

New Jersey. Unemployment Relief Commission

Report No. 2: a progress report of considerations affecting the general relief problem with special reference to administrative and financial matters.

1939

Copy 2.

974.90  
U55  
1939b

974.90 copy 2.  
U55 N. J. Unemployment Relief  
1939b Commission.

Report No. 2: a progress report of considerations affecting the general relief problem with special reference to administrative and financial matters.

974.90 copy 2.  
U55 N.J. Unemployment Relief  
1939b Commission.

Report No. 2: A progress report of considerations affecting the general relief problem with special reference to administrative and financial matters.

DATE	ISSUED TO

New Jersey State Library  
Department of Education  
Trenton, New Jersey 08625

PRINTED IN U.S.A.

State of New Jersey  
Unemployment Relief Commission

REPORT No. 2

A Progress Report of Considerations Affecting the General Relief Problem with Special Reference to Administrative and Financial Matters

JANUARY 16, 1939

Copy 2

53  
39

MEMBERS OF THE COMMISSION

JOSEPH BERNHARD, *Chairman*,  
Wallpack

ASSEMBLYMAN FRED E. SHEPARD, *Secretary*,  
Elizabeth

SENATOR ROBERT C. HENDRICKSON,  
Woodbury

ASSEMBLYMAN FRED W. DeVOE,  
New Brunswick

ASSEMBLYMAN ROCCO PALESE,  
Camden

ROBERT W. ALLAN,  
Rutherford

CHESTER I. BARNARD,  
Newark

WILLIAM J. ELLIS,  
Trenton

MICHAEL J. HICKEY,  
Mountain Lakes

JOHN F. O'NEILL,  
Jersey City

DONALD R. STEVENS,  
Ridgewood

TABLE OF CONTENTS

	PAGE
Letter of Transmittal .....	4
Conclusions and Recommendations .....	7
General Statement .....	12
Relative Relief Shares of State and Municipalities .....	16
Supplemental Statement .....	20
Supplemental Statement .....	22

## LETTER OF TRANSMITTAL

*To the Honorable A. Harry Moore, Governor of the State of New Jersey and to the Senate and General Assembly of the State of New Jersey:*

Herewith the New Jersey State Unemployment Relief Commission submits Report No. 2, which is a progress report directed primarily to certain administration and financial recommendations. The Commission has concentrated upon the material for this report through frequent meetings of the Commission as a whole and by active investigations conducted largely through a sub-committee of five of its members who have devoted largely of their time to studies of the administrative and financial problems reviewed herewith.

This sub-committee and the Commission as a whole have conferred with State fiscal officers, as well as with representatives of the State Financial Assistance Commission, with the end in view of preparing for the Governor and the Legislature a report which would meet some of the immediate, pressing and practical problems in connection with the relief situation.

One of the major problems confronting the Governor and the Legislature has to do with the question that has been raised as to whether the same formula used by the State Financial Assistance Commission for the early part of the 1938 calendar year in reimbursing municipalities should apply to the relief reimbursements for the latter part of the calendar year. It was the unanimous vote of the members of this Commission that it would recommend to the Governor and the Legislature, that while they recognize that there may be some question as to the legal and technical matters involved, it would seem to us that it would be advisable for the State to complete its relationships with

the municipalities for the year ending December 31, 1938, by pursuing the same reimbursement formula as obtained in the earlier months of the year.

The Commission is in agreement on practically all matters that are covered in the enclosed report. However, as you will note, two of our members have asked to have appended a supplemental statement, expressing their views on one of the recommendations made by the Commission as to the necessity of new sources of revenue. A third member has submitted a special supplemental statement presenting his views regarding Federal-State relationships.

The Commission felt that it could not evade the responsibility of advising the Governor and Legislature regarding financial considerations. While it recognizes that there are undoubtedly differing points of view on such a highly controversial question, we have pointed out in the report itself, that the deficit which accumulated in the calendar year of 1938 amounts to over seven million dollars; this added to the amount recommended as required as a State contribution toward relief needs of twelve million, makes a total of nineteen million for State contributions to complete 1938 and provide for 1939. We do not think this total is to be denied as a practical matter. As we further pointed out, with the provision of such an amount, further diversion, postponement and economies seem to most of us to be out of the question. We believe to allow a further accumulation of unpaid obligations simply makes the situation more acute. The majority of the Commission are therefore compelled to advise that some temporary tax that will provide about nineteen million dollars, less whatever can be secured by the other alternatives we have mentioned, is necessary.

We commend to the Governor and members of the Legislature the detailed studies which were contained in Report No. 1, which I transmitted on behalf of the Commission under date of October 17, 1938. We feel that many of the

conclusions and recommendations reviewed in Report No. 1 are still pertinent and worthy of further study in connection with the considerations of the attached Report No. 2.

The members of the Commission realize the tremendous burdens placed upon the Governor and Legislature in attempting to reach a wise and constructive solution of the pressing problems of unemployment relief, and hold themselves in readiness to confer with the Governor and appropriate committees of the Legislature with respect to the considerations that enter into any part of this or the previous report.

Respectfully submitted,

For the New Jersey  
Unemployment Relief Commission,

JOSEPH BERNHARD, *Chairman.*

January 16, 1939.

## REPORT NO. 2

### OF THE

## NEW JERSEY UNEMPLOYMENT RELIEF COMMISSION

### CONCLUSIONS AND RECOMMENDATIONS

This report, on the *financing* of State relief, has reference only to the calendar year 1939 with the exception of Section 4 (i) which applies to the calendar years 1938 and 1939.

The continuing nature of the State's relief finance problem obviously makes this a current or partial report. As a continuing agency of the State, under the provisions of Chapter 92, P. L. 1938, the Commission proposes, from time to time, to submit further reports to the Governor and the Legislature.

The Commission sets forth its suggestions and recommendations at some length in the following pages. For purposes of ready reference they are here summarized as follows:

1. That present relief rolls be divided into "unemployables" and "employables".
2. That full responsibility for administration, together with provision of funds needed for direct (home) relief of all "unemployable" persons now on local relief rolls, be assumed by the State, after a proper determination of their classification and status as such has been made.
  - a. Such administrative and fiscal control to be vested in the State Department of Institutions and Agencies with administrative decentralization through County Welfare Boards.

3. That responsibility for providing not less than fifty (50) per cent of all funds needed for direct relief of all "employable" persons remaining or placed on the local municipal rolls after deducting "unemployables" be assumed by the municipalities, together with full administrative control.

- a. Revision of the present State relief financing formula, in use by the State Financial Assistance Commission, so that the State's obligation or commitment for financial aid to the municipalities for direct relief of all "employable" persons will not exceed fifty (50) per cent of the total costs of such municipal expenditures.
- b. Revision of existing State laws relating to State financial aid to municipalities for direct relief expenditures for all "employable" persons, so as to limit specifically the obligation of the State for the next fiscal year, for such purposes, to a maximum of \$8,000,000.
- c. Administration of (a) and (b) by the State Financial Assistance Commission.

4. That *State* funds for relief be sought as follows with definite inclusion of same in the appropriation bill.

- a. Allocation out of State revenue receipts of a sum not in excess of \$4,000,000 to the Department of Institutions and Agencies, for administration and expenditures for direct (home) relief of all needy persons now on local direct relief rolls who may be properly classified as "unemployable".
- b. Suitable legislation for allocation of \$1,000,000 from excess balance remaining in the "Educational Aid Reserve Fund", amounting to approximately \$2,000,000, for State relief purposes for "employables"—consistent with the precedent established in 1938.

c. There has been some discussion of the actuarial status of the State Teachers' Pension and Annuity Fund and the State Retirement System. Proper investigation should be made of the actuarial status, in order to eliminate this comment and discussion.

The teachers' association, with a membership of 28,000 teachers, recognizes this need, because it has endorsed such a plan. Its endorsement of an actuarial investigation of the Teachers' Pension and Annuity Fund was sent to each member of the Legislature by letter of January 4th, wherein the teachers of this State said that

"Our association will welcome any actuarial investigation of the Teachers' Pension and Annuity Fund.

"If an actuarial investigation will clear up current misunderstandings, the teachers heartily endorse such a proposal and will be grateful to the Legislature which makes it possible."

Therefore, it is recommended that a prompt legislative inquiry be made into the actuarial status of the State Teachers' Pension and Annuity Fund and the State Retirement System with the view of determining the feasibility of reducing, or suspending, for the next fiscal year, the State's contribution to those funds.

- d. Continuation of every feasible economy in the operating expenditures of all State departments, which may yield substantial amounts of money from the State Fund for diversion to State relief needs.
- e. Continue Executive authorization for diversion of State funds.
- f. Recent proposals of the Community Mobilization for Human Needs, as yet in their tentative stages, offer an attractive field for direct explor-

- ation by the Legislature through early negotiation with the Federal authorities. These proposals involve turning back to the respective States, the full administration and control, by the State, of work relief programs now controlled by the Federal agency, for co-ordination with State-local administration and expenditures for direct (home) relief, under a system of Federal grants-in-aid to the States, conditional upon State conformity to certain standards to be approved by the Federal Relief Administration.
- g. Payment of Unemployment Compensation Benefits beginning January 1939 will tend to reduce relief needs.
  - h. Reduction of the State bonded debt will allow the application of interest saved thereby to be used for relief purposes.
  - i. After allowing for all of the foregoing, the deficit then existing be financed by an emergency relief tax, to take care of the State's share of the relief deficit for 1938 and the State's share of relief for the calendar year 1939.
5. That *local* funds for relief be sought as follows with definite inclusion of same in the local budget:
- a. Continued enforcement of every feasible economy in local, school and county administration which may release substantial amounts for local relief needs.
  - b. Immediate suspension of mandatory salary laws for 1939 (as in 1933) and creation of a commission to study mandatory laws looking toward repeal in order to help municipalities to finance their increased share of relief through an economy program under proper Home Rule.

- c. Enforcement of Section 10, Title 44, Chapter 8, of the Revised Statutes (Chapter 213, P. L. 1938) relating to public assistance administered by the municipalities. This Section directs
  - (1.) Monthly investigation of every relief case.
  - (2.) Reconsideration from month to month of the amount and nature of assistance given.
  - (3.) Devise ways and means for bringing persons to self-support.

## GENERAL STATEMENT

The conclusions and recommendations as respects the calendar year 1939 presented in the preceding pages of this report are based upon factual material already submitted in our Report No. 1 and upon some additional material to be submitted herein; they are also based upon general considerations and upon judgments of the Commission concerning which we wish briefly to present here explanatory statements so far as seems necessary.

There are four fundamental questions with which the Commission has been occupied in its efforts to arrive at specific recommendations. Although they are closely inter-related and the answer to one cannot be secured independently of the answers to the others, we discuss them separately as follows: (1) How should the relief work basically be organized? (2) To what extent should the State assume financial responsibilities for relief? (3) How should the State's financial burdens for relief be financed? (4) Can the municipalities finance their part of the relief burdens?

### 1. How should the relief work basically be organized?

We have already reported our opinion that the administration of relief should continue to be a responsibility of the municipalities. This has been the system in effect for more than a century, it was the original basis of relief operations of the first State emergency relief administration beginning in 1931, and it was adopted again by the Legislature in 1936, and is the present system.

We believe, however, that the "unemployables" should be directly a responsibility of the State for the reason that this part of the relief problem is essentially the same as that involved in Old Age Assistance, and other forms of categorical aid which are recognized to be best treated as a function of the State government. The methods of determining the need for relief and of providing for it are quite different in such cases than those properly applicable to the care of persons who are in temporary need solely by reason of lack of employment opportunity. The latter

constitute a class of cases in which in general no special treatment is required, and which disappears with opportunities for employment, and which will be in part cared for by Unemployment Compensation Benefits.

We do not wish to imply that "unemployables" are necessarily permanently so, or that special treatment is in all cases necessary; but it is a fact that in these cases the question of the *need* of treatment or of the *condition* of being unable to accept employment is the important one and does require special consideration for each case.

Nor do we wish to imply that the treatment of "unemployables" as a State function requires centralization of administration. On the contrary, decentralization of the work to county welfare authorities, as in the case of other kinds of categorical assistance, is contemplated.

This proposal is not new. It was undertaken experimentally as respects Morris County in 1935 by the State Relief Administration and the extension to other counties would undoubtedly have been urged and provided for later had the State Relief Administration not been discontinued in 1936.

The placing of the "unemployables" under the direct responsibility of the State will relieve the municipalities of approximately 20 per cent. of the cases now carried by them as unemployment relief cases, and will *reduce municipal expenses correspondingly*.

### 2. To what extent should the State assume financial responsibility for relief?

The recommendations we have made for application in the calendar year 1939 would result, if the relief costs were equivalent to those of 1938, in a transfer of approximately 10 per cent. of the total costs from the State to the municipalities and limit the State's contribution to not more than 50 per cent. of costs incurred in any municipality and to an aggregate of not more than \$12,000,000 including the cost of relief of "unemployables" to be assumed as a direct charge of the State. These recommendations do not



represent the judgment of the Commission as to the proper proportions for subsequent years. We believe that a larger proportion of the costs should be borne locally, but limit the recommendations as respects 1939 only because a more radical change at this time might introduce too great disturbance of municipal financial programs in some instances.

There is strong opinion that all of the costs of relief (except of "unemployables") should be borne by the municipalities. The principal grounds for this opinion are two:

(a) If the administration of relief is a local obligation, proper attention to expenditures and adequate control of relief procedures will not be secured if the funds are provided by the State. Although not all municipalities receiving State aid are to be criticized from this point of view, it is, we think, undeniable that in important cases municipal management of relief has been careless and reprehensible and in some instances has been operated with a view to partisan political advantage because the State has been assuming all but a small proportion of the expense. In some of these cases we believe that the State subvention has not operated to relieve local taxpayers at all, but has merely relieved the local administration of the necessity of proper economy in the municipal affairs generally. In such cases State subsidies to local relief expenditures have been in effect a contribution to the costs of local government as a whole—something not intended and not justified by any theory relating to the relief situation. In other cases, the effect has been a State contribution to the reduction of local debts. In such cases the municipalities have been in effect improperly favored under the guise of relief subsidies.

From this standpoint it is clear to us that it is unsound for the State to assume in any case the major part of the local relief burden. In this connection it should be noted that the existence of WPA, the proposal that the State assume the costs of "unemployables," and the generally solvent conditions of the municipalities present an entirely different situation than that of 1932-1933 when many

municipalities were not solvent and were practically unable to assume any substantial part of the relief burdens.

(b) A second basis for our opinion is that the present system involves a substantial degree of inequity as between municipalities. Many of our municipalities secure no State aid. Even if attention is confined to the larger municipalities it is clear that the disparity between them as respects the extent of State aid is out of all proportion. As is shown by the table immediately following, large municipalities such as Elizabeth, East Orange, Bloomfield, Irvington, received less than half their expenditures for relief in 1937 from the State, whereas many others received more than 75 per cent. from the State, and several more than 80 per cent. Except for temporary emergency periods there can be no justification for such discrepancies. They in effect penalize the people of well managed municipalities for the benefit of others, some of which may not have been well managed.

We see no reason for such extremes. New York State does not subsidize relief costs to more than 40 per cent. We see no differences in conditions that now call for a widely different treatment in New Jersey.

To the above reasons for our recommendations in this matter we would add the practical consideration that the variations in conditions will be best provided for financially through the municipalities rather than through the State. It is not possible to estimate reliably either for the State as a whole or for specific municipalities what the relief load or relief costs will be. Assuming no radical change in WPA policies, it is likely that in 1939 the burdens will be reduced, but they may be greater, or they may vary widely in different municipalities. Much less disturbance is created if the variations are dealt with by the financial operations of individual municipalities than by throwing the effect of them upon the single treasury of the State, with constant uncertainty and confusion of State financial plans. The correction of this condition for the future calls for a definite limit to the State's expenditures for relief.

RELATIVE SHARE OF TOTAL RELIEF COSTS BY STATE OF NEW JERSEY AND MUNICIPALITIES IN SELECTED MUNICIPALITIES, 1937

Municipality	Amount of Relief			Per Cent of Total Relief	
	Total	State Share*	Municipal Cost**	State Share	Municipal Cost
Total—State of New Jersey	\$17,818,553	\$12,994,058	\$4,824,495	72.9	27.1
Total—30 municipalities	13,104,598	9,769,745	3,334,853	74.6	25.4
Newark	5,170,709	3,979,466	1,191,243	77.0	23.0
Jersey City	1,690,432	1,289,545	400,887	76.3	23.7
Paterson	753,748	597,260	156,488	79.2	20.8
Trenton	720,134	550,251	169,883	76.4	23.6
Camden	942,948	772,954	169,994	82.0	18.0
Elizabeth	232,302	104,027	128,275	44.8	55.2
Bayonne	530,579	396,592	133,987	74.7	25.3
East Orange	172,984	71,864	101,120	41.5	58.5
Union City	377,889	334,534	43,355	88.5	11.5
Irvington	133,680	62,973	70,707	47.1	52.9
Perth Amboy	258,704	208,358	50,346	80.5	19.5
Montclair	243,698	135,712	107,986	55.7	44.3
Kearny	171,701	103,560	68,141	60.3	39.7
North Bergen	205,915	155,925	49,990	75.7	24.3
Bloomfield	103,993	47,831	56,162	46.0	54.0
Orange City	312,976	255,887	57,089	81.8	18.2
Plainfield	90,550	35,768	54,782	39.5	60.5
Hamilton Township	180,905	152,829	28,076	84.5	15.5
Belleville	119,798	82,958	36,840	69.2	30.8
Woodbridge	156,760	136,047	20,713	86.8	13.2
Hackensack	78,109	41,327	36,782	52.9	47.1
West Orange	44,653	11,911	32,742	26.7	73.3
Maplewood	16,560	0	16,560	0	100.0
Linden	64,793	19,180	45,613	29.6	70.4
Nutley	76,612	53,578	23,034	69.9	30.1
Phillipsburg	37,519	24,957	12,562	66.5	33.5
Englewood	48,704	21,377	27,327	43.9	56.1
Hillside Township	52,214	35,769	16,445	68.5	31.5
Lyndhurst	44,162	29,670	14,492	67.2	32.8
Pennsauken Township	70,867	57,635	13,232	81.3	18.7

\* Exclusive of central office administrative costs incurred by State Financial Assistance Commission.

\*\* Includes costs of local office administration.

Source: State Financial Assistance Commission—1937 Relief Report.

This tabulation shows the relative shares of total 1937 general relief costs paid by the State and by the respective municipalities in thirty selected municipalities, including urban and suburban areas, industrial and residential sections. The wide variation in State aid for municipal relief can be seen from the table. Grants from the State range all the way from zero in Maplewood to 88.5 per cent of Union City's relief costs for the year. In more than one-half the number (17) of these municipalities the State paid more than three-quarters of the relief bill. In 22 municipalities of the 30 listed, the State furnished more than one-half the relief costs. In only eight of the jurisdictions was the State called upon to furnish less than one-half the money for relief.

3. How should the State's relief expenditures be financed?

Although in some respects the question of financing relief expenses may be considered to be a problem separate from that of relief policies and organization, the costs of relief are so substantial that it has never been possible since 1931 to divorce these subjects. This Commission has not been assigned the task of making recommendations as to tax policies or specific tax legislation, but it has been obliged to consider the sources from which funds might be secured because the amount of the State's contribution to relief costs, the amount of municipal contributions, and the relations between them, are affected in important degree by the character and extent of the resources available.

Having in mind the declarations of the platforms of both the Democratic and Republican parties, the adverse effects which taxes tend to have upon employment itself, the general desire to avoid new taxes and the strong personal reluctance of the members of this Commission toward new taxes, we have made very determined efforts to discover the possibilities of meeting the necessities from the funds and revenues presently available. Our first and an important conclusion from this point of view is the proposal to limit absolutely the State's contribution to relief costs to \$12,000,000 in the calendar year 1939, a limit we now think should probably be reduced in subsequent years.

We have next endeavored to find and state what diversions, postponements and economies could be used to secure the funds. Our findings are presented in the first part of this report. Even if we all were agreed that each of the proposals presented are proper items for development—and there is some dissent to some items—the majority of us are convinced that we cannot hope to secure the required sum for 1939 by these means, and that probably they would fall far short of the necessities. We are in general agreed that each of them should be energetically investigated to secure as much as is proper from them in any event.

If only the calendar year 1939 were to be considered it is possible that notwithstanding what has just been stated we

might think it wisest to do nothing more, reserving for future treatment the deficit that would probably accrue by this method. What defeats this proposal is the deficit already accumulated for the calendar year 1938 amounting to more than \$7,000,000. The situation it creates cannot be avoided by disavowing State responsibility for it and throwing it on to the municipalities. Taking into account the whole situation, we believe that the State should accept the obligations for municipal grants in 1938. This means that we have a total of more than \$19,000,000 to provide during 1939 for the \$12,000,000 of State contribution in that year and the unpaid contribution of 1938 to the municipalities. We do not think the total thus computed is to be denied as a practical matter.

Provision of such an amount by further diversions, postponements and economies seems to most of us out of the question, and we believe to allow a further accumulation of unpaid obligations merely makes the situation acute. We are, therefore, compelled to advise that some temporary tax that will provide about \$19,000,000, less whatever can be secured by the proposals previously made, is necessary.

#### **4. Can the municipalities finance their relief burdens?**

We believe that the municipalities should be relieved of mandatory salary prescriptions and that the whole matter of mandatory legislation should also receive thorough consideration. To require municipalities to assume relief costs and at the same time to impose arbitrary financial burdens upon them creates a condition that finally compels the State to accept more financial responsibility than is warranted by an orderly conduct of affairs.

In general it is evident that with the possible exception of one or two small and a few large municipalities, there would be no serious difficulty in 1939 in the financing of the entire relief costs, with the "unemployables" cared for by the State, through the municipalities. There is some prospect of reduced unemployment, and the payment of Unemployment Compensation Benefits now in effect will be a

substitute for relief in some degree. We do not suggest that the burden be completely placed on the municipalities, however, but that a limit be placed on State assistance, and that the State Financial Assistance Commission continue to provide for special situations (within the limit) by whatever formula it may find appropriate. We believe this plan is a practicable one for the present. There is no longer justification for involving the entire State financial program by reason of the importunities of a few municipalities.

SUPPLEMENTAL STATEMENT REGARDING  
RECOMMENDATION 4 (f)

Following is a supplemental statement requested to be appended to the report by Robert W. Allan, a member of the Commission, on his personal behalf:

Incontrovertible records of past experiments in public work relief methods in the nation and in New Jersey indicate the only logical course of future public action for solution of the unemployment relief problem.

The facts of actual experience as opposed to theory of future practice, and the findings of research surveys on the subject, together support the view that (a) present public expenditures for unemployment distress alleviation can not be materially reduced until private occupational indices indicate absorption of idle labor; (b) the control and administration of emergency public works programs must continue under direct Federal auspices.

These conclusions are in no sense arbitrary, but are well supported by proved, experienced and tested economic principle, and thereby do not permit my concurrence in any Commission recommendation which involves suggested exploration by the Legislature for the purpose of turning back to the State the full administration and control of work relief programs as now operated by Federal agencies.

Taking into account the conditions of such a plan, under a system of Federal grants-in-aid to the State and contingent upon the State's conformity to standards to be specified by the Federal government, I can not share the opinion of the Commission that the proposal offers an attractive field for the Legislature's attention.

Explicit in such a proposal is the elaboration of technical difficulties already reduced to a minimum by intelligent centralization of administrative functions and uniformity in operation control. Implicit in the

suggestion is an invitation to undesirable interferences with operation efficiency which do not now exist to hamper efficiency.

As presently designed, emergency public works programs respond readily to fluctuations in the unemployment index and the purpose for which the programs operate is amply served within the restrictions of available appropriations. Pending the amelioration of basic employment conditions presently existing, the elasticity of emergency employment provisions under Federal administration and control has proved desirable and effective.

Under a less centralized effort in this direction, temporary steps, diversely localized, may too easily assume the character of unalterable status quo and thereby permit the underlying problem of mass unemployment to deepen into permanence.

The factor of administrative cost is also an important current consideration. Administrative cost has been reduced so drastically under intelligent centralization of function that the present recommendation of the Commission seems at once to be contrary to our economical intentions and the best interests of the State. With administration and control, as presently exercised, continuing under direct Federal auspices and with administrative personnel, already experienced in its routine, functioning under Civil Service, whatever objectionable factors which may now exist—actually or theoretically—in the present method will be entirely obviated.

For these reasons, so evident to me and so important to our consideration, I must herewith submit my dissent to the Commission's recommendation under Paragraph (f) of this report.

(Signed) ROBERT W. ALLAN.

SUPPLEMENTAL STATEMENT REGARDING  
RECOMMENDATION 4 (i)

Following is a supplemental statement requested to be appended to the report by Michael J. Hickey and Donald R. Stevens, members of the Commission, on their personal behalf:

The undersigned members of the Commission dissent from the recommendation 4 (i) that the State finance such deficit as may result from the over-generous and questionably legal State Financial Assistance Commission allocation of State funds to a small minority of municipalities in the calendar year 1938 and to provide for the sum which the Commission now sets up as the State's maximum obligation for grants to the municipalities in 1939.

New State taxation for continued State subsidies to a small number of municipalities will effectively preclude any reasonable economy in the expenses of State government. It will open the way for an early, if not immediate resumption of non-imperative new highway construction, encourage unnecessary and unwarranted retention of many State boards, commissions and high-salaried public employees.

The majority recommendation for an "Emergency Relief State Tax" for State revenues in 1938 and 1939, is, moreover an evasion of the real problem involved, namely, honest, efficient and non-political control of "relief spending."

The taxpayer is caught as usual in the dilemma that while he has continually opposed waste and unwise expenditure for relief, nevertheless waste and unwise expenditure has increased. It has increased to the point that the State claims it cannot find funds to meet its obligations.

Hence, the taxpayer is again outmaneuvered and is told that the only way out is with a new relief tax.

We do not believe that a new relief tax will guide us to any economies or any solution of the relief problem. The suggestion of a tax makes all preceding suggestions in the report more or less of an empty gesture.

We stand with the public pledges of both parties in favor of economy and against new taxes because we know that new money will prolong the difficulty. New money will not protect the working man but will tend to destroy his job and reduce his purchasing power. The new tax will rest heavily upon the poor.

We further dissent from the new tax recommendation because we believe that the \$350,000,000 present tax load, now resting upon 4,300,000 men, women, and children is already too much for them to bear.

(Signed) MICHAEL J. HICKEY,  
DONALD R. STEVENS.