I agree with you about privacy and confidentiality, but I think our experience particularly in that

regard with the Division of Youth and Family Services with very strict statutory confidentiality requirements-- As a matter of fact, if you talk to some of the press in this room, they would probably say that we have implemented those a little but too rigorously on the confidentiality part.

But I'm confident our Department has the capacity to do that. It's something that is very sacred.

SENATOR BRYANT: All I'm suggesting is that make sure it is ingrained in the statute.

COMMISSIONER WALDMAN: Exactly.

There are issues about compromise arrears that we would need to talk about and provide assurance. I think I like the way you think about it, and I think we would want to have that reflected in the legislation as well, too. So I think we will make a good case to you over time, and as the hearing goes on about how we can address the very valid concerns that you just put forward, I just want you to know that we have a group of people here that are very committed, that see it the way you expressed it. This is not about bureaucracies or turf or building an empire. This is about the best way to serve families and children, young people in this state.

SENATOR GORMLEY: Any further questions? (no response)

Thank you.

COMMISSIONER WALDMAN: Thank you, Mr. Chair, and Senators.

SENATOR GORMLEY: Ted Fetter, Deputy Director Administrative Office of the Courts.

THEODORE J. FETTER: Thank you, Mr. Chairman.

Mr. Chairman, Senators: I am pleased to be here today with Commissioner Waldman to describe the provisions of the Child Support Improvement Act and the Uniform Interstate Family Support Act. The AOC has worked closely with the Commissioner and others in the Department on the details of this bill.

As the Commissioner has indicated, there are really two parts to the bill. If you wish, I can talk mostly about the UIFSA section of the bill. That is a Federal mandate, and I believe it will restructure and streamline the existing child support program for interstate collection of child support so that it is easier and much more automatic in its operation.

The Child Support Improvement Act, the second part of the bill, would, if enacted, move the functions of enforcement and collection of child support payments from the probation units of our courts around the state to a new division in the Department of Human Services. It would transfer more than 900 employees from Probation to the Department of Human Services, division of child support services.

In working with the Department on the details of that section of the bill, the AOC has sought consistently to ensure two things: That the work of the Family Part in establishing and modifying child support orders remains in the courts, because these functions are inherently judicial in nature; and that the transfer of court employees would be accomplished in a way that is fair and reasonable.

These are simple goals, but the details of the legislation are really complex. The child support program itself is very complicated, intertwined with a number of other important programs -- welfare reform, divorce,

protection against domestic violence, protecting the continuity of families, and serving the best interests of the children.

Throughout these discussions, as the Commissioner has said earlier, the Department and the AOC have sought not to protect turf or to seek an advantage, but to do our best for the children and families of this state. We believe the current bill does keep those goals paramount.

If there are any questions I can try to address them.

SENATOR GORMLEY: Any questions? (no response)

Thank you.

MR. FETTER: Thank you, Senator.

SENATOR GORMLEY: Ann Bartlett, New Jersey Bar Association.

ANN BARTLETT: Good morning, Chairman Gormley, members of the Committee, Senator Bryant, Chief Justice Poritz, Judge Ciancia, Commissioner Waldman, and other people here today. I am the First Vice President of the New Jersey State Bar Association, and I've been authorized by its President, Jay Greenblatt, to represent before you today the State Bar's position on Senate Bill No. 2363, which would enact the Uniform Interstate Family Support Act and the Child Support Improvement Act in New Jersey. Having heard Commissioner Waldman's remarks and Chairman Gormley's advice that we are going to be segregating the two aspects of this legislation, I will first address the UIFSA, Uniform Interstate Family Support Act, provisions and our proposed amendments with respect to that.

SENATOR GORMLEY: We've already agreed to the amendments.

MS. BARTLETT: I appreciate that, Senator, and we would like to place on the record our appreciation for your concurrence with the amendments with regard to their import in the legislation entirely. It is our belief that the system has to move forward and improve its child support collection process; however, improvement cannot take place unless what is best in the present system continues in the new system. Part of the benefits of the present system are maintaining judicial independence, unbiased tribunals for resolving disputes, and respect for the due process rights of all parties.

In a word, Chairman, and Senators, as many of you know, there are parties and there are judges. Unfortunately, in the legislation as drafted this distinction between parties and judges and their functions was blurred. It is the intent, and I believe, an imperative imposed upon this Committee and upon those who are advancing this bill through the Legislature that the distinction between the functions that the Judiciary, as the judge -- the judicial functions -- and the functions of the Department of Human Services, as the party, as the agency that is going to be prosecuting the rights of single parents and the children who have rights to child support if those functions continue to be segregated.

Now, our proposed amendments, which you have accepted, serve that end, but I ask that this Committee remember the distinction in going forward. It is again, we believe, a mandate that the functions of the Judiciary, in establishing and modifying child support, be preserved because as you all know, if these distinctions are blurred and if the terms within the legislation are used interchangeably in a way that fails to maintain the independence of

the Judiciary, what will invariably happen is a series of lawsuits filed to challenge the constitutionality.

We don't want to see that happen. The New Jersey State Bar Association wants this to work. The family lawyers in the New Jersey State Bar Association believe that we have a good system. If it can be improved upon through this change to the transfer, we want to see it work. We want child support to continue to be enforced well. We understand that the division has a tremendous challenge before it, and from my meetings with Commissioner Waldman, they seem to be rising to that challenge and taking this all very seriously and doing the right thing to ensure that this new and improved system is as effective as it has been in the past. We hope to help with that process.

By adopting our amendments, which we really believe to be best practices, which preserve best practices which becomes the cornerstone of New Jersey's child support system, we will be effecting an improvement. The amendments reflect our desire to maintain the integrity of New Jersey's child support enforcement system and to strengthen that system so that it continues to be one of the finest in the nation, which, in fact, it is. These amendments do have the support of the Administrative Offices of the Courts, as you probably know by now.

Do you have any questions about the Bar Association's position?

SENATOR GORMLEY: Beyond the amendments--

MS. BARTLETT: Yes.

SENATOR GORMLEY: --and we are talking prospectively when we consider the consolidation that we are talking about, because that is still ahead of us--

MS. BARTLETT: Yes.

SENATOR GORMLEY: Any recommendations that you could make, beyond giving your experience and the reputation that both yourself and the members of your Committee enjoy, State Bar, in terms of your understanding of this system and the fact that you deal with it on a day in and day out basis. We certainly appreciate your input as to refining the legislation, but what would be even more helpful is people who are so close to the system, or familiar with the system, obviously, from time to time have said to themselves, if they'd only do it this way.

MS. BARTLETT: Yes.

SENATOR GORMLEY: Probably every day or every morning you might say that. Whatever suggestions you might have that we should add as a concept or something that either consolidates or causes a different focus or that you think streamlines the system, we would appreciate that input prospectively when we continue this review.

MS. BARTLETT: And you will have it. I think conceptually, again, the distinction between the judicial functions and the distinctions which mean the division which comes into this process as a party now representing all single parents and all children, not just those who are collecting what we used to refer to as welfare. That's very important.

The division is a party. It will be representing clients with multiple interests now, and as long as the legislation preserves the integrity of that role

in party and the integrity of the court system as the arbitrator and that distinction is not blurred, conceptionally that is what we are going for, and we would be happy to review the next bill -- the new segregated bill -- as it is written, presumably which will not be very different from what is currently before us.

SENATOR GORMLEY: Well, I appreciate that, but what I was suggesting is, because it is so much fun for us to have you review what we come up with (laughter) because it's just a real treat. I want you to know that.

What I'm saying to the Bar Association is, beyond jurisdiction and party, what are your comments in terms of dealing -- once we get jurisdiction and party and all of those things done; we are going to address them, and you know we already have -- but what recommendations you have from the human side and the observation that you have all seen across the board from the system that go beyond these questions that you think might be good ideas. Because obviously there are certain aspects that might not be legal--

MS. BARTLETT: Right.

SENATOR GORMLEY: --and might relate to the Bar Association. I said you have a fine committee, highly regarded practitioners, obviously people who could lend more to the discussion beyond merely from a legal point of view just in terms of systems and how they would like to see -- or what recommendations they would like to see that might add to our understanding or maybe add to the efficiency of the system, that's all.

MS. BARTLETT: We would be happy to do that if you want. A couple of ideas right now, I would be happy to comment, or we'll wait.

SENATOR GORMLEY: Well, if it is not an attack on me, you can go right ahead. (laughter)

MS. BARTLETT: No, it's not an attack on you.

SENATOR GORMLEY: No, I'm being facetious.

What we would like to do is, because we have a number of other witnesses, but if you could think in that respect because I do think there is a repository of knowledge within your committee that goes far beyond just making sure the jurisdictional bounds are correct. It could really, quite frankly, show a dimension of the Bar Association in terms of the human element beyond jurisdictional questions.

MS. BARTLETT: That would be a nice improvement to our--

SENATOR GORMLEY: Well, it was a subtle hint. I do think it could lend a lot to the process.

MS. BARTLETT: It would, you're right. We represent the clients who are, in fact, the people that this is going to affect. So we will, Senator, focus our remarks in that direction, and I very much appreciate the opportunity.

Thank you.

SENATOR GORMLEY: Thank you.

The next--

SENATOR BRYANT: Mr. Chairman.

May I -- before you leave.

MS. BARTLETT: Sure.

SENATOR BRYANT: Two things. It just refers to something that you pointed out, but I think the Chairman is right as he sent out the second

portion. I want to ask that the Bar Association deal with it right away. I mean, you have a tendency to wait until the bill is listed. I think it would be much more helpful if, in fact, you gave us some input.

SENATOR GORMLEY: I enjoy those faxes the night before. They were relaxing. (laughter)

SENATOR BRYANT: She raises an issue -- and maybe it's OLS's issue. If, in fact -- and, of course, we are dealing with so many new dimensions -- the division of child support services -- and maybe the Commissioner should answer this -- is that act in the division today?

COMMISSIONER WALDMAN: It's a part of our Division of Family Development today. There is a distinct--

SENATOR BRYANT: All I'm thinking of is that if we are doing this Federal legislation, we might end up having to deal with naming all the support of collecting agencies as opposed to the division, who then created to do all that and then say it's successors in interest. Because in the next bill, we are doing successors of interest.

I'm just trying to make you think of that, because if not, we are never going to have a Federal bill that we have in the agency that that doesn't have all of this. Right now some of it's in Probation, some of it's in county welfare, some of it's in Child Support, so you might end up having to list those and then say, "And it's successors in interest," so we don't have to come back and do it, because successors and interest will be the new division that we've created.

ELEANOR SEEL (Committee Aide): Right now the law just references state for the agency, and that covers all the different aspects, and we would go back to that reference.

SENATOR BRYANT: Not under the new UIFSA it would not cover all of the aspects, because it would also have full to--

MS. SEEL: Then it goes back to-- I think the plan was to just--

SENATOR BRYANT: As long as we make sure that we take care of that. That's all that I wanted to make sure. We ought to put in successors in interest, because we might create this new thing, and then we wouldn't have to go back and amend that statute.

Thank you.

MS. BARTLETT: Mr. Chairman, I have a request, and that simply is that, when the draft is -- comes out of your office, if you could send it directly to the State Bar Association?

SENATOR GORMLEY: Yes, we will.

Everybody who testifies today is going to get a draft.

MS. BARTLETT: Thank you.

SENATOR GORMLEY: Thank you.

Nancy Goldhill, Legal Services.

SENATOR ZANE: Senator Gormley, can I get a clarification on something?

SENATOR GORMLEY: Sure.

SENATOR ZANE: Presently, if someone goes through a divorce and has a child support order, they really have the option of either paying through Probation or paying direct. This legislation changes that. Everyone

now would go through Probation. Because those cases where even there is direct payment, at a later date you still run into some of the same exact problems, and you are not going to have the arithmetic and the documentation available, I would think, because no one is going to keep that score other than the parties.

What I'm asking is this, changing that so that every payment for child support is going to go through Probation?

SENATOR GORMLEY: That is not the intent, in terms of those that are already worked out.

SENATOR ZANE: So would the Commissioner later on address a problem, if I might, where somebody with good intentions originally had a voluntary payment that the parties worked out and later on somehow someone loses a job or whatever happens and it goes sour. Don't they sort of slip through the cracks?

COMMISSIONER WALDMAN: (speaking from audience) No, we don't think so. We'd monitor it, and the party -- usually the woman -- would have the right to go back to court, and we would expedite that.

SENATOR ZANE: I understand that, but you're not going to make--

SENATOR GORMLEY: He's talking about a circumstance where there is--

SENATOR ZANE: There is an order for child support, but it's not paid through Probation--

COMMISSIONER WALDMAN: Right.

SENATOR ZANE: --if it's between the parties.

COMMISSIONER WALDMAN: That one person would have an option as to if--

SENATOR GORMLEY: Excuse me, Commissioner, would you please come up to the microphone so that we can record it. (Commissioner complies)

COMMISSIONER WALDMAN: As I understand the question, if you have a voluntary arrangement that was not being made through Probation and then one party then discontinued making the payments, there would be a couple of options, both now and in the future. The party could always secure private counsel to pursue the matter or the agency could come to us for assistance where we would provide -- usually help schedule the case to be heard in court as soon as possible and give the person some advice.

SENATOR ZANE: The bottom line is then, with somebody who is going to do it voluntarily, nothing really is going to change as a result of that.

COMMISSIONER WALDMAN: Right, absolutely.

It's one of the existing procedures that people refer to-- As the strengths of it will remain--

SENATOR ZANE: Aren't those people -- I don't want to say just as likely -- maybe as likely down the line, especially if there are young children, to get into the exact same kind of problem?

SENATOR BRYANT: If you're done with that, Senator, a subsequent question. Forget the folks that are doing it voluntarily now. If I come into the system, while I have the option now under this new legislation to do it voluntarily, hey?

SENATOR ZANE: A woman has the option right now, in court, to call the shot that she wants to go through.

COMMISSIONER WALDMAN: That's right.

SENATOR ZANE: But some don't.

COMMISSIONER WALDMAN: Right.

SENATOR ZANE: That's what I'm--

COMMISSIONER WALDMAN: One area you might be alluding to that will stay the same is one of the things that we have worked out with the AOC and the Supreme Court -- was the idea that child support now is similar to routinize. In other words, the judges and the staff-- You work from a chart, you have so many children, you have so much income, this is your responsibility. Now, with the recent changes that have been put in place, there are certain credits for visitation, but it's not like a -- you don't have to be a super mathematician to do it.

What we are attempting to do--

SENATOR ZANE: I take it you haven't done one. (laughter)

COMMISSIONER WALDMAN: I'm sure-- I'm not a super mathematician. I probably would have difficulty.

SENATOR ZANE: You need a program, in other words--

COMMISSIONER WALDMAN: It got a little complicated.

But our hope is, with many cases we worked out a procedure for voluntaries. As it turns out that when you explain to people responsibility and you explain the chart to them and you tell them, "Look, you have every right to go to court if you dispute, this will have to be approved by a judge." But you know the judge is likely going to read the chart the same way that you are.

This is your responsibility. You can save yourself a lot of time and aggravation by agreeing to a voluntary agreement and starting the payments immediately.

Should you change your mind or you want to have your day in court, you are certainly welcome to. By doing that kind of interim agreement that would ultimately have to be signed off from the judge, we think we can get the process started faster for most people.

SENATOR ZANE: Yes, but that's not really my question. My question is where the payment goes--

COMMISSIONER WALDMAN: Right.

SENATOR ZANE: --once the amount is determined, whether it's determined by agreement between the parties or by the guidelines?

COMMISSIONER WALDMAN: Just as it does now. It could go voluntarily in the future, if that is the wish of the parties. Right now, what we get out of though, when you say where the payment goes, and it will be different-- In the past, we've had 21 methods of banking and distribution. Some which were good in the fact and some not so -- differences. We would have a centralized collection and distribution process that would move money faster to children and families.

A lot of this is about due diligence to move the process quickly, and there is variation across the state on that. I mean, ultimately, good things happen, but if you think of it from the families' perspective and our perspective in government, the longer it takes to get this going the more money the family doesn't have available to itself, in some cases, the more taxpayer dollars we have to spend.

SENATOR ZANE: Thank you.

COMMISSIONER WALDMAN: Thank you.

NANCY GOLDHILL: Good morning. Thank you. I am Nancy Goldhill, Senior Attorney at Legal Services of New Jersey, and I'm here to say that Legal Services supports the new child support bill and hopes that this will mark the beginning of improved child support services for families.

Let me start by saying I really wasn't here to direct comments to you beyond we support it. Interstate support is extremely complicated and presents more major barriers than regular intrastate collection, and anything that can be done to streamline the process is critical, and, of course, it's mandated. Our comments were more focused on the child support improvement portion of the bills which have now been split, so I will proceed with that.

SENATOR GORMLEY: Go right ahead.

MS. GOLDHILL: Just in terms of Legal Services involvement in these cases, we have 14 county-based offices that represent low-income clients throughout the state on a variety of civil matters, many of which involve child support. Through our assistance to clients in these child support cases, we have seen many, many problems over the decades with the system, which all result in lengthy delays for a custodial parent, no matter how needy, before they actually get child support. This is our concern, as we do represent very low-income families.

We certainly applaud the goals that have been stated here by Commissioner Waldman, in terms of the need to collect support more quickly and efficiently, and we support those and believe, as he said, that they are

especially important now given the time limits on the right to assistance, otherwise welfare assistance, for poor families.

We think that the unified approach is an important start to improvement. The current system's fragmented approach to child support services, we believe, has not served the families that it needs to serve. As it has really been said already, two agencies at the State level and three at the county level have involved a degree of passing the buck and leaving families unclear about who to call and how to solve their problems.

A standard call that I will get from a Legal Services attorney is -- I can't tell you how many times I've gotten the same call -- "I don't know what to do. I have this case, I got an order. It's been six weeks and nothing has happened. I called the Probation worker, and she says she can't do anything because I didn't get the order from the person in the Family Courts who is supposed to bring it to me. You have to call them."

There is an endless series of phone calls that have to be made to agitate, to find the right person who can even get the support case started. We've even seen cases where the payer comes in to pay and is told, "We didn't open the case yet, so you can't even start your payment." This should never happen. Efficiency is critical, and it doesn't work this way. Of course, the proof is in the pudding in how this new system works, but we believe unification will provide a structure for eliminating those kinds of barriers that exist now, and we think this new single agency will make the system more accessible to parents. One phone call, one person, one person who is responsible and who can't say, "Call a different agency."

Critically the creation of a new agency also signifies how important child support services are. For too long child support issues have been managed not only by different agencies, but agencies with other dominate responsibilities. Given the need for prompt and careful action in all child support matters, we believe that one agency that will focus all of its attention and oversee all aspects of child support is critical. We hope that, as I said, the new agency with responsibility for child support alone will be more effective in tracking absent parents and in getting child support to families much more quickly than it happens currently.

So we see the formation of this division as a very important first step. Of course, the most critical will be what happens next. I'm here to make, for Legal Services, a few suggestions about additional things that we think need to be an important focus and some amendments that we would like to see to provide some teeth for making some of these promises happen and promises exist in the statute about more efficient collections of child support.

I'm sorry-- I have discussed these with those who have been involved in writing this. I'm sorry I haven't been able to share them with you in advance. I only got the most recent bill yesterday, so you do have copies of the language of these amendments.

The first relates to time frames. This has been one of our most major concerns with child support all along. There are built in gaps, the day you go to court and get an order, support does not start immediately, you don't start collecting it immediately. Most orders go through wage withholding, and there is a process involved. For some things, there are time lines; for some there aren't. Many things don't happen very quickly, like I

said. We've seen cases where the account isn't even open for six weeks and nothing happens.

SENATOR GORMLEY: I'm sorry, go ahead. I'm listening.

MS. GOLDHILL: We'd like to see at least a few time frames put into this statute because we believe they are so fundamental to making something happen at the very beginning of the case. We appreciate that the agency is committed to moving quickly, but we still would like to see some of these obligations in the statute.

Section 66 of the Child Support Improvement Act authorizes the division to take some essential steps to locate parents to start paternity, to file complaints. It does not have any mandatory language, and it does not have any time frames. It simply authorizes the division to take actions that we think are mandatory.

I am proposing the addition of, really, one sentence that I think will address the most critical concern that we have. It's on the top of the second page of my testimony. "Within two business days of request for child support services, the division shall initiate location efforts or paternity establishment, where necessary or file, or in non-TANF cases assist a party in filing, a support complaint with the court."

Which means as soon as a person comes in and requests services, the first step has to be taken immediately. The law has always said things like immediately, but immediately doesn't really mean immediately, and we would be most eager to see something that really has some vitality to it and says more than the State is authorized to file a complaint. The State has to file a complaint.

SENATOR GORMLEY: This is a new twist, State mandates on the State. (laughter)

MS. GOLDHILL: Well, it's--

SENATOR GORMLEY: Your observations are very fair ones. Go ahead.

MS. GOLDHILL: Okay. We have an additional concern related to that is we see so many cases where things don't happen quickly, and we've even seen cases where everything is known that needs to be known. The father's employer is known, service doesn't happen, withholding notice doesn't go out, and so support doesn't start.

We've had a case where somebody who was fairly prominent and known and easily findable, just no withholding notice ever went out, and he never paid child support. Two years went by and there was no effective order, because he never accepted service of the order, basically.

We've seen some really meager attempts at effectuating orders that are signed by the court. This, actually, was something that was discussed at length, and I don't know if you all have seen the joint advisory committees for child support enforcement, but our concerns, in large part, come out of recommendations that were made there. We talked a lot about the need to go back and look at cases and see what has happened 30 days after a case so that if nothing has happened, the division knows instead of relying on -- or hoping that will just happen automatically.

I understand that new agency is committed to making sure that this happens. We would like to see something in the statute that ensures that there will be some kind of tracking mechanism. So that if a case -- if nothing

has happened, if there is no known employer and there are other potential methods for collecting support, get started immediately so that people aren't waiting. We see this time period where people are waiting as pushing more people into the welfare system unnecessarily, and we would like to see that avoided.

So we were proposing an amendment that the division would review every case 30 days after a new or modified order and quarterly thereafter to ensure that support and arrears are being collected fully and where support is not being collected to pursue alternative remedies for collection of support.

One other issue that I want to mention, which is location of absent parents, I think that's been, at least until now, a real weakness in the New Jersey system. The Federal requirements impose some very important improvements such as the new hirer directory, which we hope will assist greatly in location. I still believe that there are many cases that will fall through the cracks because there is not a -- because someone is trying to elude detection and not working on the books, going from state to state, moving a lot.

The joint advisory committee spent a lot of time looking at alternative methods of collection, location in other states and looking at some of the private electronic database services that exist. We would urge New Jersey, in forming this new division, to look at some of the ways of even further expanding its ability to track absent parents who are evading location by utilizing other services even beyond what the Federal mandates will offer.

One final issue is actually a really more technical issue, and I can -- it's about the collection of interest and something that I think is improper in

the existing statute because the law has been changed subsequently and some loose ends were left open. I've attempted to talk this through with some of the people who have been working on the bill. I haven't really succeeded so far. I don't really want to bore you with the details of some of these technicalities, so I can either raise it now or I can--

SENATOR GORMLEY: What we--

MS. GOLDHILL: --try again to meet with--

SENATOR GORMLEY: --would have you do is provide us a copy of what you would like to see.

MS. GOLDHILL: Okay.

SENATOR GORMLEY: We'll have it reviewed by staff for the draft that we will be disseminating and we'll review it.

Your suggestions overall -- what becomes more apparent as you review the legislation is-- What we'll do is, I think, have a meeting regarding your ideas with the courts, with the Bar, with Commissioner Waldman. They are sincerely motivated, obviously. As many times we would like to put time limits, we would like to put many more time limits in many more bills, but that has to be balanced with what limitations we are placing on the system. But I do think your ideas, they are very thoughtful. What we should do is have an individual meeting just on this. That's the nature of what we're dealing with. Everyone's testimony today has been excellent so far, and I know that will follow through, and it's very well motivated.

So what we are going to do is, if you could get that one amendment and all the other amendments, what we'll do is -- I'll be available for a meeting. We'll sit down with the parties who I think will be interested

or who you might recommend to staff, and we'll sit down and go over this. I appreciate your time.

MS. GOLDHILL: I appreciate that. And you do have the suggestions--

SENATOR GORMLEY: Yes.

MS. GOLDHILL: --I gave. I just thought I would spare you from getting into what involves discussing which law was passed first.

SENATOR GORMLEY: Actually Senator Bryant's law review article was on that particular topic. (laughter)

Thank you.

MS. GOLDHILL: Thank you very much.

SENATOR GORMLEY: The next witness will be Lois Cuccinello. I hope I pronounced that correct.

LOIS CUCCINELLO: Yes you did.

SENATOR GORMLEY: Representing the Judiciary Council of Affiliated Unions.

MS. CUCCINELLO: Good morning, Senators. I would like to introduce myself, Lois Cuccinello. I'm speaking today as Co-chair of the Judiciary Council of Affiliated Unions, which represents the judicial employees who originally came from the county in 1995 and are now employed by the State Judiciary. To my left I have David Tucker, representing the chairperson Joe Youlman, who is the chair of the JCAU, and Don Dillio, to my right, here to give us support. We also have three other unions involved. My own union, the LPEIU, the I of PTE the SEIU, and CWA all representing the JCAU. Pardon the use of all of those acronyms.

Thank you for the opportunity to come before you today to address certain issues that we believe need to be addressed before this legislation can become law. The testimony that we submitted to you was prepared prior to the announcement that the bills would be separated out. So when you read through this, you will see that the plea is there for the personnel section of the bill to be separated out from UIFSA. The JCAU is not opposed to UIFSA in any form. We believe that needs to be taken care of and that's not why we are here today. The JCAU is concerned about the transfer of the employees to the Department of Human Services.

SENATOR BRYANT: Mr. Chairman. Not that-- I want her to finish on that point. The Federal mandates, because there are some things that are federally mandated in south UIFSA part of it. Are you saying that you don't object to Federal mandates that are required as well as interstate requirements on the Federal level from being passed?

MS. CUCCINELLO: UIFSA as it is currently being proposed is not the problem with the JCAU.

SENATOR BRYANT: That's one portion of it.

MS. CUCCINELLO: Yes.

SENATOR BRYANT: There are also some other Federal requirements in terms of (indiscernible) and other things that we have to--

MS. CUCCINELLO: To the extent they do not have an impact on the judicial employees we do not have a problem with it.

SENATOR BRYANT: So, in essence, your comments are going to really be about the second portion that we are postponing anyway.

MS. CUCCINELLO: To a large extent, yes. But you'll see from the testimony that we are concerned also about the clients who are using services. The employees are not allowed to testify. We are here representing their interest, and we've heard from our members that they are very concerned about the consumers who are going to be using their services and who have in the past. Our testimony, basically, reflects our concerns with the transfer of the services, as well as the employees, to Department of Human Services.

However, you need to know that the JCEU has been intimately involved since 1995 with the transfer of the judicial employees from the county to the State.

SENATOR GORMLEY: And, as you know, during that process we were available--

MS. CUCCINELLO: Yes.

SENATOR GORMLEY: --to go to counties, meet with employees -- we had to do it in cafeterias. Wasn't that judicial that we met in a cafeteria? What we'll do is, in terms of any meetings with employees, as we have said to the prior witness, we'll do those individually and we'll ask-- I think the court will give us a waiver.

MS. CUCCINELLO: We can only hope.

SENATOR GORMLEY: I think so. We can talk one-on-one and go over their concerns regarding any issues.

MS. CUCCINELLO: And we appreciate that. But there are some other concerns, and I just briefly want to go over the high points. I will not read the entire testimony.

It is our belief that the Department of Human Services experience lies in providing public assistance, not establishing or enforcing child support orders. The Judiciary has been establishing and enforcing child support law orders for over 50 years and has an expertise. New Jersey's child support program is considered one of the best in the nation, consistently ranking among the top 10 states in collection performance. In the top 10 states child support programs nationally are based in, and are managed by, the respective state court systems. I wanted to make that point.

Department of Human Services has been unable to manage even a minor segment of the child support program. Its efforts to operate a three-year review of child support orders has been a failure resulting in transferring the program to county welfare court opinions addressing family support issues -- I'm sorry, agencies. Backlogs and delays have plagued the program for the four years it has been in effect.

Department of Human Services has no experience in establishing or enforcing child support orders. Its participation in the child support program is limited to developing automation and administering Federal funding to the Judiciary and county welfare agencies, not that the Federal government nor the Federal welfare reform legislation requires the major overhaul of this system. The Federal government only requires that the states enact certain laws to improve child support efforts. The Federal government allows states the flexibility to determine how child support programs will be structured so long as the states meet certain performance criteria. New Jersey has always met those criteria due to the Judiciary's dedication and

management of the case law. We may add because of the dedication of the employees in the Judiciary as well.

The transfer as proposed is not a consolidation. All the child support services establishment, modification, and enforcement are currently performed in the Judiciary. The Department of Human Services proposal will split responsibility for these functions between two agencies, Department of Human Services and the court. The results will be duplicated cost, delays in getting child support to families, and confusion among users of the system.

Transferring enforcement responsibilities, the Department of Human Services will impede collection procedures by removing direct access to enforcement procedures and adding an additional layer of bureaucracy. Obviously, we'll have an opportunity to come back to discuss with you prospective legislation about the personnel aspect of it. I don't want to dwell too much on that. I want to thank you for the opportunity that we are going to have to do that.

I know there are also client groups that are going to be addressing you as well with regard to the services part of it, but I still want to mention a few things about some issues that were raised today both by the Commissioner and by several of the Senators. First of all, we were told that there would be no loss of jobs due to privatization. I want to point out that the bill does not say that specifically. It says there will be no privatization displacements and that the Department shall not enter into a contract with the private entity which contract results in a loss of employment, which means the agency could be privatized and the employees could be put into the hands of a private

company. That's what the bill reads, and if we are misinterpreting that, then we need to know that, because that's a concern for us.

SENATOR GORMLEY: Do you want to know something? You're absolutely misinterpreting it. We can make it clear, but do you want to know something, it is clear.

MS. CUCCINELLO: As long as it's clear to the Senators.

SENATOR GORMLEY: It's clear and it was intended to be clear.

MS. CUCCINELLO: It's obviously a concern for our members, and we want to make sure that we are all comfortable with it.

SENATOR GORMLEY: Well, quite frankly, given the amount of time I spent on court cost takeover, even checking individual credit unions for individual employees who are not in my district and make sure their credit union numbers were kept, I wouldn't make that representation when I put the bill in if I was trying to do a show game. So that was not the intent of the bill, and I think a fair reading of that language disagrees with yours.

MS. CUCCINELLO: Well, we're not looking to dispute that. We are looking to make sure that it's clear because our members are clearly concerned about the issue of privatization.

SENATOR GORMLEY: Just so it was presented to the members, or any conversations up to this point were presented, the way I am presenting it, because I would hate to think that it was presented another way, that it was done in a way that, quite frankly, that could lead to something that was not the intent. Because I have seen that happen before when these things occur, and I think people can agree and disagree about consolidation and there are very legitimate issues. I think no matter what people might say about the legislation

-- we have to see how we have to refine it, and that's why we appreciate your input -- there was more than a good faith effort to demonstrate to the employees the protection in terms of jobs.

MS. CUCCINELLO: I will say, not to belabor it, the way it was written did raise some concerns, so I'm glad to hear you verifying that for us.

SENATOR GORMLEY: It didn't need clarification, okay.

MS. CUCCINELLO: There was--

SENATOR ZANE: Senator Gormley, if it gives somebody a comfort level, I mean if that's what they're asking for, if that's the intent, the language would be very clear. Isn't that accurate? Is that what you're saying?

SENATOR GORMLEY: It is clear and will remain clear.

SENATOR ZANE: Well, I listened to what the young lady testified to, and I'm not so certain that I felt that was that clear.

SENATOR GORMLEY: Well, Senator Zane, I appreciate your opinion.

SENATOR ZANE: I also have a vote.

SENATOR GORMLEY: I understand.

SENATOR ZANE: And I would also like to see it clearer.

SENATOR GORMLEY: Fine.

SENATOR ZANE: That is a concern I have.

SENATOR GORMLEY: Okay.

MS. CUCCINELLO: There are just a few more points I would like to make.

In regard to comments that Senator Zane made earlier about the number of unions involved, there has already been union consolidation in

effect. As you know, Senator, from being involved when the State takeover occurred with the Judiciary in 1995, there were a number of unions and individual employee associations involved -- I believe the number was over 70. That number has been reduced substantially, and now the majority of employees who are affected here are indeed in -- contained into one union. There are a couple of bargaining units involved, but the majority of the unions of the members are now in this JCAU. So there already has been a consolidation in terms of the number of unions involved, the number of contracts involved, and the number of bargaining units involved. So that consolidation step, we believe, has already been taken with the results of the 1995 action.

Because these employees will still be working in counties, the effects of bringing them over to the Department of Human Services is not as apparent as it may seem. These people will not be moving to Trenton to work out of the Department of Human Services building. They will be functioning individually, if you will, within their individual counties as they still are doing as State judicial employees. So it's not that there is going to be great exits of people into one building whether there will be less bureaucracy, if that's a concern, because that is certainly a concern to us-- Our people will still be working in the individual county buildings.

Also, with regard to protection for the employees in terms of returning to the Judiciary, should it be a problem, although there is language in there and I believe it is clear, Senator Gormley, on the fact that there is an opportunity for the employees to return, the problem is that the titles that would largely be transferred are very unique to the Judiciary and to child

support, so that in effect, if the employees wish to transfer out of the Department of Human Services back into the Judiciary, their expertise and their Civil Service protection and permanent titles -- it would probably be very little, if anything, to transfer back into, except for some very broad titles of clerk typist. These are very judicial-specific titles, and the reality is there may not be many opportunities for them to transfer back into the Judiciary if that is their desire.

SENATOR GORMLEY: So what you're saying is that you would like to see language that if consolidation or something were to occur, you would like to make sure that similar titles would be made available, right?

MS. CUCCINELLO: Well, yes, because as I said--

SENATOR GORMLEY: Which I can understand. What you're saying is that you have a whole series of titles that people have worked up the ladders over the years to achieve. Then you're saying you would be eliminating those steps or those titles, and consequently, that would lend to a sense of insecurity obviously because if the title does not exist anymore that would tend to get somebody--

MS. CUCCINELLO: Exactly. And there would be limited opportunities because of the title on existing from the transfer back in unless they had certain other skills that they may not necessarily have.

In closing, we just want to say that we tried to highlight some of the concerns. We want to remind you that there are many, many cumbersome personnel problems that still need to be addressed. Quite frankly, there are still lingering problems, as many of you know, from the 1995 transfer from the county to the State Judiciary. There are a number of problems that still

haven't been worked out, and we're concerned that some of those problems may get transferred over to the Department of Human Services as well, in terms of specific personnel issues.

SENATOR GORMLEY: Not at this time, but could you give us that list.

MS. CUCCINELLO: We want to do that.

SENATOR GORMLEY: We'd like to know the lingering list, too.

MS. CUCCINELLO: Yes, you will have that. Again--

SENATOR GORMLEY: That, we'd like to see.

MS. CUCCINELLO: That's one of the reasons why I thank you for taking the actions to separate out the bills because, obviously, the personnel issue is extremely complex, and we need the opportunity to give you the list, review it, and to see what can work out, if anything.

That's all that we have to say. Thank you very much for your time.

SENATOR GORMLEY: John Loos, CWA.

J O H N L O O S: Good morning, Mr. Chairman, members of the Committee. CWA represents about 800 of the 1700 child support workers that would be involved in this consolidation effort. Our members work for 14 of the 21 county welfare agencies. They work for the State executive branch, and they also work in the State judiciary branch. About 340 of them work over in the Judiciary, about 45 in the executive branch, and somewhere around 250 are doing child support work out in the 14 county welfare agencies.

Our members establish paternity in the county welfare agencies. Our members in the Judiciary do the investigative work, and our members

perform the administrative work, the clerical work, professional work, and the supervisory work throughout all these 16 different employers.

When child support services are measured against other states by most measurements -- not all, by most measurements -- New Jersey's public employees are found to be doing a very good job. The fact that our members are doing a good job today, however, doesn't mean that they can't do a better job tomorrow, and our union is committed to working with this administration to try to make child support services world class and among the best in the nation.

How to do that has been the object of study for years. It has been the subject of reports in joint commissions and much debate. In talking with our members, what I found is that they agree that there is a need for new technology, new software. There is a need for new employer reporting requirements, greater coordination among all the parts of this system, and greater coordination among all the states in the nation. These parts of the bill are no-brainers. Obviously, you need budget priorities to go along to implement this. You can't say that we need new technology unless you make sure you back that up on June 30 of every year when you pass a budget. So that's the other thing to keep in mind. We want to do a good job, we have to find the system.

Other parts of the bill, like consolidation, are actually quite controversial, and indeed our members who are out there doing this can be found on both sides of this issue. In fact, there are more than two sides. There is the "don't consolidate side," there is the "consolidate in the Judiciary side,"

and there is a “consolidate in the executive branch side.” So there is lots of opinions out there.

We’re not here today to say that -- to weigh in on that issue and say that’s an objectable bargaining unit to see that consolidation occurs. Rather, what we are here today to say is that given the administration has decided that it really wants to consolidate and it believes that performance will go up with consolidation, we are here to make sure that the employees are treated fairly in any consolidation effort. We believe that the provisions in the bill that is before you today result in fair treatment of employees if consolidation occurs.

We spent a lot of time talking with this administration over the last year about consolidation. A lot of time talking to them about how employees should be treated. We’ve come a long way from where we began the conversation. In fact, in this legislation there are several provisions that are really unique, I think, and groundbreaking. Others are just right and fair. Consider Section 89, maybe it’s a no-brainer, but it says that everyone who is union represented under the current system will keep their union representation in a consolidated system. That’s right, that’s good.

Section 90 says that certain payments that were unique to Judiciary employees doing child support work and that are not paid in the executive branch will continue to be paid to these folks. For example, fee per pay, the executive branch does not provide fee per pay to any of its employees, but the judicial system does pay that, and the executive branch was willing to continue to make those payments so no employee would be disadvantaged. That goes beyond, there are some counties, judicial employees get paid parking

and get special duty pay, and these things will all be continued if people come over to the executive branch. That's right and that's good.

Section 91 provides that no employee is going to be laid off as a result of privatization. With all due respect to my colleague who was up here earlier, I think the language is very clear. Because the language goes on to define that a layoff or privatization displacement is defined as one of three actions. Being laid off from their job with this employer, being demoted, and finally being reassigned or transferred to another county. Now that's a pretty all-encompassing definition of a negative impact that could occur to an employee as a result of privatization.

So would we like to see something that says there will be no privatization? Absolutely, we'd love that. We think that we could do the work best. What we've got here is a guarantee that in the event that there is any privatization that no employee is going to be disadvantaged in any way. We think that is a significant step forward for the people of New Jersey. It gives the employees the kind of job security that they need to go out there and do a world-class job.

If you create fear among the employees that they set this system up over the next five years and get it running well and fine-tune the system, and get it running like a fine-tuned American car -- I was going to say a Mercedes-Benz, but it's not politically correct for a union guy to say that -- then five years from now a corporation comes in here and says they could run this system for less money, how? They'll pay people less money, or we will pay them fewer benefits. You've created a disincentive for the employees if that is how this system was designed.

But, in fact, the system says that if the employees over the next five years help create, in partnership with management, a world-class system so that we are among the best performing in the nation, and top 13 states in the nation, that there is additional guarantees of job security for another three years. At the end of those three years, if we're still among the best performing 13 states, another guarantee for another two years. This is groundbreaking in terms of job security, and I think it will lead to motivation on the part of both labor and management to go out there and create a world-class public sector system of collecting child support.

Section 92 provides for opportunities for judicial employees who would rather not transfer to the new division to remain with the Judiciary when there are vacancies in it. If they end up coming over and they want to go back, says that there is opportunities, not a guarantee, but some pretty good rights in terms of the opportunity to get that.

Section 93 says that employees who are transferred to the new division will be treated fairly in terms of their salary. In fact, hundreds of employees under this field would get a pay raise upon coming to the executive branch because the minimums in the Judiciary are lower than the minimums in the executive branch. The bill provides that employees on day one of the transfer have their salaries raised to the executive branch minimum. Hundreds of other employees, in the Judiciary, have no increment system now, unlike the executive branch that has an increment system. Those employees will immediately be placed on a step in the executive branch's pay system, and that's done on day one by cranking employees' salary forward. So hundreds

more employees will actually get some small -- at least small -- pay increase to get them on step.

Section 93 says that people keep their Civil Service status, and in fact, if an employee has been provisional for more than a year in the judicial branch of government that upon coming over to the executive branch they will be made permanent immediately.

Finally, I would like to talk about Section 64 of the bill, which is the welfare workers. The administration had a plan to consolidate all the welfare workers into the executive branch and immediately transfer them. People have built careers in these welfare agencies, and they are doing a good job with the tools that they have. This bill gives them more tools in terms of some of the Federal requirements now that they can work with.

But what Section 64 does is say welfare workers doing child support services, if they want to, get to remain in the county welfare agency. They get to remain in the existing bargaining unit, they are an employee of the welfare agency, they work under the working conditions that are negotiated by the labor unions and the welfare agencies. They will continue to be eligible for promotional opportunities in the county welfare agencies in child support or in other parts of the agency.

So the employees are able to continue their career. If they want to, voluntarily they can choose during calendar year '99 to come over to the State. But the choice is there to remain. The unique part of the bill in terms of county welfare is it uses the Government Employee Interchange Act -- something like that. It allows for the leasing of employees from one agency so

that on a day-to-day basis they will be working for the new division, but their employer will remain the county welfare agency.

Is it a perfect system? Probably not. But you think about privatization, that it's privatization in some ways, that is, contracting with other agencies or other entities to get work done. What this is, is an effective publicization. It's using the county welfare agencies folks to do work under the new division but doing it under the terms and conditions.

The last thing I'd say in all of this is that the bill takes us to preserve the fiscal integrity of the county welfare agencies, which is real important to the folks that I represent in the welfare agencies, not just those doing child support, but the other vast majority who do other parts of implementing our State's welfare systems. By preserving the administrative funding, that stream of revenue for the county welfare agencies, I think that a step has been taken to ensure that these agencies don't go under as over time the division of child support grows and the number of people doing child support and welfare agencies decline.

We've reviewed all the provisions of the proposed bill. The last thing that I would say is that I have to thank the bill's sponsor and cosponsor and members of the administration that have worked so hard on this. I think there is at least the framework here for a progressive labor-management relationship in their child support. I'm hopeful that a labor-management committee could be set up if the new division is created where we can get practitioners in the field of child support that are union represented to sit down with members of the executive branch management team and make sure

that we can make this system the world-class system that I think everyone wants it to be.

SENATOR GORMLEY: Thank you.

Questions from members of the Committee?

SENATOR BRYANT: I want to comment, Mr. Chairman, so that I don't repeat myself today. But as to the concerns that are being raised, I don't want people to think that because I don't comment that the concerns are not important. It is that I think we are going to have an opportunity to review and go into more depth with those concerns.

The only thing that I would ask that you take a look at is what I'm concerned with in terms of your analysis as to the privatization where it does speak to at least, as I recall it, it talks in benefits of employees. But it says that there are substantial other savings. That is not in any way connected with the notion that yearly this new division will report about technology, changes and resources necessary, but it does not link to this Legislature the requirement to provide it.

Now think-- Let me tell you what that does. If you have that missing link, then if we decide not to give you the technology or resources that have been reported, we will have substantial reason within three years to get rid of all of you. It has nothing to do with labor laws, so therefore, when you are telling me-- Those are the kinds of things that we're going to have to go through that I have to have a real understanding as to what has to be our commitment if, in fact, we are going to give people a real opportunity because that is glaring to me, at least as I sort of feel. If you don't have those

connections, you don't have to worry about labor, you don't have to worry about benefits. I can get rid of you because of technology.

MR. LOOS: Senator, I agree with you. The only thing that I can point to in the bill is the provision in paragraph *d* of Section 91 on Page 43 of the bill. It addresses this concern. We said, okay, you are going to give us this sort of job security for five years, but suppose we do everything right. From sort of what we can do it's labor, but the technology isn't there, you underfunded the agency, the number of positions are not adequately funded, or there are laws that should be passed that would give our workers the tools to collect the child support that aren't passed.

So paragraph *d* says that in order to match the likelihood that the State will deliver child support services at a high-performance level that the division is required to annually report to the Budget and Appropriations Committees of both Houses. In that report, they are to make recommendations to improve the State's performance. The recommendations may include, but not be limited to, legislation needed and any technology and resources that may be needed. That's the only thing I can point to is that at least we are going to come before that Appropriations Committee every year. We are going to listen to that report, and we are going to advocate that you guys fund it.

SENATOR BRYANT: But my point is that-- I don't want to belabor it. That is exactly my point. There is no causal connection between the report and giving a person a reasonable opportunity to fulfill its goals if, in fact, it is not funded, and not to have that I don't think it's fair for us to be

able say that, in fact, we haven't left a blatant loophole for how one can demise a department.

This is complex, and let me give the Chairman a lot of credit because of the complexity of the many things that we are doing down there. That's why we need, in some way, to systematically go through and then making sure that all of these understands -- because I don't think there is any bad intent involved. It is that, as we went through it, we actually see some things that we need just to close -- as I call it, close the gaps.

I think that is what the Chairman is basically saying. All I'm saying to people is that give us this input so that as we trudge through Section 62 through Section 87 that they are starting to make a whole and that these questions can be raised and that the intent, that I think is there and I know that is on the part of the Commissioner and his staff, is made to be real and so that this Legislature can understand how it's done.

It's not bad that I'm talking about it, it is that we have about five or six very complex areas that need to be done in a very -- how can I call it? I think I like-- The Chairman in the back room he said he used the eleventh grade. I said give it to me on the sixth-grade level and in plain English so that I can understand it and so that everybody can kind of just walk this thing very easily and have a very good confidence that we've actually done-- Ultimately, what we want to do is to improve the bodily life of families and keep children out of poverty.

SENATOR GORMLEY: Any other question? (negative response)

Thank you.

MR. LOOS: Thank you.

SENATOR GORMLEY: Ciro Scalera, Association for Children of New Jersey.

C I R O A. S C A L E R A: Senator, we appreciate the opportunity to be here today, and in the interest of time and given the decision to bifurcate the bill into further hearings, I will be very brief in my comments.

First of all, I'm here to say that as the Executive Director of the Association for Children of New Jersey, we support the child support proposal. Most of the comments that we have are going to be directed towards the improvement act, and we will participate fully in the public hearings that will take place on that bill. I guess I would just take the opportunity to make three observations on the discussion that I've heard this morning very quickly.

The first is that I agree with Senator Bryant that the goal here is not to focus on dependency and welfare, but to instead move towards independence. More and more of our State policies are being geared by the Department of Human Services to try and support working poor families. Nonetheless, we have not done a good job in AFDC-TANF collections. We are not doing the job that we could be doing.

I'm not here to account blame. I'm not an expert in the child support area, but I see the numbers and we can do a better job. I think the gentleman from the CWA just said that. There is plenty of room for improvement, and I think we need to explore all of those possibilities, particularly for poor children and families.

My second observation is that it has been my experience in observing these things that when you create a division of State government two things inevitably come: unified management and money. You want to call it

a divisional imperative. I don't know, you know, why or the reasons it happens, but the Department of Human Services will inevitably have to deal with the resource issues and needs. Of course that's always subject to legislative review, approval, but when a new division is established -- and I just witnessed this in the juvenile justice area -- there are needs that emerge, and those needs tend to get to the top of the list. It's not a guarantee, but just looking over the years, you do see that issue. If better collections in AFDC is a coordination and resource issue, then that may be something that having a unified division may bring about.

My third observation is that there is a trend in government now to unify services. The child care system at the county level is now a unified agency. It took five different entities and unified it into one entity. It's got some bumps along the road, but we are very hopeful people outside of government that government is going to be able to do a better job in terms of being seen to the client and in delivering a service child care resource and referral with this new unified approach.

I am very familiar with the Juvenile Justice consolidation, and again I believe there are benefits that are going to be reaped that have already been reaped and will be reaped by the consolidation of a variety of different approaches. I welcome the opportunity for us to discuss how this might take place and the implementation issues that will inevitably come up when you try to combine bureaucracies, but I do think this is a trend, and if we don't lose perspective of a client, I think we will be on the right track.

My final comment would be having talked to you directly, Mr. Chairman, about this, and that is that we must be about protecting the interest

of the children and families in this system and increasing child support. That's what this is all about. That's what needs to be the driving force of the public policy. Yes there has to be complicated negotiations and discussions about union issues and bureaucracies. When you strip it all away, we have to look at the children and the families that are often cut adrift in this system and without protection. I am very confident in the sponsors of this bill because I know you both and I know that is the motivation of what you want to do here. I'm confident that as we have the public discussion in the future on this that we will certainly get to that undertaking.

Thank you very much.

SENATOR GORMLEY: Thank you.

Marcia Schiffer.

MARCIA SCHIFFER: Good morning. My name is Marcia Schiffer. I'd like to thank you for the opportunity to testify here today. I am employed as the Child Support and Paternity Coordinator at the Passaic County Board of Social Services. I have been employed at the board since January of 1969, and I am beginning my 30th year with the agency. I have been the administrator of the child support programs since 1983. It is important for you to know that I like my job, and I sincerely believe in the value of what I do.

Before I address you on a professional level, I'd like to begin on a personal note. I began my career as a social case worker and then became an income maintenance supervisor. I became very interested in child support when, in 1977, I became the single parent of my two sons, who were then aged four and one. Besides the emotional and social trauma of that event, my

former husband quickly fell \$6000 in arrears. My struggles in collecting this money gave me an education in how this system worked or should I say didn't work. I was frustrated constantly by the very bureaucracy that was paying me my own paychecks.

When I became the administrator of the child support program, I encouraged my staff that our agency would be the single entry point to help everyone who walked through the door, whether they were on welfare, nonwelfare, being monitored by Probation, or whether they were a calendar court case waiting for the judicial process to work for them. I knew we couldn't help everyone, but we certainly could make that call to direct them where they needed to be helped.

I didn't want people shuffled from office to office if it wasn't necessary. It is my belief through my years of experience that when people are constantly frustrated and do not get what they need, it is ultimately the children that suffer not only financially, but emotionally. The current fragmented structure in New Jersey does not serve the people who need its services quickly and efficiently.

There are some specific areas of the legislation that I would like to address. They are of the second part, basically the consolidation of services. One of the current structure is the lack of a single line of authority. Procedural instructions come from two, sometimes three, different sources. Confusion reigns when instructions that come directly to me at Child Support at the Social Services Board are interpreted differently at Probation and the courts may not have been informed at all about a certain allowable administrative process. This confusion results in considerable delays of time and money,

not only to the individuals looking for child support, but to the taxpayer when the lack of payments results in application for welfare assistance. The legislation corrects this problem by coordinating child support functions through one agency with one central point of authority.

There is no question in my mind that the court and the judicial process play a very important function in child support. Wisely, the legislation supports their continuing roles. I further underscore my support for one very important part of the legislation. I am a firm believer in the administrative process. As an example, the legislation addresses the consent process which has been working with great success in Passaic County at the Board of Social Services.

We take every opportunity to hold a voluntary conference to obtain a consent order for genetic testing, paternity establishment, establishment and modification of support orders, and other related issues where both parties are present, welfare and nonwelfare. We find that when people are given the opportunity to sit down and discuss issues outside the courtroom and the courthouse, we reach consent in over 90 percent of the cases.

The parents feel that by participating in the process they are more satisfied by the solutions. When walking away with a better understanding of the process, there is a much better rate of compliance after the order is issued. The judge reviews and signs all consent orders when they are forwarded to the court. If consent is not reached at the conference, the parties are told to appear in court on the date that was scheduled and received by them prior to the conference.

It's exciting to me to see this process outlined in this legislation. The consent conference represents a streamlining of a process that previously had taken weeks to achieve, required three separate agencies to prepare, and cost the taxpayers unnecessary expense. Most of all, it gets the child support to the children faster than ever before. The biggest benefit in the consent conference is that the consent conference itself is a family affair. Both parents are buying into a process. When it becomes a two-parent responsibility, it can only benefit the children that it was intended for.

In summary, I hope that the legislation as introduced passes quickly. It is, as I said before, exciting to me after all my years in child support to be in the position of seeing a system that develops that serves everyone. Delays and implementation will hurt all of us involved, but most of all it will hurt the children of New Jersey.

Thank you for your time. If you have any questions--

SENATOR GORMLEY: Would you consider if we just consolidated everything under your office? (laughter)

MS. SCHIFFER: Okay.

SENATOR GORMLEY: Thank you, excellent testimony.

Stu Cameron and Dennis Casale, New Jersey Bankers Association.

W. STUART CAMERON: Good afternoon, Mr. Chairman, and members of the Committee. Thank you for the opportunity to come before you this afternoon on behalf of the commercial banks in New Jersey. Some advanced communication has gone out to the sponsors, and we have provided today a list of some of the suggested amendments that we have.

One of the things that I want to point out is that, as I said with our meetings with some of the division members, we support the goal of this legislation. That, we don't have a problem with. However, we are concerned about some of the unintended effects on the third parties such as the banks and several employees in terms of liability issues and lien issues and things of that nature. That's what our amendments largely point out to. I brought Dennis Casale with me, who is our counsel, to express to you some of the details and help answer some of your questions on that should you have any.

SENATOR GORMLEY: Let me ask a question. Have you been meeting with Commissioner Waldman?

MR. CAMERON: With some of his colleagues we have. We started the process; in fact, it was very good. As soon as we got hold of the bill, we went into our two-minute drill so to speak, and then that following Monday we met and had our first meeting and we started the works on this. They've had a copy of these amendments that you have in front of you. We are working on it.

SENATOR GORMLEY: My question to the Department is -- I'd like to know how close we are to an agreement. Well, very-- A legitimate, slightly skeptical, turnaround I got.

MR. CAMERON: At least--

SENATOR GORMLEY: Who's working on it for the Department?

MR. CAMERON: Alisha Griffin.

A L I S H A G R I F F I N: Speaking for the Department.

Senator, we have had ongoing meetings as indicated with the Association and the interested parties here. We have received an outline of several of their suggested amendments, and we believe we are close to agreeing on most of them. There still remains one or two issues--

SENATOR GORMLEY: Because we are dealing with--

MS. GRIFFIN: Yes.

SENATOR GORMLEY: --the bill for this session--

MS. GRIFFIN: Yes.

SENATOR GORMLEY: --so that's--

MS. GRIFFIN: There are some issues that remain unanswered, and we will need some time to investigate them and get back to the group, and we'll do that quickly.

SENATOR GORMLEY: Well, given the fact that the substitute bills would have to move on Thursday, what I would like to recommend, if I may, is that the dialogue continue immediately after the hearing.

MR. CAMERON: In fact, Mr. Chairman, we were going to offer that. We are prepared to stay this afternoon--

SENATOR GORMLEY: What I'd like to do is to delay your testimony, if you don't mind, until Thursday. What I'd like to do is, to work on refining the differences, to meet immediately after the hearing. I'll be available during the day tomorrow at my office, as will Senator Bryant be in the vicinity. If there are ties, Senator Bryant and I will work on that with you. So I would appreciate-- Because everyone is dealing in good faith here.

MR. CAMERON: Absolutely.

SENATOR GORMLEY: So would you handle it afterwards, tomorrow and then tomorrow afternoon, depending on how Senator Bryant and I will be available or whatever, and then you could refine -- that both sides could explain to us, and then we would have it refined before Thursday. If that's okay with you?

MR. CAMERON: We would be happy to do that.

SENATOR BRYANT: I'll be available, and I know you will, too, for a conference.

SENATOR GORMLEY: Exactly, and then we will go over the points that are left; but I think this is making more progress, quite frankly, through the negotiations right now than if we were to go back over certain areas you've already agreed about or in the mist of trying to find a resolution.

SENATOR BRYANT: Can I ask just one question? I'm not sure because I haven't really been able to go through the amendments or whatever you're suggesting. Does this also have to do with ability to actually surrender their points?

MR. CAMERON: Yes.

SENATOR BRYANT: And the only thing I ask of your Department is that I have some questions about whether you are going to -- or not have some hearing as to surrender. That was a question I had, and I have it just flanked that I have no problem with the making of whole fronts, but I do have major problems where you surrender the funds before there is some court determination. That to me is again a privacy issue that an individual should have.

There is one thing about holding it and tell them they can't disperse it or whatever else. But to force them to surrender the funds and then we have some judicial determination--

SENATOR GORMLEY: And obviously we would. As I said, for Thursday, what we are looking to do is fulfill the Federal requirement, whatever it takes to fulfill the Federal requirement. If it's beyond that there is a rule of thumb.

MR. CAMERON: If I could, Mr. Chairman, I would like to mention we had in our preliminary discussion, I think, on the 21 of December with the members of the Department -- that there are certain things that we feel can be handled regulatory, but there are certain things that really need to be handled statutorily, and we try to differentiate between the two.

SENATOR GORMLEY: We're most concerned with making sure that whatever statutory changes must be made to conform to the existing Federal laws that we accomplish those goals. Beyond that if there is agreement and we also agree, fine. If not, we don't want to impede the vast majority of the legislation.

MR. CAMERON: Thank you very much.

SENATOR GORMLEY: Irene Von Sylewitz.

UNIDENTIFIED SPEAKER FROM AUDIENCE: She stepped out for a second, she'll be right back.

SENATOR GORMLEY: We'll call another witness. When she comes back in we will call her.

Bear Atwood, NOW-New Jersey.

UNIDENTIFIED SPEAKER FROM AUDIENCE: She just stepped out.

SENATOR GORMLEY: She stepped out, also.

Would somebody -- these are the last two witnesses -- would somebody ask the two individuals that are in the hallway to please step in so that we can take their testimony.

B E A R A T W O O D: Sorry, I just stepped out for a moment.

Thanks for the opportunity to be heard on this very important legislation. At the National Organization for Women, we hear and see from the people who have to deal with this system, not as employees, but as the clients on a regular basis. We support the goal of this legislation, and I think that obviously for the women of New Jersey being able to efficiently collect their child support is very, very important.

The goal has to be more than collecting child support. It has to be collecting it in a way that leaves the mother with dignity and that doesn't put her at such inconvenience that she is struggling to even find a way to go to court or go to the division. What we would ask is that in making decisions about consolidation that the Legislature really step back and think about the women who are collecting child support. Because while this child support will benefit their children, it is they who have to struggle with learning how to deal with the system.

It is women who have to take a day off from work to go to court, to go to hearings, and unfortunately, in New Jersey, a large number of those women still work at jobs where they are paid by the hour, and they lose a day's pay every time they have to go to court. So I want you to really think about

that issue. I want to make sure that whatever process is put in place, and I think it needs to be emphasized in the legislation is as streamlined as possible to make sure that women don't have to go back and back and back again.

The other concern that I have, and I really think this is a serious concern for the women who will be struggling with this, is the consolidation in the executive branch. Last spring, I guess, when this first legislation first started to be talked about and there was some newspaper articles, we got a flood of calls from women who said, "You mean now we are going to have to go down to welfare to collect our child support?" That's a real issue for women in New Jersey. There is truly a stigma to being on welfare. The thought of being seen coming out of that building is serious for a lot of women. So to put women in a position where they are already probably trying to work at two jobs simply to make ends meet for their children, trying to spend some quality time with their children, and collect child support-- I think it is very important that if the consolidation happens in the division that it happen in a way where there is a separation of services, that it not be down at the County Welfare Office and that it happen in away that is very sensitive to the very serious issue.

I really want to echo what Senator Bryant said. This legislation being driven by the welfare reform changes concerns me because the majority of women who are collecting child support are not on welfare. It is the welfare cases that are where you have the most difficulty collecting the child support. Because most often those absent parents are also not working. My concern is that with the incentives that are built in federally to improve child support collection under welfare that a disproportionate amount of our resources, in

terms of money, in terms of staff, will go towards collecting that welfare child support. I couldn't agree more that it is very important to collect that welfare child support, but what I don't want to see happen is families where they are not on welfare not get the kind of services that are absolutely necessary because every child should be receiving their child support from their absent parent, and no person should have to see themselves being weighed as more or less valuable, certainly not when it is being driven by Federal funding.

So I would ask, as you look at this new legislation that you're going to work on, that you really take those issues into account and that every effort be made to remember the women who will be having to deal with the new system and that it be done in a way that it is as sensitive to their needs and issues as possible.

Thank you.

SENATOR GORMLEY: Thank you very much.

The final witness, Irene Von Sylewitz, excuse the pronunciation.

I R E N E V O N S Y L E W I T Z: Good afternoon. Can you hear me?

SENATOR GORMLEY: When the red light is on. (referring to PA microphone)

MS. VON SYLEWITZ: Good afternoon. I welcome the opportunity to give testimony, and I will right away apologize if there is a little bit of lack of continuity into my testimony because I started a new job and it wasn't until yesterday I decided to go in and tell my employer that I really need to do this. So I just put this together last night. It's not all inclusive, but I really felt strongly that I needed to share some thoughts with this Committee.

I come before you this morning as an advocate for thousands of nonwelfare cases in the State of New Jersey. In 1995 I began to work with approximately 38 individuals representing every facet of child support enforcement in the State of New Jersey. This joint committee was to report within one year of its starting date to the Chief Justice and Governor its findings and recommendations on ways to improve enforcement. We met as a whole, and subcommittees looked at automated systems, location, case-processing time frames, service of process, customer service, staffing, legislation, criminal nonsupport, cost-benefit analysis of low collection cases, enforcement of visitation, and interest of late child support payments.

Although many of us agreed that a good portion of our recommendations had in fact been discussed in various levels in past years, most believe this report would result in some sort of implementation. However, from the very first meeting of the committee, I suspected there was an ulterior motive to this exercise.

Commissioner Waldman repeatedly asked if any of the subcommittees were considering privatization of at least some of the functions in the program. I remember vividly asking if this was just a way to bring everyone to the table and then turn around and proceed to bring our system under the control of the executive branch where the goal would be ultimately to ultimately privatize to satisfy the influence of the private sector in New Jersey. I contend I was right.

The report, which I have a copy of, which was released in March of 1996, ironically coincided with the original proposal in March of 1996. On Page 16 and Page 17 of the original proposal makes the recommendation to

consolidate the program, use competitive bidding to contract for the establishment of support and enforcement. We were never told about the preparation in this document, and I can't believe members that sat on that committee with me, representing the Department of Human Services, were not aware these projects were underway simultaneously.

UIFSA has been sitting idle in the last two legislative sessions and even conspicuously withdrawn by one legislator, leaving New Jersey with the distinction of being the last to pass this mandate from the Federal government. The elements of the welfare reform bill which mandate our State to meet certain requirements should be legislated independent of any proposal for consolidation. I believe this has been held back to package it neatly in this 90-page bill, which has had at least six drafts and various titles attached to it.

I have yet to get a satisfactory answer as to why a transition team was formed to work on the process for consolidation in June of 1997 before the bills introduction. I understand the individuals selected are highly qualified in their respective positions within DHS, but Ms. Bradley comes most recently from the Division of Medical Assistants in Health Services where she ultimately saw the Garden State Health Plan through to full privatization. Alisha Griffin's years of experience with DYFS is as a Director, and she was transferred to work in a totally unrelated field. This decision is questionable.

Are the taxpayers of New Jersey aware of how much time and money has been spent on this project without the legislative consideration of this bill? Are taxpayers aware that the Commissioner has among other duties the job of seeing through the full master plan for hospital closure, redirection of mental health patients, and continuing to see to the crisis in DYFS services,

yet he has personally spent time in counties holding meetings with various groups and employee representatives working on this legislation?

The dollar amount totaled so far could have best been spent on enforcement. The Department of Human Services is the largest Department in the State, yet this legislation expands the Commissioner's authority and new duties. For example, I feel that there have been some orchestration to keep those out of the debate.

In early 1997, during a workshop of the State Child Support Conference to explain the State contention with the legislation, there was a small workshop. There was talk of completely scrapping our computer system. The Department of Health and Human Services Administration of Children and Families reports -- and this is at the Federal level -- that the systems had a follow-up review to finalize certification, which was conducted on December 15 and 16 of just this past year. While I don't know the final outcome of the certification review, I do know that in March of 1996 the system met with level to review criteria established in the Family Support Act of 1988.

Whatever we need to do to meet the new welfare reform mandates I think we can do better than to go out to bid for a whole new system that will cost a potential hundred million if not more. Are the taxpayers of New Jersey aware that a private vender was brought into the process to assist in the review of the legislation, working on the extension of another contract without going to bid? How much is this costing and where will the work end?

Are taxpayers aware that UIFSA and the elements required in the welfare reform bill could have been taken directly from the language and the model pieces of legislation and a vendor wasn't needed? Or is this vendor who

works across the country making recommendations to do private sector work here for just that purpose?

As a matter of fact, I asked an employee of the company in December about his work with Ms. Bradley, and he conceded they had never met. Do custodial parents in the State of New Jersey know that the Department of Family Development has had an opportunity to purchase a State-owned system to provide locate services for under 200,000 for unlimited use? I've always been repeatedly told we don't have the money to do that.

This locate service could have resulted in thousands of locations and paternity establishments increasing the potential for increased revenues and assist in making families independent of our welfare system years ago.

Do responsible parents across the state who have been receiving good service through the Administrative Office of the Court even know that this legislation would move their cases to a new agency, consolidation perhaps to Human Services? I would say emphatically no. Even the *Star-Ledger* editors had no problem taking a quick look at our system and determine that if this is the wave of the future, put it where the work is already being done. In May the same paper made the observation that while the State has said they have no plans to privatize welfare, it shows the idea is alive.

Well-thought out is the statement. We should demand no less from government. It is government's responsibility to stop accepting the notion it cannot be efficient, that it can never work as well as the private side, that it is too lazy or too stupid to be the effective, responsible entity it is supposed to be. This bill will do little to remove the involvement of the courts

and may result in the duplication of work as well as the transfer of cases that move into litigation, as postdivorce cases often do.

I suggest each and every legislator take time to read and ask for item interpretation in this bill to fully understand what is being considered. For example, how many in the Senate know that this bill states that all New Jersey employers doing business in the State have to report to the Department of Child Support Enforcement, but that according to the Federal Office Child Support Enforcement, multistate employers will have the option to report all new hires to a single state it does business with, and it doesn't have to be New Jersey?

How many know the legislation will give the new system just five years to prove itself without fully privatizing, and it has to remain in the top 13 states in the country? Wherever the figures are being garnered from, New Jersey has been in that category already. How many legislators were exposed to the alternative, detailed proposal to restructure child support within the courts? I read a good portion of it, I feel it's very detailed, well thought out, and it really makes good logical sense, so the fact that this bill is being separated and you're going to look at other alternatives, I hope they will take a good look at that proposal.

In the matter of employees transition from the Judiciary, for some employees would certainly affect the work performance of both those already at the Department of Human Services and the courts. What I mean by that is that there would be different levels that people will come in at making various moneyes and that the courts will be frozen while those at the

Department of Human Services come up to that. And that was an explanation given by Ms. Bradley in Atlantic City.

On Page 42 of this bill it says that during calendar years 1999 to 2003 there shall be no privatization displacement as a result of any privatization initiative regarding child support services being performed by a county welfare agency or judiciary employee. It goes on, the Department shall not enter into a contract with a private entity for the performance of work actually being performed by a county welfare agency or division employee in the State's child support program at the time the contract is initiated. This clearly opens the door for outsourcing all new elements of work under the new division. This history -- I'm going to leave that paragraph alone for now.

Why do I mention that privatization is the ultimate goal? The answer is simple. Because the State could not farm out work or outsource some of the functions while it remains in the court system. In March 1997 report, which was the Task Force at the Federal level on privatization, lays out the plan for this initiative. First, privatization can be introduced and sustained when there is a committed political leader to champion it. Second, governments need to establish an organizational and analytical structure to implement the privatization effort. Third, governments may need to enact legislative changes or reduce resources available to government agencies in order to encourage the greater use of privatization. I contended that New Jersey is pretty much in lock step with that plan.

In conclusion, while there are those who may come forward representing various groups originally opposed who now want to support this initiative, let the public be aware that hundreds of hours were spent in

negotiations and concessions to convince them this is a way to make the system better. It is appalling the court system would take the position that there is no objection to a transition when hundreds of employees in the Judiciary are prohibited from taking their own stands and see the potential disaster.

I have with me for your information samples of various articles I would gladly share representing issues you should be looking at if you ultimately want to see the future will bring New Jersey if consolidation goes through to the Department of Human Services.

Senators, I am not here just as a concerned citizen with an opposing point of view. I have a long history with child support. I was the Director of a state nonprofit that dealt with child support in nonwelfare cases. I am the former President of the National Child Support Advocacy Coalition, which serves as an umbrella organization for other advocates across the country. I have served on various committees as well as the Commission for Divorce Reform, and currently I serve on a court-ordered committee formed in Texas that is the result of a lawsuit filed and then settled out of court with my organization because of poor state practices.

I've also worked for the State, and I know firsthand that if you in the Legislature would vote for this measure because -- they themselves had studied its contents, but rather relied on the interpretive statement, legislative and committee staff and leadership support -- this sweeping legislation deserves more than that. The Legislature owes the taxpayers of New Jersey the assurance they have explored every option available to improve the lives of the most vulnerable of your constituents, the children.

I thank you, and I am very, very glad to hear that the legislation is going to go forward separately. I wish it had been done sooner. I always said that it could have been done, and I just suggest that some of the--

SENATOR GORMLEY: Could we have a copy of your statement?

MS. VON SYLEWITZ: Yes, absolutely. As a matter of fact I was in such a hurry, I'll make copies and bring it back to Mr. Tumulty.

SENATOR GORMLEY: Because you are the final witness, but I want to give it to the Commissioner, so we can answer it point by point.

MS. VON SYLEWITZ: Sure. Actually, I'm meeting with him tomorrow evening, so I will make copies.

SENATOR GORMLEY: That ought to be fun. (laughter)

MS. VON SYLEWITZ: Well--

SENATOR GORMLEY: Nothing like burning bridges before you meet with someone.

MS. VON SYLEWITZ: But I just suggested on those subcommittee amendments that--

SENATOR GORMLEY: Now that's part of the record. What I would like to do, because it was very thorough, I would like to provide it to him because I don't want to go back and forth right now and have him submit a written statement. So we have that available over the points. You spent a lot of time on that, and it deserves a point-by-point answer.

MS. VON SYLEWITZ: Senator, quite honestly, I started this at 8:00 last night, so I'm on very little sleep. But I do want to say that the committee substitutes that are going to go forward, I suggest very careful scrutiny of the language. I didn't even go point by point. Some of the language does not compare uniformly with language in the Federal models, and it could cause some problems later.

That old Tax Relief Act which was passed after the welfare bill even mandates now that additional information will have to be in the state case registry, so if you are going to do that part and adopt all of those elements for the welfare reform, it should be carefully done so you don't have to go back and amend it again.

SENATOR GORMLEY: Thank you.

(HEARING CONCLUDED)