

# ENERGY ASSISTANCE FOR THE ELDERLY

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HEARING  
BEFORE THE  
SPECIAL COMMITTEE ON AGING  
UNITED STATES SENATE  
NINETY-SIXTH CONGRESS  
SECOND SESSION

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PART 3—PENNSAUKEN, N.J.

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MAY 23, 1980



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# ENERGY ASSISTANCE FOR THE ELDERLY

FRIDAY, MAY 23, 1980

U.S. SENATE,  
SPECIAL COMMITTEE ON AGING,  
*Pennsauken, N.J.*

The committee met, pursuant to notice, at 9:30 a.m., in the Municipal Court Building, 2400 Bethel Avenue, Pennsauken, N.J., Hon. Bill Bradley presiding.

Present: Senator Bradley and Representative Florio.

Also present: E. Bentley Lipscomb, staff director; Deborah K. Kilmer, legislative liaison; Ezra Davidson, legislative aide to Senator Bradley; Betty M. Stagg, minority professional staff member; and Helen Gross-Wallace, clerical assistant.

## OPENING STATEMENT BY SENATOR BILL BRADLEY, PRESIDING

Senator BRADLEY. The hearing will come to order.

This hearing continues the U.S. Senate Special Committee on Aging's series of hearings on home energy assistance for the elderly. This morning's hearing will focus on how the new 1981 energy assistance program can better meet the needs of the elderly.

Over the past few years, the committee has documented the impact of energy prices on older persons. For example, the committee learned that in 1978 many low-income elderly paid approximately 25 percent of their income for energy expenditures. It was very difficult then for such persons to meet those expenses.

By last winter, which was relatively mild, low-income older persons were using almost 48 percent of their limited incomes for energy costs. Almost 50 percent of their income therefore was going to heat and electricity. It was no longer difficult for many elderly to pay utility bills, it was impossible.

The committee also heard testimony from medical experts about the elderly's high susceptibility to weather-related health problems, such as hypothermia. Hypothermia is a dramatic decrease in the body temperature caused by extreme cold which can, and has, resulted in death. The elderly are less able than younger persons to maintain normal body temperature when subject to the stress of cold. Cases of hypothermia among the elderly have increased significantly over the past few winters.

With this evidence obtained from around the country, the Senate Committee on Aging was able to justify the need for elderly persons to have special attention under an energy assistance program. The entire committee of 12 Senators sponsored an amendment which

required that households with an elderly person should receive priority under the home energy assistance program. This amendment was adopted and is now a part of the legislation establishing the 1981 home energy assistance program.

The State of New Jersey also has an energy credit program. The State has been a forerunner in recognizing the need for financial assistance to the low-income person for use in meeting energy costs. Last year, the Governor signed into law the lifeline credit program, which provides an energy credit of \$100 to elderly and disabled households. This credit and the Federal assistance program are the basis for an effective mechanism which can assist the elderly in combating prices. Today's hearing can help us refine and improve those programs.

These efforts are our focus of attention. What did we learn from the 1980 experience which can lead to a better program for the elderly for this winter and next? What processes can be used to inform and certify the elderly? What system must be developed in order to prevent shut-off of service?

I will keep my remarks brief because we have many witnesses to hear from today. They are representatives of State and local programs, elderly outreach workers, and elderly consumers. In addition, we will hear from the fuel distributors who play a major role in the Federal program.

Before we hear from the first witness, I would like to say that my senior colleague, Senator Harrison A. Williams, Jr., wanted to be here today and could not. He gave me a statement to submit for the record. All of you know his history and work for older Americans, which is quite exemplary, so I will submit his statement for the record at this time.

[The statement of Senator Williams follows:]

STATEMENT OF SENATOR HARRISON A. WILLIAMS, JR.

I wanted to thank you at the outset, Senator Bradley, for your timely interest in the Federal low-income energy assistance program and for holding these hearings in New Jersey today to gain a better perspective on the importance of this program for our State's elderly population.

I had hoped to be with you today, but unfortunately I will be detained because of a previous engagement. As a former chairman of the Special Committee on Aging, I know the vital role your committee plays in preparing recommendations and suggestions for the entire Senate, and I would certainly be remiss if I did not note the fine job you have been doing as one of the committee's leading members.

As you remember, the entire Congress became concerned last year that the decision to deregulate oil prices might place an extraordinary and unreasonable burden on those who can ill afford dramatic increases in the costs of household energy.

We are speaking, especially, of lower income families and elderly people who must live on fixed incomes. In many cases, these people must devote a much higher share of their incomes to payments for household energy and, in a time of difficult and persistent inflation, it is quite true that many of these families faced the awful decision of "heat or eat."

Congress swung into action quickly and we were able to prepare a special measure which funneled assistance to the States through an existing energy emergency program.

There were many problems with this particular mechanism for the delivery of assistance payments and that is why many of us in Congress argued that we needed a new program within the Department of Health and Human Services, formerly the Department of Health, Education, and Welfare.

Many of the stories we have heard about problems with the energy assistance program stem from the fact that we did not have a great deal of time to develop

the proper parameters to insure that funds went quickly and efficiently to the communities and people in need of help.

You may remember that I warned that the program in effect last winter, operated by a variety of State and Federal agencies, might not be able to handle the massive influx of funds authorized by Congress. In my original legislation, I argued for a carefully defined program, with clear criteria for eligibility, which would be operated by the Department of Health, Education, and Welfare. Unfortunately, as time ran out and the days grew colder, Congress was forced to act before it could develop a truly sophisticated model for the delivery of assistance.

We were lucky that this past winter was relatively mild. There were surprisingly few cases where people who needed assistance desperately were forced to do without because of bureaucratic delay. But there were still reports of communities which were not able to find the people who needed payments and there were stories of people receiving assistance when they might have been able to do without.

I want to stress one point. I think that the program which will operate next year will be much improved as far as the ability of the Government and community agencies to locate the people in real need and their ability to deliver assistance timely and without waste.

Indeed, that is the purpose of this hearing and of oversight hearings which will be held by the Committee on Labor and Human Resources, which I chair. I think we can build a record which will help erase any difficulties we faced with the program last winter. And I think that the energy assistance program that will go into effect this year, which I helped author, is much clearer in its purpose and in the administrative procedures demanded by law.

Our problem this year will be with funding. As you know, the measure I helped author, and which was included in the windfall profits tax bill, authorizes \$3.1 billion in grants to State governments for the 1981 fiscal year. This level of assistance is sufficient for the estimated 20 million households which may need help with their bills next year, especially if the winter is severe.

Yet, I already face the wrath of budget-cutters. The administration proposed funding at a level of \$2.2 billion, yet the final budget resolution making its way through a House-Senate conference committee would cut that figure even further, to \$1.6 billion. Mr. Chairman, these kinds of cuts will jeopardize the low-income energy assistance program and if next winter turns out to be cold and harsh, I fear that many poor families and elderly people may find themselves with no help at all. We cannot let such a vital effort—which strikes at the very heart of health and life—to fall victim to the present budget-cutting mood. At some point, we must draw a line and say that here is the absolute minimum necessary if we are to make sure that poor people and elderly men and women are not going to freeze in their homes. I think we can arrive at that figure with the proper negotiation and I look forward to the recommendations of this committee.

As you know, Mr. Chairman, New Jersey has made a special effort at the State level to look after the needs of elderly men and women who face extraordinary increases in their heating bills. The State's lifeline program has been an inspiration to many other jurisdictions and, though the program has experienced its own growing pains, I think it has worked effectively along with the Federal assistance program to provide basic and necessary protections for the elderly. I am sure you will hear much more about the State's noble efforts from other witnesses today.

In conclusion, let me say that I think we have moved far along the road to energy security for many poor and elderly Americans with passage of the low-income Energy Assistance Act as part of the windfall profits legislation. We need to be working now, in the summer months, to make sure that the first full year of this new program produces smooth administration and prudent delivery of payments in the winter of 1980-81. I am confident that Congress has pointed in the proper direction and I think that our continued financial commitment to this vital program will help insure that no American faces undue and unconscionable hardship in the winters ahead. That will certainly not be an easy task, but the work of committees like yours and mine will make our goals infinitely easier to achieve.

Thank you so much for allowing my participation in these valuable hearings.

Senator BRADLEY. Our first panel will discuss the various programs which provide energy assistance and it consists of Ann Klein, commissioner, Department of Human Services, State of New Jersey;

Edward Cornell, assistant commissioner, Department of Community Affairs; James J. Pennestri, director, Division on Aging, Department of Community Affairs, State of New Jersey; and John Fay, State ombudsman for the institutionalized elderly, State of New Jersey. I welcome the four of you to the hearing and you may begin with your statements and comments.

**STATEMENT OF ANN KLEIN, TRENTON, N.J., COMMISSIONER,  
DEPARTMENT OF HUMAN SERVICES, STATE OF NEW JERSEY**

Ms. KLEIN. Thank you very much, Senator Bradley. I think it is wonderful that you have given us an opportunity to discuss some of the problems around the heating costs and energy costs of low-income families and the elderly.

I am very concerned about the implementation of the home energy assistance program—HEAP—next year. It is my understanding, as of yesterday, that the Senate and House budget conferees have included only \$1.6 billion instead of the \$3.1 billion which was authorized for energy assistance next winter. Although this is the same amount that was appropriated last year, New Jersey's allocation is actually going to be a lot lower. We are going to be \$11 million short of what we had for last year's mild winter, going from \$65 million to \$54 million, as a result of changes in the formula.

In addition, the bill that governs energy assistance permits the State to expand eligibility from 351,000 households to 480,000 households. It does not require us to, but it makes us eligible and it includes public housing operators as well, so that in fact we are being asked to do a lot more with a lot less. I must say, Senator, that unless the appropriation is increased, we will not have the resources to meet the needs of the households next year even as well as last year, and last year was a very mild winter as you said.

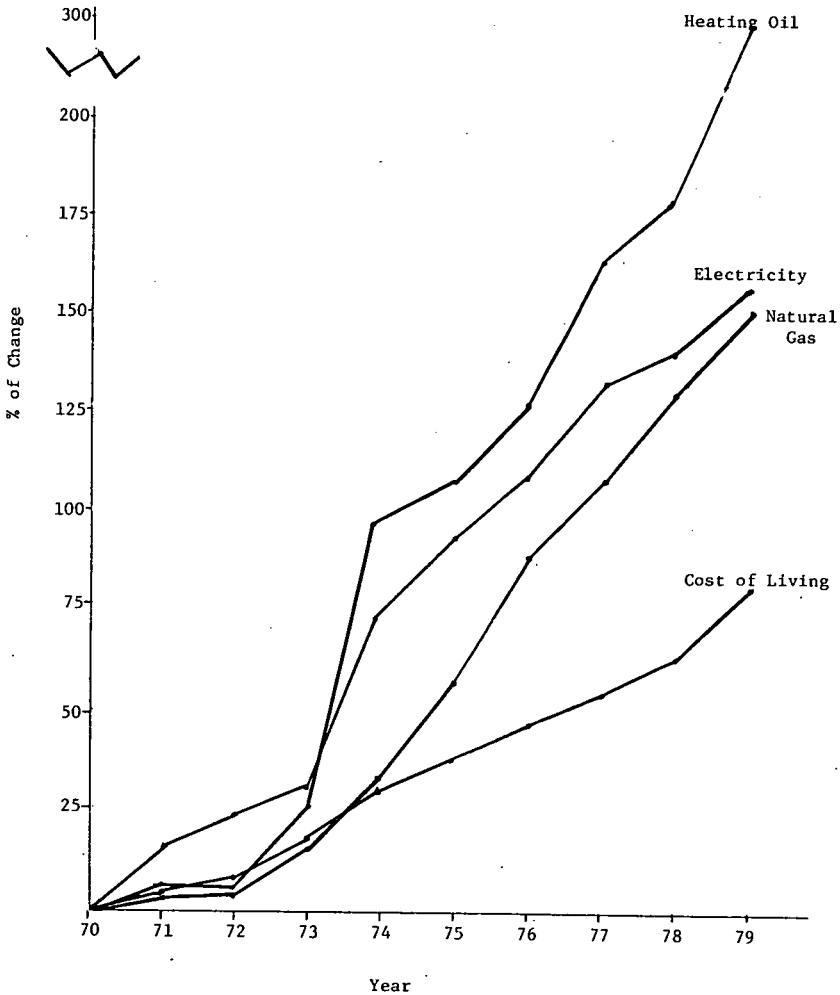
It is very distressing to me, I must add, that at a time when New Jersey is increasing the welfare grant for families on AFDC, the Congress is eroding that effort by reducing the food stamp program and by reducing the energy assistance program that is available to us.

I understand that the committee is primarily interested in the elderly, but it is awfully difficult for human service administrators to separate the energy needs from those of other low-income groups, such as families with children, who also need assistance. In the final analysis, the energy needs of all low-income households in our State are seriously threatened unless this funding problem is resolved. As loss of energy threatens the life and health of the elderly, it does the same for children, and we have too many children who are dying as a result of fires caused by candles or gas stoves substituting for light and fuel.

Originally, it was the intent of the windfall profits tax that the funds generated from the tax be used to support specific energy-related programs, and \$3.1 billion was authorized in that legislation for what we call HEAP—home energy assistance program. I wish we could have found a way to call it HEAT. It was decided, however, that instead of creating a trust fund that the proceeds from this tax would be put in general revenues. Thus, HEAP is competing for funds in the appropriations process and appears to have already fallen victim to the drive to balance the Federal budget.

As you can see from this chart, the cost of all heating fuels has been skyrocketing in New Jersey, compared to the overall cost of living. This is especially true for heating oil, which has increased in cost by 300 percent since 1970. About 60 percent of all households in New Jersey depend on this energy source for heat. Fortunately, last winter was warmer than normal for our State, but we cannot expect that to necessarily happen again next winter.

Comparison: Cost of Living Changes  
With Changes in the Costs for Electricity,  
Natural Gas and Home Heating Oil in New Jersey





This chart shows an 80-percent increase in the cost of living which is the lower line and then it shows what the increase has been for natural gas, for electricity, and, as you can see, for oil. So that not only are families 60 percent dependent on oil, which is the most expensive fuel, but also you can see how changing the formula so that instead of taking it into consideration in the base, the oil consumption, we are now using an aggregate fuel consumption which is a great disadvantage to an oil-consuming State like New Jersey, which has the most expensive fuel.

I hope that something can be done about this. I don't know how we can face a year with expanded eligibility, higher fuel costs, probably colder weather with less energy assistance than we had last year.

I am very concerned about the energy needs of the elderly. They are very vulnerable to the cold and often least likely to apply for assistance. There are approximately 880,000 elderly residents in our State, and it might be a surprise to know that about 40 percent of them, or 350,000, are served through my department through some kind of social service or rehabilitation or income-support program. About 8 percent of the elderly live below the poverty level in New Jersey. We are, therefore, very concerned about the elderly and how we can meet their needs in a comprehensive manner.

The long-range solution to everyone's energy needs is conservation. Much has been said about the need to reduce our dependence on energy sources such as fuel oil, but little has been done for low-income households. The Federal weatherization program is a start, but the impact has been minimal, partly because it is so inadequately funded. That is administered under DCA and I don't know if DCA will be here today, but I am sure they can speak about the lack of adequate resources for the Federal weatherization program.

What we need is a massive program that will result in weatherizing all households which consume too much energy. We support the concept of your proposal for a testing of a "residential energy efficiency program." I gather that came out of the conference committee. I congratulate you. I have not quite figured out how you did that. I hope New Jersey will be one of our test sites in your efforts to find a real solution to this problem.

We feel that a great deal more has to be done about conservation. Our institutions, for instance, are using 20 million gallons of fuel oil a year, and our budget deficits are just soaring because of that. When oil goes up 50 cents, it costs us \$10 million, and we know there is a great deal of waste there. To get the money to put in the retrofits and what has to be done is a difficult problem. We think a lot more can be done with cogeneration and we are trying to explore that.

We feel the real solution lies with using half the energy we presently use. In the meantime, what are we going to do about people that don't have the kind of resources that are necessary? New Jersey was in the lead in recognizing the needs of the elderly and disabled population by enacting the lifeline credit bill. The appropriation for this program was \$44 million, and it was the largest State-funded energy assistance program in the country. The funds are raised through a State tax on gambling revenues generated by casinos in Atlantic City.

The department administers lifeline, which has provided assistance to 168,000 aged and disabled individuals. Lifeline is available to people

who are on our pharmaceutical assistance program, which is another \$44 million program. It is available to people who are on supplemental security income—SSI—and social security people on disability. Households must have an income below \$9,000 for a single person, or \$12,000 for a couple, to be eligible. Those who participated in the program last year received \$100 credit toward their electric bill or a \$50 credit on the electric and \$50 on the gas bill if they used both services.

Like the PAA program, individuals applied through the mail. This procedure made the program accessible to the aged and disabled and reduced administrative costs and in general has proven to be very effective. We expect that the State legislature is going to increase that amount to probably \$125 for this coming winter.

The Federal energy assistance program last year was administered on a different basis than the State lifeline program. You will note that the lifeline program does not address the question of heating unless it is electricity or gas, it does not go to oil consumption. The State received \$14.7 million for the energy crisis assistance program—ECAP—which was administered by the Department of Community Affairs through the community action agencies. Individuals whose income was below 125 percent of the poverty level and had certain energy expenses could receive a vendor payment up to \$400. DCA also administers the weatherization program, which assists low-income people by making their homes more energy efficient.

In addition, New Jersey received \$36 million for the energy assistance program—EAP. These funds were administered by the department of human services through the county welfare agencies. All general assistance and aid to families with dependent children households received four payments—January, February, March, and April. General assistance families, which are families without children, are not eligible for a Federal program such as AFDC receive and they personally get \$119 a month if they are considered able to work and \$178 a month if they are considered unable to work. So they needed assistance and they received \$34 during the first 3 months and a \$6 payment in April. The AFDC households were families with children and they received twice that amount, \$68. In addition, we reserved \$4 million, which was used for emergency assistance in case the ECAP funds ran out, which they did in certain counties despite the fact that it was a mild winter.

Last year's Federal energy assistance program mandated that all individual SSI recipients in the community receive a flat one-time payment directly from the Social Security Administration. In New Jersey, 78,000 SSI recipients received payments of \$185. This equaled \$15 million. Although I am sure that these recipients, on the whole, needed and properly used these payments, this method of payment did result in certain problems.

I would like to interject that although we think of energy assistance as being geared strictly toward the payment of fuel costs, we should be aware that the increased cost of energy has accelerated the cost of everything—the manufacture and delivery of food, the processing of food. Everything that you buy has to be affected by the increased cost of energy, so when you talk about energy assistance only being directed to the consumer, you are ignoring that other aspect of inflation, particularly as it affects people who are on public assistance who don't get even the benefit increase that comes with social security.

The impact on those incomes of the increase in fuel and energy has just been out of sight.

The amount of assistance that was provided under this SSI straight grant from the Federal Government was not based on a household's energy, of course, but it was based on the number of SSI recipients that resided in the household. If there were two people on SSI, they received twice that amount, about \$370, plus the \$100 money that was available through lifeline.

If they paid their fuel costs through utilities, although the SSI payment had to be considered in determining the benefits under ECAP, the lifeline payments were not so that even if you got the \$100 lifeline payment it didn't count to your exclusion from the ECAP program. A host of small problems developed for people who were in institutions or were under the guardianship of the State, but that was a relatively minor problem.

The most widely publicized problem which we were concerned with on energy payments last year were those to boarding homes. Even though the check was mailed directly to the individual recipient, some boarding home operators claimed all or part of the payment because they and not the residents were directly responsible for energy costs in the home. This created some complaints, which I feel certain the ombudsman will be talking about.

There are two different kinds of boarding homes in New Jersey and they serve different populations.

Residents of residential health care facilities who, due to advanced age or a relatively high degree of disability, require the custodial and health-related services provided in these licensed homes and who receive an SSI check of \$339 a month, most of which goes to pay for their care in the home. There are approximately 5,000 SSI recipients in these facilities. Since they receive a higher level of service and a different level of payment, we are able to identify those recipients who live in the licensed homes so we know how many there are and we know where they live.

Residents of unlicensed rooming and boarding houses who are essentially tenants renting living space and some services—that is, meals and laundry—in a two-party independent landlord/tenant relation. We estimate about 15,000 SSI residents in these facilities, but we have no way of knowing how to identify them and sort them out from the general SSI population.

We, and the public advocate, were both concerned about what would happen with those energy checks because we have had experience in the past where it appears that residents who are quite disabled may be exploited in the relationship with the boarding home, so we jointly wrote a letter to each resident and to the operators of the sheltered boarding homes suggesting how this check should be divided, and it was roughly that half of it should go to the boarding home toward their heating costs and that half of it should be retained by the resident for their personal needs, for warmer clothing and blankets, and so forth. We varied that somewhat depending on the size of the boarding home. By and large, this joint effort to mediate between resident and operator, I think, did work and was very helpful, although there are some cases of abuse which the ombudsman may be pursuing for legal action. We were able to do that for the 5,000

residents in the sheltered boarding homes, but not as far as the other, although we did try to use that as a model. There was really very little we could do.

Both legally and in terms of computer file data, there is little difference between an SSI recipient renting an apartment and one renting a room, and both are free to enter into agreements with their landlords. Given the Federal decision to make cash payments to the eligible population, there was not really much to be done except let the checks go through and hope they were used to provide energy assistance.

One of the overall problems with providing energy assistance to SSI residents is their unusual and disparate living arrangements. Not only do about 25 percent of all SSI recipients live in boarding homes but many also live in public housing, or live in apartments or homes either alone or with friends or relatives. In many instances, they may not be paying for their energy costs directly, which may account for the reason that only 23 percent of all SSI recipients applied for lifeline.

I agree with the concept of a flat payment, but believe that greater emphasis must be placed on those elderly and disabled who have the highest energy costs. The justification of a flat payment just to increase income to meet these rising costs is whether or not they are a direct fuel payment. However, you do realize a greater emphasis has to be placed since we have limited resources to provide for the elderly and disabled who have the highest energy costs, and I might say the same thing applies for other low-income groups.

The flexibility granted to States in HEAP to determine the type and level of SSI benefits should remedy some of these problems of everybody getting the same amount, but I must say that we don't know exactly how it is going to be done, and it is going to be very complicated to work out a distribution that will be equitable and answer all of these problems. We really need more data on the energy needs of the population before we can really know how to target the assistance. The crucial thing, as far as I am concerned, is to try to do a better job, to reach more people, and given that we expect energy costs to rise even higher, I don't see how it will be possible. I know it won't be possible to really make the kind of distribution that is necessary without severely curtailing some of the assistance that was given last year, because we are dealing with less money next year than we had this year under the present appropriations.

I am really asking for your help and your committee's help to increase the budget authority and appropriation to the full authorized amount of that program. I believe that to me it is strange that last year when we did not have a fuel tax on windfall oil profits, we were able to give New Jersey \$65 million, and this year with that huge tax on oil, we are only going to get \$54 million, which is considerably less.

I consider you a real leader in the field of energy, Senator, and I am confident with your support and help you will be able to help us very much to address the critical energy problem of all the low-income families in New Jersey.

Thank you

Senator BRADLEY. Thank you very much, Commissioner Klein, for your testimony.

I have a number of questions. I think what I would like to do is have the whole panel make their statements and then we can get to the questions.

Mr. Pennestri, did you want to make a brief statement?

**STATEMENT OF JAMES J. PENNESTRI, PENNSAUKEN, N.J., DIRECTOR, DIVISION OF AGING, DEPARTMENT OF COMMUNITY AFFAIRS, STATE OF NEW JERSEY**

MR. PENNESTRI. First of all, Senator, as a resident of this town, I would like to welcome you to Pennsauken. I feel that these fine facilities are being utilized for a very extremely important purpose today and we trust that the outcome of this meeting will be fruitful to New Jersey's older persons.

Let me express our appreciation to you and to the entire Congress for their commitment to serving the needs of older citizens in the very critical area of energy assistance. Federal programs such as ECAP, supplemented by State programs like lifeline credit, provided our seniors with sorely needed relief to combat the skyrocketing costs of gas, oil, and electricity. Fortunately for all of us, last winter was exceptionally mild; otherwise, all of the funds concentrated on energy assistance may not have been enough.

Looking at the expected cost of utilities this winter, I am fearful that even greater efforts will have to be made simply to maintain the level of commitment made this year.

As you are aware, the programs conducted this year helped thousands of New Jersey residents, many of whom were older adults. According to our statistics, nearly 40 percent of recipients under the ECAP program were elderly citizens.

One concern I have heard expressed continually is that the income eligibility requirements were too low to permit many others in need from receiving benefits under this program. An elderly couple, for example, had to have less than \$5,625 in annual income to be eligible. I realize the limited funding which was possible, and I also realize that the income figures were 125 percent above the official poverty income guidelines. We also recognize the tremendous need that is out there. We should indicate that the State's programs on income levels are much higher than that and thus greater numbers are eligible to receive those benefits.

This year, applications were distributed in various ways by various agencies, coordinating their efforts with the State. I feel this type of diversity is extremely important because it gives us much more opportunity to insure those with the greatest need are reached. All of us must continue our joint efforts in this area.

For county offices on aging, of course, there were additional benefits as a result of our involvement. When a senior came in for an application, we were able to determine what other needs existed and, therefore, able to provide a wider variety of services to our older persons.

It is suggested that all New Jersey residents that qualify under the ECAP guidelines and who are 60 years and over can fill out an application with their county office on aging instead of the ECAP office. This might help some individuals over 60 who are not familiar with this program, but qualify, become informed and file an application through

the county agencies on aging. In cases of infirmity or handicap, arrangements will be made to take applications to the person's home through our outreach workers. In this way the division on aging, county offices on aging, and the ECAP can coordinate their services and all services needed by the elderly of New Jersey.

This position also applies to weatherization services provided. The income guidelines are the same and the administrators of this program would prefer to have the elderly individual apply directly to the weatherization ECAP offices or they will provide an outreach worker for homebound individuals.

Our division is currently working on a program utilizing the title V program of the Older Americans Act—that is, the older workers section—and the national contractors working in the State. We are fortunate in having some four national contractors or some five national programs here through the Farmers Union, the National Council on Aging, the National Council of Senior Citizens, and the Urban League which operate programs under title V in our State in addition to the State program.

So there are older workers in the State that can be utilized for the weatherization program. The weatherization program is through the community action program and working jointly we feel that we can develop a program that can provide the necessary weatherization for those older persons residing in substandard housing throughout the State. We feel that these programs are very important and even though we are not hitting the numbers that we would like to, we feel that the numbers that are being hit definitely do need this program and we must continue to provide ways and means for these individuals to live within the community.

Thank you very much, Senator.

Senator BRADLEY. Thank you very much, Mr. Pennestri, for your testimony and also for your welcome.

Our next witness is John Fay, State ombudsman for the institutionalized elderly in the State of New Jersey.

**STATEMENT OF JOHN J. FAY, JR., TRENTON, N.J., OMBUDSMAN FOR  
THE INSTITUTIONALIZED ELDERLY, STATE OF NEW JERSEY**

Mr. FAY. If we had to do it over again, Senator, we would change that term.

Senator BRADLEY. State advocate?

Mr. FAY. Yes; it would be much more appropriate.

I think it is important to make the point to you and to your committee that New Jersey is light years ahead of the other States in the Union that started with this Federal ombudsman program. I think one of the reasons I am here today is that at the very beginning we recognized that if you are going to protect and defend the rights of the elderly you cannot limit yourself to the nursing homes and that the term "facility for long-term care" is what puts us where we are today in dealing with this particular SSI check to the elderly in the sheltered care boarding homes and also into the unlicensed homes that we were aware that there were problems or that we had been called into.

I would also like to offer a very strong plea not to think that this is a unique, unusual, rare happening when we go into the list of abuses of the elderly in boarding homes. The fact of the matter is I am shocked that I was not shocked at the number of problems that we found there, among the population that we are dealing with. I think one of the major recommendations we give in our report to you is that Social Security, the Social Security Administration, the social security integrity has to recognize in this world that nobody really wants to take a good look out there. When we say SSI is generalization, I am thinking of the people in the sheltered boarding homes and in the unlicensed homes. New Jersey is also one of the few States in the Union that is starting in September an omnibus boarding law and a bill-of-rights law for the residents in the boarding homes will start going into effect.

In our own particular report here which I am submitting to you and to the committee, it is confidential and cannot be released until after next week, the ombudsman office has determined that we do have enough facts, we do have enough depositions to go into court and ask for the civil action against some of these boarding-home owners we felt went way, way beyond compliance of Commissioner Klein's and Stanley Van Ness' recommendations. The population we are talking about is not just the elderly. We are talking about nursing homes. Yes, we are talking about 95 percent of the people involved are the elderly.

We are talking about boarding homes. First of all, you are talking of an appropriation that is approximately 65 to 70 percent former mental patients. Their ages range anywhere from 25 to 95 years old. You are talking about people who are completely defenseless, easily coerced, easily threatened, and these are most of the cases that we are going to go to court with of the outright threat and coercion and you are giving that whole check over, you are going back to Marlboro, you are giving that whole check over or you are going out on the street, you are giving that attention. Obviously nobody is listening to you, obviously nobody cares but you.

This happens, by the way, in some of them every month, not just one particular check. These people live on, at best, the people in the boarding homes, on \$360 a year. That is at best. At worst they get \$5 a month. This is what they live on. This is their spending money. Social security, in their bulletins, someone was saying, does not limit the energy check to gas and oil and to heat. When you are dealing with this population an overcoat is a luxury; a sweater, a blanket is a luxury. That is what social security was saying. Obviously they didn't say it loud enough and clear enough and that is one of the recommendations in our report. There are, by our figures, around 20,000 people in the State alone that are living on this kind of an income at the maximum.

I began dealing with this just in my last 2 years in the State senate and the 2 years since I have been in this office. I am not trying to be melodramatic and I am not trying to exaggerate. If anything, I am underplaying this. If anything, we have taken our time to document, we have taken our time to get depositions. You are dealing with people who are very easily frightened and frightened often. The number of abuses that we documented in our 2 years, the majority of them come from these areas of physical abuse besides the mental

abuses that they go through, the terror that some of them go through day by day.

So what we have done here in this report is say that with the best intentions of the world too much of this money did not get down to these people, the money that was meant for them, that the very term "energy" was used against them. The very term "energy" was used against them in the HEW throwaway that came in the check, too. Many boarding home owners just jumped and said, well, HEW says it is energy, ergo we are paying for the energy, therefore it is our money. We were insisting that that is not your decision to make, that that check is to that individual in that individual's name. Commissioner Klein and Stanley Vaness did set down State guidelines and you went beyond that and it was from that point on that we moved onto documenting abuses and possible violations of Federal and State laws.

I also would like to say that in the last 2 years the U.S. attorney, Mr. Del Tuffo, has been very, very supportive. Every file that we received there was an assistant Federal attorney with us. They have a complete file on it and they are investigating the possible criminal charges. The State attorney general also has our complete file and they are also considering if there is a need to bring it to a grand jury, both on the Federal level and on the State level.

So that with the recommendations we are making to you, Senator, and to the committee, basically that is for social security. For the first time to go into their guidelines and to go into their computers and try to note that the people in boarding homes be recognized. It should be clarified, it should be defined in that these people need extra protection and support. This is a national scandal, by the way. What I am saying about New Jersey is that we are one of the few States that had people in the field. We had professional nurses and professional investigators in the field to document these abuses. What I am saying about New Jersey is true of every State in the Union, in abuses in some cases, the people are much more vulnerable and completely without any of the Department of Human Services relating to them—unlicensed homes.

With our new law next winter there will be department affairs and there will be the county welfare having a good grip on the population. What I am talking about is a national scandal, it is not something that just happened to happen in New Jersey this winter. It happened in every State in the Union this winter. It is happening in every State in the Union every month with the SSI check that goes to those people.

Our recommendations are also that from Mr. Del Tuffo's office they do feel very strongly that they need the upgrading of the Federal statutes, the criminal statutes in this area, that with the best intentions of the world they feel that the Federal statutes are vague, that the criminal code does need a reevaluation and an upgrading in dealing with these kinds of problems—fraud, coercion. In the State of New Jersey again we feel that we will do much better as a network for the people in the boarding home area, both licensed and unlicensed.

Another most important part of our new law is that after September, after next year at this time there should be no such category "unlicensed home in the State" so for the first time we will have a very, very good grip on just how many people are in all categories of the boarding home. The civil rights legislation, S. 10, does not meet the



needs of these people. S. 10 I think is basically to protect those in institutions. This large category of people, again if there is anyone in the Nation whose civil rights are threatened, if not abused every day of the week, is this population of men and women after they leave the institution and the elderly who have no relatives or friends especially those in boarding and rooming houses.

There is also a move on in the country and the State of New Jersey where the retarded people are now moving out into the community and this will be a trend for the next few years. So, therefore, Federal civil rights as well as State high priority on protecting the basic civil rights of these individuals, we found in New Jersey, that the nursing home bill of rights law has been most helpful. Things that everybody takes for granted—a visitor, a phone call, opening your own mail—cannot be taken for granted in an institution. They do have to be specific, they do have to be spelled out and they do have to be recognized as an occurrence, as a thing that is happening every day of the week.

So, Senator, what I am submitting is that report and the court case we are going into next week. I am also submitting to you and to the committee the yearly report of the ombudsman program and I would like the opportunity in the near future to be able to sit down with you and sit down eventually with the Committee on Aging to go into further detail on the myriad of other problems that we have been dealing with and investigating and documenting for the last 2 weeks.

Senator BRADLEY. Thank you very much, Mr. Fay. I am sure that the committee would welcome the opportunity to talk with you because you have so effectively documented some of the problems which we will get back to in the questions.

Our last witness on this panel is Edward Cornell, who represents the Department of Community Affairs in the State as assistant commissioner. Mr. Cornell, if you want to make a few brief comments and submit your entire statement for the record, that would be sufficient.

**STATEMENT OF EDWARD M. CORNELL, JR., TRENTON, N.J., ASSISTANT COMMISSIONER, DEPARTMENT OF COMMUNITY AFFAIRS, STATE OF NEW JERSEY**

Mr. CORNELL. Thank you. I appreciate that.

I thank you for inviting us here. I am accompanied by Jim Pennestri, also from the Department of Community Affairs.

I am in a unique opportunity here in that I, as assistant commissioner, have responsibility for the commission on aging with Jim Pennestri as the director and I have also had the opportunity to run the ECAP program from a management standpoint to get it through and to get it organized within our department. I would like to give you a little review of that ECAP program as it happened this year.

The fiscal year 1980 energy crisis assistance program administered by the New Jersey Department of Community Affairs has serviced approximately 41,000 New Jersey households to date by disbursing \$10.6 million to energy vendors on behalf of eligible households. As of May 21, 1980, \$11.9 million in applications had been placed on the computer index card. Approximately \$11.2 million has been approved for payment; \$686,248 of the total amount inventoried represents excess demand beyond a local operating agency's fuel assistance

payment allocation. Nearly \$600,000 has been approved for payment pending the return of the invoice from the energy vendor.

The ECAP statistics report indicated that about 39 percent of all households assisted are elderly households, 61 percent were nonelderly families; 29.6 percent of all households served also received AFDC fuel assistance, and 11.8 percent received SSI fuel assistance; 58.6 percent of all households served by ECAP did not receive energy assistance through the Department of Human Services.

The projected demand for ECAP, based solely on applications taken, but not placed on the computer inventory, is \$15,514,314, or about \$2,253,555 greater than the \$13,261,059 allocated for assistance payments. However, if the actual demand by agency is considered, the additional need is projected to be \$2,834,149. This figure represents the total amount of assistance requested beyond the local operating agency's allocations.

Our 24 local operating agencies will have taken in by the cutoff date, June 30, 1980, enough applications to expend or exceed their respective allocations. The undocumented demand, however, is considerable. Many agencies have now stopped accepting additional applications because their allocations have been exhausted. It was estimated that the number of eligible persons for ECAP was about 360,000 under the old guideline then, income guidelines under the new income guidelines in New Jersey, there are about 484,000 households that qualify for this assistance. This number greatly exceeds the number that can be assisted under the present level of funding.

The present system, with the difficulties experienced by changing from one system to another during the early phase of the program, has processed over 54,000 individual applications for placement on the computer inventory. Since February 1, 1980, almost 38,000 applications were received by the Department's ECAP office and sent to data processing. If each application were for \$400, the maximum assistance amount permitted, the Department of Community Affairs' ECAP office could have disbursed over \$21.6 million in assistance.

The ECAP fiscal year 1980 expiration date is September 30, 1980. The department has demonstrated, therefore, that it can handle an energy assistance program of not only the present magnitude but a larger one within the mandated time constraints. Our capabilities will be refined further before the start of fiscal year 1981's home energy assistance program—HEAP.

As I said, that is my prepared testimony, but I would like to add on to that because in developing this program and correcting some of the earlier problems we had due to regulation changes, I had a firsthand look at exactly what this program was doing and could accomplish. I could not help but feel it was a Band-Aid on an amputation. It was a very small amount of money to reach a very large percentage of the people in this State that qualified for this type of aid.

It appeared to me very early in this game that we were actually giving energy money to fuel vendors that were supplying energy for those households that were not yet weatherized and that this money would be actually forestalling the need of a person having fuel in his home from the day we gave him the check to settle that one bill whether it be December, January, February, or March and actually just puts it off until a shutoff sometime in March, April, May, or June. The experience in accepting applications on this program, having only handled

50,000 out of 480,000, you can almost be assured that next year those that received aid this year, whether they be senior citizens or just local poor, will be the ones that will receive the aid next year under the HEAP program. They know the path that they have to take to get this aid and they all need it.

I can say that I would like to recommend that this program be very seriously looked at and that the moneys should be, if not in fiscal year 1981, looked at in the future to go into the weatherization of homes so that the person receiving aid from the program will be putting it into a house that is weatherized and will have the benefit of that fuel-saving cost in the years ahead as long as he lives in that home that is weatherized. The same people necessarily won't be back the following year because you can move on to a different set of individuals.

I have with me other statistics on the ECAP program that I would be happy to leave with you and answer any further questions you have. I would just like to thank you for letting me give you our presentation. I would like to thank you on behalf of Mr. Pennestri and myself. We will answer questions later.

[The statistics referred to follow:]

PROJECTED DEMAND ECAP, FISCAL YEAR 1980

	Total allocated	Total inven- toried	Applications not inven- toried †	Projected demand	Projected additional need †
Atlantic HR.....	\$706, 084	\$717, 821	\$210, 300	\$928, 121	\$222, 037
Bayonne.....	274, 648	211, 761	57, 900	269, 661	-----
Bergen.....	902, 463	435, 829	198, 300	634, 129	-----
Burlington.....	438, 024	380, 941	40, 800	421, 741	-----
Camden.....	912, 972	842, 167	1, 062, 300	1, 904, 467	991, 495
Essex.....	873, 473	305, 972	768, 900	1, 074, 872	201, 399
Hoboken.....	293, 565	291, 037	68, 400	359, 437	65, 872
Jersey City.....	592, 437	522, 005	119, 400	641, 405	48, 968
Mercer.....	245, 961	259, 602	65, 400	325, 002	79, 041
Middlesex.....	719, 669	405, 122	276, 900	682, 022	-----
Monmouth.....	864, 392	740, 795	240, 300	981, 095	116, 703
Morris.....	386, 606	324, 912	67, 200	392, 112	5, 506
North Hudson.....	438, 525	411, 112	97, 500	508, 612	70, 087
Northwest.....	630, 204	609, 729	19, 200	628, 929	-----
Ocean.....	531, 448	503, 484	31, 200	534, 684	3, 236
Passaic City.....	149, 053	113, 654	20, 400	134, 054	-----
Passaic.....	301, 050	78, 873	18, 000	96, 873	-----
Paterson.....	384, 533	377, 977	483, 300	861, 277	467, 744
Plainfield.....	101, 991	111, 499	34, 800	146, 299	44, 308
Somerset.....	224, 180	191, 976	21, 900	213, 876	-----
SCOPE.....	835, 189	907, 917	55, 500	963, 417	128, 228
Trenton.....	375, 266	354, 917	235, 500	590, 417	215, 151
Union.....	695, 960	703, 587	105, 300	808, 887	112, 927
UCC.....	1, 323, 366	1, 064, 245	302, 400	1, 366, 645	43, 279
Powhatan Nation.....	60, 000	34, 160	3, 600	37, 760	-----
Unknown.....	0	8, 520	-----	8, 520	8, 520
<b>Total.....</b>	<b>13, 261, 059</b>	<b>10, 903, 344</b>	<b>4, 604, 700</b>	<b>15, 514, 314</b>	<b>2, 834, 149</b>

† Estimated at \$300 per application.

## CAP ALLOCATION REPORT, MAY 21, 1980

	Total allocated	Total approved	Balance
Atlantic HR.....	\$708,084	\$920,050	-\$213,966
Bayonne.....	274,648	211,872	62,776
Bergen.....	902,463	562,592	349,871
Burlington.....	438,024	381,881	56,143
Camden.....	912,972	843,621	69,351
Essex.....	873,473	445,577	427,896
Hoboken.....	293,565	304,143	-10,578
Jersey City.....	592,437	575,414	17,023
Mercer.....	245,961	256,590	-10,629
Middlesex.....	719,669	468,775	250,894
Monmouth.....	864,392	773,802	90,590
Morris.....	386,606	324,935	61,671
North Hudson.....	438,525	411,112	27,413
Northwest.....	630,204	609,729	20,475
Ocean.....	531,448	540,989	-9,541
Passaic City.....	149,053	122,087	26,966
Passaic.....	301,050	0	301,050
Paterson.....	384,533	653,006	-268,473
Plainfield.....	101,991	112,738	-10,747
Somerset.....	224,180	195,247	28,933
SCOPE.....	835,189	949,740	-114,551
Trenton.....	375,266	354,917	20,349
Union.....	695,960	734,331	-38,371
UCC.....	1,323,366	1,096,410	226,956
Powhatan Nation.....	60,000	34,160	25,840
Unknown.....	0	9,392	-9,392
<b>Total.....</b>	<b>13,261,059</b>	<b>11,883,110</b>	<b>1,377,949</b>

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS ENERGY CRISIS ASSISTANCE PROGRAM STATISTICS REPORT, APR. 24, 1980

ECAP Bulletin No. 23

CAP. Name	Houses assistance	Elderly assistance	Rentals assistance	Number in household	Total fuel payment	Total oil payment	Total gas payment	Total electric payment	Other fuel payment	Other goods	Retro/weath.
Atlantic HR.....	2,365	1,401	625	5,464	\$713,538	\$520,900	\$93,825	\$60,874	\$37,939	0	380
Bayonne.....	775	340	460	2,064	205,972	75,512	120,652	7,798	1,310	0	112
Bergen.....	1,294	597	513	3,111	423,860	244,949	169,730	6,342	2,839	0	479
Burlington.....	1,276	52	409	3,820	360,577	222,546	99,134	31,368	7,527	0	244
Camden.....	3,035	1,164	1,180	9,202	819,931	582,554	178,447	52,775	6,155	0	1,113
Essex.....	1,224	414	679	3,741	296,465	181,549	80,515	33,154	1,188	0	159
Hoboken.....	1,094	154	1,031	3,538	289,597	14,389	266,705	7,765	738	0	75
Jersey City.....	1,321	435	1,327	6,234	516,169	135,154	370,066	9,395	1,551	0	247
Mercer.....	819	516	196	1,797	249,887	182,111	48,506	12,123	6,445	0	174
Middlesex.....	1,214	547	518	3,421	328,862	231,471	78,516	17,793	1,082	0	220
Monmouth.....	2,353	954	1,108	6,975	737,405	489,657	179,234	56,190	12,327	0	767
Morris.....	946	534	325	2,167	326,631	261,574	42,896	10,640	11,571	0	255
North Hudson.....	1,486	758	1,236	3,354	412,272	78,975	270,784	69,713	800	0	168
Northwest.....	1,753	998	611	4,329	608,688	512,147	37,645	31,991	26,985	0	180
Ocean.....	1,744	440	812	5,996	503,060	242,386	40,647	153,227	16,790	0	360
Passaic City.....	522	101	446	1,677	107,518	30,192	76,678	185	263	0	105
Passaic.....	190	107	92	386	67,457	39,955	23,103	2,676	1,723	0	51
Petersen.....	1,475	220	1,263	4,823	349,626	80,004	262,107	2,504	5,011	0	173
Plainfield.....	378	155	183	1,248	106,981	81,356	26,485	928	214	0	116
Somerset.....	618	272	316	1,427	190,818	112,698	60,080	14,515	3,615	0	192
SCOPE.....	2,997	1,390	1,272	8,008	907,082	724,974	85,085	78,205	23,918	0	350
Trenton.....	1,378	472	692	4,507	357,376	224,571	74,771	55,786	2,368	0	280
Union.....	2,118	1,258	830	5,160	687,703	504,719	155,967	20,092	7,005	0	401
UCC.....	3,821	757	3,032	12,941	966,399	351,109	491,887	115,925	4,278	0	648
Powhatan Nation.....	97	43	41	268	32,789	21,770	4,189	4,811	2,414	0	648
Unknown.....	3	2	1	8	1,199	1,199	9	0	0	0	1
<b>Total.....</b>	<b>36,786</b>	<b>14,491</b>	<b>19,293</b>	<b>105,868</b>	<b>10,569,141</b>	<b>6,150,534</b>	<b>3,349,656</b>	<b>853,075</b>	<b>185,876</b>	<b>0</b>	<b>7,295</b>

Senator BRADLEY. Thank you very much, Mr. Cornell.

I would like to thank all four members of the panel for their testimony. They each, individually and collectively, have a great deal to be proud of, because we have been the forerunner of much good work in the area of energy assistance to the poor and to the elderly. I know that as you face the stark statistics of how much social security recipients and SSI recipients have had their income increased and how much fuel costs have increased that you cry for help legitimately, and ultimately the Federal Government has to be responsive to that.

If you took the chart that is behind you and charted on that the amount of income increase in those same years from SSI or social security, you would find that is about 14 percent in 1980 while heating costs went up 60 percent and natural gas 50 percent and the statistics are appalling. So I am quite aware of that and that is the purpose of this hearing.

I am also sensitive to the difference between helping people pay heating costs that are not going to be reduced over time and paying heating costs after homes have been made energy efficient. I am pleased to report, as Commissioner Klein said, that my residential energy efficiency plan was passed by the synthetic fuel conference 2 days ago and we will be in New Jersey next year to demonstrate this concept. So I welcome you and I am pleased with your perception of the problem and your ability to direct the resources of this State toward a solution of it. What we are talking about today is how we can make the Federal Government a little more helpful and there are a number of areas of interest for me.

One, the difference between 1980 and 1981 is that in 1980 the Federal Government had three separate programs of energy assistance and New Jersey had a State program; in 1981 basically it will be the State's choice, State's game. I am curious just to get your response to a number of questions.

Do you have any statistics as to how many people received duplicate payment from these three separate programs in 1980?

Mr. PENNESTRI. The older person would probably have received all three programs, an older poor person would have received all three programs.

Senator BRADLEY. Do we have any statistics about how many?

Ms. KLEIN. Are you interested in including in that the lifeline?

Senator BRADLEY. Yes; include lifeline, the AFDC, SSI, and the ECAP.

Ms. KLEIN. ECAP, as I understand, had a limitation of \$400 energy assistance of which the SSI increment or the special grant that came through SSI was counted so that if you got \$178 it counted against your \$400 ceiling. If you had \$350, whatever it was, for two people, that counted against your \$400 ceiling. The \$100 in lifeline was not counted as energy assistance against the \$400.

So assuming that the program was properly administered so that a person who received an SSI payment of \$178 going down to an ECAP agency for assistance would only be eligible for the difference between \$400 which was the ceiling on assistance and the \$178.

Senator BRADLEY. Do we have any statistics that would tell us what percent of the eligible population could have received all three

or four and what percent of that eligible population actually did? I think that tells us who is able to take advantage of the three programs.

Ms. KLEIN. I think you would have to really develop the statistical picture. For the lifeline program, which is the State program, we know who is eligible, and we know many received it. The people who are eligible are those who are on SSI disability, SSI, and PAI, the pharmaceutical assistance. A couple had to have an income of \$12,000, and \$9,000 for a single person. We know the number of eligibles in those programs, and we know that only about 25 percent, for instance, of the people on SSI applied for that program. We can develop the picture of who got lifeline out of those three groups and all of those people would, I believe, have been eligible for ECAP. I cannot tell you how many of those who got ECAP also got lifeline.

Mr. PENNESTRI. That presupposes that all of the individuals are homeowners. They had to be a homeowner in order to get the \$100. It didn't apply to the renters as far as the \$100.

Ms. KLEIN. Lifeline, you had to have your own meter for electric or gas so you could be a tenant definitely.

Senator BRADLEY. My point in asking the question is to simply say that if in 1981 we are faced with fewer funds than in 1980, the administration of the program and the efficiency of the program seems to be critical so that remaining funds are directed at the proper segment of the population and that they receive that payment. I think that if you had an analysis of how many were duplicative in the past that you might be able to spread the remaining funds further than if you bunched them the way they have been.

Ms. KLEIN. You have a very serious problem with this, Senator. I listened to Mr. Pennestri say that an elderly couple had to have an income of less than \$5,000 to be eligible for ECAP, a very low income, and he is saying that people with higher incomes than that should be eligible. On the other hand, we are dealing with 125,000 families with children whose income per family of four is less than \$5,000 and they also ought to be eligible for this program. Now all of those families did receive energy assistance through the AFDC grant. Some of them also received ECAP. What percentage of the people received ECAP?

Mr. CORNELL. Actually, the AFDC and the GA were 29.6 percent.

Ms. KLEIN. Of how many people served?

Mr. CORNELL. 40,000.

Ms. KLEIN. So they served 40,000 people, 29 percent of them were on AFDC and there were 125,000 families on AFDC who received assistance. It is not totally duplicative but there is some duplication.

Mr. CORNELL. The income level for the initial ECAP program for a couple was \$5,625 and for a single individual it was \$4,265, I think it was. However, under the new program, the new guidelines, it was based on \$6,262 as a minimum income. That is 125 percent of the public guideline which means we are taking on more people. Those that we had to turn down because they made \$5 and \$10 more than that income level now qualify. We could go back into our files if we had money and pay these people this past year.

We have no way except on our computer to tell you that we have deducted AFDC three payments, GA three payments, and the SSI payment from our \$400 maximum paid under ECAP but the commissioner brings up a very good point. They are receiving other aid from our division and they are getting it pretty well blanketed. Senior citizens,

no doubt, are getting it, SSI is getting the fuel money, lifeline. I think it is very hard to put that figure together that you are looking for under our application for ECAP. We don't ask those other questions other than those given to us for the regulations of SSI.

Senator BRADLEY. Would you say the lifeline program has been administered efficiently?

Mr. CORNELL. Yes.

Ms. KLEIN. Well, since we administer it, I think there were complaints with the processing of applications. We had a breakdown in data processing in our data bank earlier and we took it up very late in the season. Originally, of course, it was supposed to be done by the Energy Department and we got into it later. There were people who had to wait a few months. We had to catch up. I think in general, considering the number of applications and people suddenly coming onto the program and the processing that had to be done, I would say we did a good job. We had a couple hundred complaints which, in general, considering you are dealing with more than 100,000 people, that does not seem to be too awful.

Senator BRADLEY. If you took a flow chart of how the funds flow for the lifeline versus how they flow for the ECAP, could you make a judgment as to which you think is the more efficient way to distribute the funds?

Mr. PENNESTRI. I say lifeline would be a little easier because you are not dealing with as many companies. In the sense of how many power companies are in the State versus, say, utility companies versus fuel merchants. We are talking about large numbers versus very small numbers.

One of the important things about the lifeline program also is the fact that immediately when it did start up it also included another segment of the population besides the elderly that had not been enrolled in the PAA program in that it also applied to handicapped individuals. So the department had to go through the process of getting those individuals enrolled in the program as well in a relatively short period of time. So considering things, I would say the lifeline program which was a credit program in the end run anyway did get out quite fast.

Senator BRADLEY. What is the time frame between the time that the prices go up and the homeowner feels those prices, and the time he gets his credit? In the ECAP program, for example, we have had reports that the normal is 6 to 8 weeks which is a long time in the winter if you are pressed for funds and it sometimes goes as long as 2 to 3 months. I wondered what is the lifeline delay between the time a consumer applies and the time it gets the credit?

Ms. KLEIN. I don't think that was a particular problem because there was a prohibition in New Jersey against cutting off electricity and gas during the heating season.

Senator BRADLEY. How did that process work?

Ms. KLEIN. I believe it worked all right. I really didn't hear this year of people getting their utilities cut off.

Senator BRADLEY. What I am interested in is how it worked mechanically. In other words, why were we able to prevent cutoffs from occurring last winter? What would happen? Who would notify whom? How did it work?

Mr. PENNESTRI. The public utilities had to be notified in the State.



Senator BRADLEY. They had a list of the SSI recipients?

Mr. PENNESTRI. There is no way you could determine that.

Senator BRADLEY. How did they determine?

Mr. PENNESTRI. Nobody was cut off. We would be notified as to who would be receiving notices of potential cutoff but to my knowledge no one was cut off at all, Senator. The reports were submitted to us from the public utilities, from the various utilities that existed within the State, as to those that had received notice.

Now as far as the lifeline credit was concerned, it is exactly that. It is only a credit when the bill is probably far in excess of the credit. Where it occurred it really didn't matter that much but where you are talking about a utility bill, that is quite different. When you are talking about a fuel merchant who if he had not received his payment within a certain period of time, that is something different.

Senator BRADLEY. The utility agreed not to cut off at any time or not to cut off until March 1 or April 1?

Ms. KLEIN. After the cold season.

Mr. CORNELL. Winter months.

Senator BRADLEY. What happens if you ended up with not enough money to make the entire utility payment to prevent cutting it off?

Ms. KLEIN. It got cut off in the spring, March 30.

Senator BRADLEY. If no one got cut off in the winter, do we know how many people got cut off in April?

Mr. PENNESTRI. That report is not in yet, Senator.

Mr. CORNELL. Senator, if I may, before we go too deep into getting away from what you said before, I would like to make a correction. You have reports that affect anywhere from 2 to 5 weeks. When you mentioned the 2, 3, to 4 months, that was at the early stages of the program. We are far beyond that right now and the way it is shaping up we can and will improve the time we are doing it now under the HEAP program. I don't want you to think it takes 2 to 3 months at this point to make payment.

Senator BRADLEY. What do you think about the new law for 1981 that allows payments to be made directly to the operators of public housing programs like section 202 or 236? I understand your general sentiment that you have less money and more recipients and therefore that is a problem. Let's just consider the operational aspect of the problem.

Mr. CORNELL. If I could answer that, what you are doing is you are now zeroing in on a massive new population that could eat up, I would say, in New Jersey 15,000 households. We can only handle 50,000 with the general distribution allowing the CAP agencies which we use on the ECAP program. We also use certain offices on aging also as outreach centers but it disallows them from dealing with situations to people, the poor and nearly poor who do not get subsidized housing and live in their own homes or housing that is not subsidized. What you are doing is you are narrowing it down to someone who is already receiving subsistence and you are now giving him ECAP money.

Ms. KLEIN. Senator, as I see it, there are some people on low income who are better off than other people on low income and those are the people who live in subsidized housing because they do get better housing for less money if they are in public housing, and so if you have two people with very inadequate incomes the ones in public housing

are better off. It seems logical that instead of giving the assistance to those people you would give it to the HUD so that they can maintain that housing and I guess that is the intention of that law.

It would mean administratively that you have to sort out who is eligible, who lives in public housing and be sure that they don't get the aid directly that is available but that it goes to that landlord. I think that is going to be an administrative nightmare. I would just as soon give both the landlord and the recipients some assistance because even though they have public housing and even though they are better off than other poor people, they still are terribly badly off, they are still worse off than some of the people on lifeline who are at the upper end of the low-income scale.

So what Congress is saying when they say that you can choose to give assistance to HUD, to the housing in the urban authority rather than to the people who live in those apartments is if you can figure out a way to sort them out. On the other hand, nobody is testifying here for landlords, I notice, so from the landlord point of view they must have a feeling that, you know, some of them are in rent control, they cannot raise the rents. The heating is going up, there is some assistance available. How can you give it to a public housing authority and not give it to a landlord who does not get it? So the whole thing is that Congress is asking us to solve a world of problems and you are giving us less than you did last year. I don't see anyway we can do it.

Senator BRADLEY. I think there is a State option on the public housing.

Ms. KLEIN. There is a State option but there are going to be pressures on that issue. I am sure that there are going to be lots of pressures from the housing authorities saying that they cannot continue to provide the housing if they cannot get the assistance. I think as a human services administrator I will resist that. I think from my point of view it is more useful and important for me to help as many poor, low-income people as I can rather than help the housing authority. Let them get the money from some other budget. That is how I would see it but I don't know whether I will prevail or not.

Mr. CORNELL. We are in a unique position, Senator. I am sure they would like to have these funds also passed through to the Department of Community Affairs because their rental increases are coming through now which are going to be felt very heavily in the fall. How to do it with the limited amount of funds is my program.

Senator BRADLEY. Is the lifeline program mandatory?

Ms. KLEIN. The lifeline program?

Senator BRADLEY. For utilities.

Ms. KLEIN. Anybody who is eligible for it can get it.

Senator BRADLEY. The utility has to participate?

Ms. KLEIN. Has to accept it.

Senator BRADLEY. And that has not been a problem at all?

Ms. KLEIN. No; the problem, I think, if any, is that there probably is a need for some further outreach. We don't know why not as many people apply for lifeline as we anticipated. It might be that they don't have meters and that they are not eligible for that reason but I am not sure that is the whole reason.

Mr. PENNASTRI. Senator, we should explain here that in the pharmaceutical assistance program which an individual must be a part of first, there are some limitations as far as enrollment in that program

is concerned. If an individual, for instance an older person, is covered by another drug payment program which is equivalent to the State's, they would not be eligible. If there are other programs that take the place of that, they would be eligible for that. So the program when it was placed into effect for lifeline involves another outreach effort in that we must get those individuals enrolled into the program to become part of lifeline. They are entitled to lifeline even if they are covered by another insurance program. So there was an effort there immediately after the bill was passed to get as many older persons involved in that program so that they would get the \$100 benefit of the lifeline credit in addition to the handicapped individuals that had to be enrolled.

There was a quirk in the law that the legislature passed which placed a time limit on enrollment of older persons to the end of December so it was like a massive effort on the part of all people involved here to get all of those that were not enrolled in the pharmaceutical assistance program enrolled so that they could receive lifeline. There is no question that we missed a large number because of the timespan that was there which was in my consideration not sufficient time to get at those elderly that had not been enrolled whereas there was no limitation as far as the handicapped were concerned. There was an extended time period as far as they were concerned.

Ms. KLEIN. Are you sure about that?

Senator BRADLEY. One of the things that I would like to go into before we move on to the next panel is the boarding room question. Your department, Commissioner Klein, is taking the lead in informing the recipients or the boarding home operators how they should spend their check. I would like to ask Mr. Fay.

Mr. FAY. Unfortunately, Senator, that was true only of the sheltered licensed. The unlicensed was almost a complete unknown.

Senator BRADLEY. You have 5,000 in licensed boarding homes, and 15,000 in unsheltered homes did not get the suggestion.

Ms. KLEIN. Approximately.

Senator BRADLEY. I want to come back to your specific suggestions about how to prevent the problem of the unscrupulous boarding home operator taking the check. How do you do that? I mean you can change the law but you cannot have an ombudsman at every boardinghouse.

Mr. FAY. I think the realization of the problem goes back around 6 or 7 years when the former mental patients started to move out into the community.

Ms. KLEIN. How many years did you say?

Mr. FAY. Around 7.

Ms. KLEIN. I would have to object to that.

Mr. FAY. Whatever year you want to use.

Ms. KLEIN. The major move took place a lot more than 7 years ago from the institutions into the community. The reduction has only been 3,000 people. The major reduction in the patients of people from out of hospitals took place in the sixties. You should not have the perception that people have been coming out mostly in the 5 years, that is just not true.

Mr. FAY. I say the problems have been coming to the top in the last 5 years. There was hardly any outreach at all of people going into the

community. This great social concept that State psychiatric hospital, Marlboro Graystone introduced, very, very few of those people ever went home. Most of these people ended up in these kinds of institutions.

Again what I am saying about New Jersey is true of the Nation, that only when the tragedy started to occur, the nine people who burned to death in New Jersey, then we found out that one was in an unlicensed home and the others were in a licensed home and they lost their license. The local police department started to find that Long Branch and Asbury Park were saturated with these people with very little recognition to the mayor, to the social service, to Asbury Park and to the counties. Most of the counties were not warned that these people were coming out there. When these people got there, there were too many of them to be taken. They did not have a family or they had a family that did not protect them.

Senator BRADLEY. So what is your specific suggestion? How do you prevent this?

Mr. FAY. I think this new law on the State level is going to be a major improvement whereby county welfare on one level and community affairs on the other, bringing their forces together, that there is going to be this individual personal responsibility. Our recommendation to the Federal Government is that Social Security has never recognized these people as a group and as a problem.

There should be a certain recognition in the Social Security Administration in their rules and regulations that when they are dealing with social security followups that this computer runout that those 10 checks are in one boarding home, that they are probably former mental patients, they are probably in need of some kind of protection, some kind of a buffer.

Senator BRADLEY. Let's say you have that knowledge. What action do you take?

Mr. FAY. I think when the owner realizes that the Government recognizes that they are not just dealing with an ordinary boarding home of 10 students, when the Government recognizes there should be spot checks, that there should be this kind of an outreach of a check on—are you getting your money? Are you getting your personal needs money? The postal inspections, are these checks getting through to these individuals? In many cases they don't.

Senator BRADLEY. So you are advocating the Federal Government increase the spot checks into local boarding homes of Asbury Park.

Mr. FAY. Of the Nation—unlicensed and licensed homes of the Nation.

Senator BRADLEY. How do you identify the unlicensed homes?

Mr. FAY. The only people who can recognize them would be Social Security through their checks. When they are mailing 10, 15, 20 checks to one home, there should be some kind of a question as to what kind of a home is this. One of the cases that we brought Social Security 2 years ago was that a post office box was being used and 65 checks were being mailed there. We had a State record of 50-some people there. Now you don't have to be J. Edgar Hoover to start wondering where the gap between 60-some checks going to a post office box when the State records had only 50 people living there. There are channels out there where these people are chartered where one person owned a licensed home and there are 5, 8, 10 unlicensed homes.

Senator BRADLEY. My question is do you really want this at the Federal level, do you really want the Federal Government to get into the role of spot checks and identifying the areas where they might be?

Ms. KLEIN. Well, I think part of the reason that the problem surfaced was that formerly people who were disabled or elderly received a stipend through welfare boards in the counties and there were social workers attached to those welfare boards. When you went onto the SSI system, the income maintenance then became very personal. Checks were sent directly by the Federal Government to people once the application was made.

I think what happened was that there was a dropoff in the social services available between the county welfare boards and those people particularly in some of the counties. I believe that a large part of the solution lies in the boarding home bill that was passed in New Jersey, landmark legislation.

I think that to do the things that that bill calls for will be expensive down the line and the beginning stages of it are not that expensive but when you get down to where you are really going to certify homes in terms of the quality of life and how much, you know, what kind of services they provide, have different rates for different homes and different SSI payments for people depending on what their living arrangement is, I think you are going to see generally in order to improve those homes you are going to have to improve the people who live in them.

The big problem is what kind of a home are you going to provide for somebody who has the SSI income of people who don't live in a sheltered boarding home, \$240 a month. So I understand the Senator's indignation about unscrupulous boarding home operators but I think we also have to recognize that there are a lot of boarding homes where people are trying to do a job for these people. I have been to some of them that not everybody is being treated like chattel. Most people would like to be there than in one of our State institutions.

You know, there is always the problem when you are dealing with people who are vulnerable that you are going to have some abuses but I don't think we should give everybody out there a black name who is taking care of disabled people in the community. I believe we need a lot more social services for those people. In New Jersey we gave the county welfare board and the division of youth and family services the mandate to provide the family services but we didn't give additional money for social services. We are facing the possibility of a reduction in our title XX money. If H.R. 3434 does not pass and get appropriated, we are going to lose another \$6.5 million which we won't be able to give social services to those people who we are trying to reach.

Another thing that we have going are contracts with legal services organizations to go in to protect the legal rights and civil rights of people who are out there who are vulnerable. I think there are a lot of different approaches to it but I think the State has to have a very active role. I think the Federal Government could help that a lot by putting in the incentives for States to be in contact with people who are on SSI, to provide social services, to be able to have personnel to go out there and look after these people, and that means they have to have money.

Senator BRADLEY. What sort of incentives? You mean money?

Ms. KLEIN. Money to be used for this particular purpose. You know, I think New Jersey, if we have the additional social services money, we are going to put some of it into that area. There are demands for social services, a million different demands for the limited pot of money. We plan to direct some of our money into that but I think if the Federal Government really wants to address that problem we would have to specifically earmark some funding for that purpose and I think States would respond to that and then you would have the intervenors going in there. I think this is better.

Mr. FAY. I think the point that it is a national problem, not just a State problem, and that these kinds of matching grants either through the mental health agencies or through the uniservices, and I don't mean to imply that all homes were bad or all people were chattered but that is all I deal with. I don't deal with the plush places, I don't deal with the good home, I do deal with abuses every day of the week, and I can't stress this too strongly.

Senator BRADLEY. How do you get into these homes? Are you ever requested?

Mr. FAY. Yes; we are going to go to court. We have a very strong statute, a State statute.

Senator BRADLEY. So you went in under the State statute, not only the Older Americans Act?

Mr. FAY. No; the Older Americans Act does not have access as far as I understand.

Senator BRADLEY. People are in these homes without any families?

Mr. FAY. Most of them. Our statistics from 2 years ago say about 50 percent don't have a family or a family that is not in contact with them.

Senator BRADLEY. Do any of them have representative payees or guardians? Have you ever been called upon to play that role?

Mr. FAY. We would never play that role because of our position but we have found a great number of abuses within this area, too, of representative payees becoming the abusers after they receive this power.

Senator BRADLEY. Did you have any problem with access to the clients themselves, to the people?

Mr. FAY. In some cases, yes. Our statute is also very clear. A very strong part of our statute is that the person does have a right to confidentiality and any harassment at all we would have civil action against the person but, yes, these are people who are under this constant threat that they don't have anywhere else to go. It is very easy for me to be brave, I am going home that night. This is the only roof over their heads in many cases. Some of them are desperate enough to say, yes, they do want to go back to the Marlboro Graystone's home.

Senator BRADLEY. All right. I wish we could go on all day but we have three other panels, and we want to break for about 5 minutes. I think we have Congressman Florio who also wants to make a statement.

So I thank you very much for your testimony. I would make one comment only on your lament about the \$1.6 billion instead of \$3.1 billion. As someone who had something to do with the windfall profits tax increasing by \$46 billion more than it would have been. I, too, have a certain feeling that we are not getting what we anticipated.

I think that also you have to keep in mind we are at the first budget resolution, there are a number of other things that could happen. I think the more we can document and make a compelling case for increased assistance, the more likely we will be to be successful in that call.

I think your testimony today has been very helpful in documenting that need and then it is up to your Congressmen and Senators to see if we can convince others who are not as convinced as we.

Ms. KLEIN. We really worked on getting the food stamps, maybe we can do the same here.

Senator BRADLEY. I thank you very much for your testimony.

We will break for 5 minutes and then we will hear the other three panels.

[Whereupon, the committee recessed.]

Senator BRADLEY. The committee will come to order.

I would like to welcome Congressman Florio to the hearing. We are pleased to have you with us. I know that you have been one of the strongest voices for the elderly in the State of New Jersey and in your work in the Congress. I think your presence here today demonstrates anew that commitment and resolve to make sure that in a time of high inflation and high energy costs that the elderly are not forgotten.

**STATEMENT OF HON. JAMES J. FLORIO, A REPRESENTATIVE IN  
THE U.S. HOUSE OF REPRESENTATIVES FROM THE FIRST DIS-  
TRICT OF NEW JERSEY**

Representative FLORIO. Thank you very much.

I appreciate the opportunity to speak before the committee and I will be brief because I know you have a long schedule today. I have a statement that I would like to enter into the record and I will just make a few brief remarks.

Senator BRADLEY. Your full statement will be made a part of the record.<sup>1</sup>

Representative FLORIO. Thank you very much.

We are very pleased that you come to south Jersey. I think we are very pleased with your performance in office, if that does not sound inappropriate.

Senator BRADLEY. It is never inappropriate [laughter].

Representative FLORIO. We feel that we have received more recognition in the last year and a half and perhaps in a long period of time and we thank you for that. We are very proud of your performance and particularly with regard to this subject. We are very impressed that you, too, in the Senate as we in the House are trying to focus in on the problems associated with aging, particularly as they impact upon the energy situation we have in the Nation.

As a member of the Select Committee on Aging in the House, we are attempting to deal with the same problem you are. If I could just crystalize it into a word, that word is "embarrassment." I don't know how the program has worked across the country, but I know in south Jersey I have been tremendously embarrassed by the way the program has operated.

<sup>1</sup> See page 256.

My office has been inundated with complaints of the program's mismanagement and lack of coordination. We are in a situation where the program has been enacted, it is a good faith program, it is designed to deal with real problems, but the absence of coordination has really worked great hardships on people. The expectations that have been held out for senior citizens have not been fulfilled in many instances. I am not pointing fingers, I am not saying that anyone in particular is responsible for the failures of the program this year. There are lots of successes and I am not detracting from them. Many people were remembered but the absence of coordination between the different levels of government is inexcusable.

In a sense, the program's failures have reinforced the popular perception that people have about government. I happen to be a very firm believer in government institutions and feel that the work of government serves many vital needs of people. But there are those who say that government is inherently inefficient. When we had bad experiences, they reinforce the arguments of those who are trying to cut many of the programs that we have and that we are putting forth in Washington.

I am convinced that what we have to do is not enact new programs, as much as coordinate the ones that we already have. I heard you indicate the money in the windfall profit tax is going to be allocated for a new energy assistance program, where senior citizens will benefit to a large extent. But it is not sufficient just to keep making money available for the program if the money is not going to be utilized properly.

The program requires more effective outreach. Many needy people were not even aware of the program. Mismanagement in the program and lack of coordination between the city, county, and State levels of government caused long delays in delivering fuel to senior citizens and making proper payment to the fuel dealers. I understand that you will hear from some of the fuel people today. Some area fuel merchants went as long as 90 days to receive payment for deliveries made. Many good samaritans in the area, seeking to help their senior citizen neighbors, took notes to the fuel dealers showing that they were qualified for the program and that the Government payment was forthcoming. This was done so that fuel would continue to be delivered to their homes.

We were fortunate this year as we had a relatively mild winter. I am convinced that had it been a very harsh winter we would have had very serious problems that could have been avoided by a little more coordination. I was in communication toward the end of the winter with former Congressman Le Fante, now Commissioner Le Fante. I was very impressed toward the end of the season with the growing sophistication that took place in that office. There was a greater use of computers and maybe we have turned the corner, but I think our Federal legislative mission is not only to provide the programs, not only to provide the money, but to do what we are doing here right now and that is oversight, to go back and make sure that the rules and the regulations that are being put into effect to implement these programs really are working. All too frequently in the past that has not been the case.

I am going to be working in my capacity as a member of the House Aging Committee, and I am sure the Senator will as well be working



to reexamine what took place this year to find out what went wrong and what we can do to correct the problems which have occurred. As more money flows into this program hopefully we can avoid these problems and properly serve the people that the program is designed to serve.

Senator BRADLEY. Thank you very much for your statement.

I would like to ask you just a couple of questions. As you know, last year in the State of New Jersey there were four programs to assist elderly and poor New Jerseyites with their higher energy costs. One was the program that you talked about, the crisis intervention program, second was directed only at AFDC, third is the SSI, and fourth is the lifeline in the State.

Now as you heard the complaints and the reactions about energy assistance, did they focus on any one of those programs any more than the others?

Representative FLORIO. Yes; the public recognition of the crisis intervention program resulted in my office becoming most involved in that program's operation. I found a situation where a local agency was charged with preliminary screening and making recommendations to a State agency. This process failed because of a lack of understanding of appropriate agency roles were in terms of receiving vouchers, monitoring, and determining eligibility.

Determinations of eligibility were being made at the county level and then, oftentimes reversals would occur at the State level. Then everything would be sent back. By this time, the fuel dealer has provided the fuel and is expecting to be paid, but ends up not getting paid. I saw many little jurisdictional squabbles as to who should make the eligibility determinations.

Toward the end of the season, this problem was being straightened out and there was more responsibility being placed at the State level, which I think is appropriate. I hope the use of computers, to which the State, of course, has access, can eliminate some of the bureaucratic redtape that we had to go through. The major focus of my office's attention again was on the complaints that came out of the crisis intervention program.

Senator BRADLEY. The question of how these funds will be administered is no longer going to be the decision of Federal Government but of the State government. Do you think that is a good idea?

Representative FLORIO. Yes, I do. I think it is a good idea and I hope that the State officials will be sensitive to the differing degrees of capability that exist at local levels and will make the determinations. In this county, I can say with a certain amount of local pride that the county office on aging in Camden County is a very sophisticated operation that should play an important role at the local level.

I am convinced there may be other places in the State where greater decentralization will not work in terms of providing more effective administration. But I think it is important that the State set minimum standards in terms of amount of delegation that can take place and then tell the authorities at the local level, whether it be the county office or local CAP agencies, if they are able to qualify and if the work can be done at the local level, it should be. I believe in decentralization to the fullest extent possible compatible with adequate standards.

If, in fact, the local capability is not there, then it should be done at the State level and the State should, of course, be overseeing all of these local matters, reviewing preliminarily the interagencies. A very important function that the localities can take—that is, the lower the level of government or private nonprofit corporate involvement—is the more effective outreach. Outreach is a very important part of this.

The other side of the coin is making sure when you let people know, you let them know realistically what they are able to receive in this program. All too frequently in the past we had people literally being told, well, bills are going to be paid, go run up the bills. Although it was probably not put that way, they were told go do what you have to do and submit the applications and they will be taken care of. Then they found out later that they were not qualified. Many persons came to rely on the blanket assertion only to find out that was not the case. So outreach is important but accurate outreach information is very much more appealing.

Senator BRADLEY. The general thrust of the Federal effort has been in sending it back to the States to try to get it administered most efficiently, meaning with the least cost so the most amount of money gets to the people who need the energy and is not eaten up by administration. Is that a concept that you generally favor?

Representative FLORIO. Yes.

Senator BRADLEY. This is a program which is going to go on for at least another 5, 6, or 7 years because of the windfall profits moneys and the hope that part of it will be allocated to low-income energy assistance. As I pointed out, in 1981, it will be going back to the State. State government will decide how to administer it. I suspect that you might even have something to say about how it would be administered at the State level over the next few years.

Representative FLORIO. I am always pleased to provide input however I can.

Let me make an observation on your point concerning the fact that the Federal Government is involved for a finite period of time. If I had to make a guess today, this program is something that the Federal Government will not ever get out of. This is because of the combination of continued escalating energy prices which I don't foresee being reversed, and the growing number of elderly in our population.

I think we delude ourselves if we think energy payment assistance is going to be something that is going to run for a finite period of time and then just expire. This is something we are going to live with and I think we ought to approach it from that standpoint and start to build the program with an eye toward it being an ongoing operation, in the same way that we started the community mental health center. Jack Fay was making some reference to that with the thought that this would be something that would go for a period of time as a Federal experimental program and then the States would pick it up or someone else would pick it up. That has not happened and that will never happen, so I think we should almost look at this program in the same way. This is something that is going to be part of the Federal Government, for the good or the bad. I happen to think it is good if it is administered in the correct way, but it is something that is here to stay, as far as I am concerned.

Senator BRADLEY. Thank you very much, Mr. Florio.  
 [The prepared statement of Representative Florio follows:]

PREPARED STATEMENT OF REPRESENTATIVE JAMES J. FLORIO

Senator Bradley, members of the committee, I am pleased to be here to discuss Federal and State programs to help senior citizens to meet rising energy costs.

In recent years, persons over age 60 have accounted for 60 percent of all citizens whose income fell below the poverty line. This, in part, has been the result of energy costs which have far exceeded increases in retirement benefits, leaving many poor and elderly persons spending 60 to 80 percent of their income for shelter and heat. Many of our recent winters have been exceedingly cold, resulting in poor persons not being able to meet their utility bills. This has caused threats of service discontinuation, and even some utility cutoffs, in many areas of the country.

This situation has prompted the Congress, the New Jersey State Legislature, and many other State governments to enact programs to defray energy costs for senior citizens and other low-income households. These programs, however well intentioned, have been beset by lack of coordination, inadequate publicity, and long delays in processing applications and in disbursing payments to fuel dealers and their customers.

The lifeline program, sponsored by New Jersey State government, was the first of its kind in the Nation. In order to be eligible, a person must be enrolled in the New Jersey pharmaceutical assistance to the aged program, receive benefits from the supplemental security income program, or receive social security disability benefits. New Jersey residents meeting these guidelines are eligible for State energy cost assistance. This assistance is in the form of a credit, sent directly to the person's utility company, and helps defray his gas and electrical usage charges. The lifeline program does not help defray home heating oil charges.

With my support, the Federal program to prevent utility cutoffs to low-income households was first approved in 1977. The Congress initially designed the crisis intervention program as a State entitlement program, and set guidelines for State governments to follow to insure that the most needy were served first. The Congress instructed the States to give priority to the needs of the elderly in their disbursement of these funds. As with the New Jersey lifeline program, assistance under the Federal program is provided to eligible households by directly paying their energy or fuel suppliers, with the households utility accounts being appropriately credited. The Federal program helps to defray home heating oil charges as well as outstanding bills incurred for gas and electricity. With many elderly persons living in older homes with oil heat, the Federal program meets a need the New Jersey lifeline program currently does not.

As I have indicated, problems in the administration of both the New Jersey and Federal programs have prevented some senior citizens and other needy households from being adequately served, or served at all. Improper program management has also imposed financial difficulties on many small suppliers serving households qualifying for energy payment assistance.

Elderly citizens and others who may qualify for energy payment assistance have frequently been confused over the eligibility requirements of the programs.

In addition, there has not been proper attention given to insure that those who may qualify for benefits are informed of the existence of the programs.

As an example, under the New Jersey lifeline program, persons already receiving aid under the State pharmaceutical assistance program automatically received their fuel aid application in the mail. Persons not already receiving pharmaceutical aid, first had to apply for that program before becoming eligible for the lifeline energy credit. Persons on supplemental security income had to obtain their application directly from a social security office, while recipients of social security disability were required to contact their local office on aging, welfare or medicaid office for their fuel assistance applications.

Partly as a result of these requirements, many who were in need of lifeline failed to file their application prior to the application closing date of February 1, 1980. Due to insufficient notice, many eligible persons simply were left unaware of the program until after the application filing deadline.

I have also received a number of complaints that, for the past several winters, insufficient publicity has resulted in many senior citizens not being aware of the existence and where to apply for Federal energy payment benefits.

The lack of coordination in informing senior citizens of the existence of these Government programs, and proper steps to qualify, has resulted in many persons

being denied any energy aid, while others have qualified for both the State and Federal programs.

However, many persons who were aware of the Federal crisis intervention program, and applied for energy payment assistance this past winter, have still not had their utility accounts properly accredited.

I have been informed that, as of December 31, 1979, 52 percent of all applications filed in New Jersey for Federal energy assistance, were erroneously processed.

This is resulting in senior citizens now being told that they do not qualify for benefits when they were previously assured that they were eligible for aid. These clerical errors have also resulted in financial difficulties for small energy suppliers in New Jersey. Fuel oil dealers have delivered oil to the homes of senior citizens participating in the Federal program, with the understanding that they would be reimbursed in 2 weeks. Many firms have now been informed that they will not be reimbursed because they delivered the oil prior to the approval of their customer's application.

It is clear that more precise regulations must be incorporated in the Federal energy assistance program to help State and local programs to distribute the funds to the most needy individuals. Better coordination should be developed between the Federal and State programs to insure that energy assistance is provided to the maximum number of needy elderly citizens.

To partly accomplish this, more attention should be directed toward publicizing the existence of these Government benefits, and how and where to apply. Perhaps the Federal aging network, led by the county offices on aging, can assume a larger role in insuring that eligible seniors are participating fully in the energy assistance programs.

The overall intent of the Congress in passing the energy crisis intervention program was to provide fuel assistance to those who need it on an emergency basis. I have provided a partial outline of why this goal is not being met as the program is administered in New Jersey. I would urge the committee to review all possible personnel or procedural changes necessary to speed up delivery of fuel assistance in the future. Thank you.

Senator BRADLEY. I would like to call our next panel. Please come forward. Leslie M. Goldstein, director of community services, northwest New Jersey community action program, Phillipsburg, N.J.; Mario Simone, outreach coordinator, Cumberland County Office on Aging, Bridgeton, N.J.; Ruth Reader, director, Somerset County Office on Aging, Somerville, N.J.; and Rev. Silas Townsend, executive director, Burlington County community action program, Burlington, N.J.

I would like to welcome you to the committee hearing. I hope that you will make your statements short enough so that we can have questions and long enough so that you can fully inform the committee of your views. We, of course, will allow submission of any prepared statement to the record so that the record will show that you have made the statement in complete form.

Would you like to go ahead with any prepared statements that you have?

**STATEMENT OF RUTH M. READER, SOMERVILLE, N.J., DIRECTOR,  
SOMERSET COUNTY OFFICE ON AGING**

Ms. READER. I am just speaking from a much more provincial point of view than those who have spoken previously. As members of my staff met with Debbie Kilmer from your staff, it was in a question-and-answer kind of thing as to how we ran the program in Somerset County. I will say it was a very efficiently run program. In our county the grant was made to the board of chosen freeholders, then it was administered by the office on aging and county welfare.

Immediately when we began we had an administrative procedure in place, we did not have to do anything. We had in the office on aging

outreach workers who are already out in the community. We had an information and referral section where the older person was already accustomed to coming in. All of our staff were used to making out forms and aware of all of the governmental procedures. So that was in place. A very similar thing was in county welfare.

Their caseworkers already knew probably 98 percent of the persons with whom they would be dealing. We did not divide it up so that our office took care of only the older person, or welfare their client, but whoever came to our doors. Although it was primarily our own clientele, we did take care of them all, and did take the application. We also had in our office, and I am sure the same thing is true in county welfare, a bilingual person on our staff so that that segment of our population was handled as well. With the exception of one part-time employee that was added, there was no personnel position taken out of the administrative costs. We were already there and ready to go and geared up for it.

In one case in the community of North Plainfield where they have the highest population of older persons in our country there was a group of young women from the Junior Women's Club who were trained as intake workers and they filled out the application so we were able to also make use of the volunteer force. Then, in each case it came back to our respective offices for certification and then everything was channeled through one person in the county welfare office and she kept that decreasing balance and did the channeling down through the State.

It was a very smooth working procedure, nothing had to be added. The whole administrative process did not have to be developed, it was already in place. We knew a tremendous amount of the people who would qualify by our prior knowledge of them.

One thing, as Mr. Pennestri stated earlier, the income eligibility was very low and had not taken into account the social security increase that came about in July 1979 so in many cases they were just a few dollars over being eligible. What had seemed to be an increase in their income available, it actually meant they were not eligible for the fuel assistance program so it was a washout and they really received nothing additional for this year.

In some cases because of the delay in payment to the fuel dealer there was interest added on to the account and there is no way that we can blame the fuel dealers for doing that. Obviously they have costs to pay and interest to pay when they need additional moneys to operate their businesses, but that made it very difficult.

Senator BRADLEY. Thank you.

Miss Reader, what we must do in order that everyone will have a chance to speak and we have a chance for questions is try to limit your presentation to 5 minutes.

Ms. READER. All right.

Senator BRADLEY. Do you have any other concluding remarks?

Ms. READER. Only in the way of concern with the delay in information being channeled down to us. In other words, the preplanning makes everything much more efficient and I think that as the State is slow getting the allocation from the Federal Government and then in turn the delay necessary before the local counties know what our allocation is, if that process can be speeded up so that we know ahead of time and can really have everything in place by October of each year it would be of great benefit as far as we are concerned.

Senator BRADLEY. Fine.  
Mr. Simone.

**STATEMENT OF MARIO SIMONE, BRIDGETON, N.J., OUTREACH CO-ORDINATOR, CUMBERLAND COUNTY OFFICE ON AGING**

Mr. SIMONE. Thank you, Senator Bradley.

I would just like to read the following comments on behalf of our director and then I have a few remarks from the aging staff itself.

In the fall of 1979 and the winter of 1980 the Cumberland County Office on Aging played an active role in the implementation of the Federal fuel assistance program for elderly and low-income clients. This office on aging worked in cooperation with the local community service administration office—SCOPE—in obtaining application forms and receiving Federal guidelines for implementation of the program. Approximately 587 applications were completed by office on aging outreach staff workers and then submitted to the local CSA office, which in turn submitted applications to the State CSA office for final processing.

It is the position of the office on aging to recommend that on a local level, the county office on aging be given administrative responsibility for 1981 Federal fuel assistance for the elderly—over age 60—for the following reasons:

(a) In most cases outreach workers are either staffed or funded by offices on aging. In Cumberland County, the outreach staff is part of the office on aging structure. It is the function of the outreach worker to obtain available benefits for elderly persons, emphasizing service to hard-to-reach, low-income seniors. The workers are familiar with needy elderly clients and are trained to make services accessible through home visits and appropriate counseling techniques. They are also stationed in all parts of the county so as to be more available to older people. They are prepared to assist seniors in making application to the fuel program as well as other available services. The outreach programs are a resource which should be used in implementing the fuel program and the offices on aging are in a position to utilize outreach projects for that purpose.

(b) In Cumberland County, the office on aging handled the completion of the bulk of applications for elderly, for fuel assistance. Once applications were completed, further processing was required by the local CSA office and the State CSA office. Although applications were accepted and completed by office on aging outreach workers, the office on aging had no final control or knowledge of the exact status of the applications and could only refer clients to the local CSA office, which itself had no final answers on specific applications until consultation with the State CSA agency. Problems in ascertaining the status of a particular client application would often not easily be resolved, as consultation with several agencies would have to be made before an answer could be obtained.

(c) Direct administrative responsibility by the office on aging would enable the office on aging to give a direct accounting of the number of senior citizens assisted and the status of applications which are processed by the office on aging staff. Direct administrative authority by the office on aging would relieve administrative burdens of the local CSA offices in handling the fuel applications for older persons. Older persons would not have to deal with several layers of administrative authority before any answers could be obtained on the status of their fuel applications.

(d) Assistance given to the elderly would be more well defined and delegated as the responsibility of an agency which deals daily with all aspects of planning, managing, and coordinating services for the elderly.

In fulfilling its central advocacy role for seniors and as central planning and coordinating agency for senior citizen services, the Cumberland County Office on Aging sees more direct administrative control of the Federal fuel assistance program for the elderly as a responsibility it must be willing to take on. If senior citizens are to obtain the fullest benefits from the Federal fuel assistance program and if obtaining of benefits are to be coordinated with resources which are available through other programs on aging, the county office on aging could best fulfill this objective by having direct responsibility for the implementation of the Federal fuel program.

Since handicapped persons have similar access problems as the elderly, and are also eligible for fuel assistance it is the position of the Cumberland County Office on Aging to include the handicapped population as a group to be served by our office, should this option be made available by the State of New Jersey.

That was submitted for the public on behalf of Dale L. Finch, executive director of the Cumberland County Office on Aging.

Senator BRADLEY. Thank you.

Mr. SIMONE. I would also like to submit some remarks made on behalf of the outreach staff of the Cumberland County Office on Aging.

Senator BRADLEY. All right.

[The statement of Mr. Simone follows:]

#### STATEMENT OF MARIO SIMONE

As the outreach coordinator for the Cumberland County Office on Aging, I would like to make the following comments on the basis of direct firsthand experience which is as a result of being involved in the past few Federal fuel assistance programs. As in prior programs it was my responsibility to oversee and coordinate the efforts of the outreach workers of the office on aging to: (1) Find senior citizens who were experiencing problems in heating their homes, (2) complete applications for senior citizens who came to our outreach offices, (3) set up home visits for senior citizens who were unable to come to the nearby offices, (4) help clients obtain income documents and copies of fuel bills, (5) forward completed applications to the local CSA Office, and (6) inquire on the status of the applications on behalf of the clients.

In the spirit of helping to establish future programs of energy assistance especially to the elderly, I would like to make the following recommendations on behalf of the outreach staff:

(1) We would strongly encourage *higher* income limits to enable more persons to participate in future programs. We suggest that Congress raise the income eligibility level to 150 percent of the CSA poverty guidelines at least for the elderly. Over 587 applications were taken by our agency; however, approximately another 500 persons had incomes over the income guidelines.

(2) We urge that the responsibility of taking applications, processing applications, and disbursing money to the utility/fuel vendors be assigned to the local administering agency rather than dividing up the responsibility as now carried on under the current energy crisis assistance program. We feel that this division of administrative functions has led to: (a) Unnecessary confusion on the part of the applicants, (b) unnecessary confusion on the part of the local CSA administering agency, (c) communication problems among all the agencies involved in this program, and (d) unnecessary delays to vendors before they could receive payments from the State CSA administering agency.

We would urge as an alternative that area offices on aging be given the responsibility for local administration in regards to fuel assistance for the elderly.

(3) We urge that future programs will not make it necessary for persons who have received initial help, to come back again and fill out another application for additional fuel assistance funds during the same fuel program. Under the current program an applicant had to fill out another application and had to supply another set of income documentation. This was totally unnecessary and time consuming for the applicant and all agencies involved.

(4) We urge that special consideration and services be implemented in order to help alleviate some of the barriers to participation in this program and to make the program more responsive to some of the special problems of the elderly and handicapped. With this goal in mind, future programs should implement ways to: (1) Have intake and certification by mail, and (2) make use of a declaration of income rather than require documentation of income for people on fixed incomes. This would help to eliminate a great deal of time and inconvenience on the part of the applicants and those taking the applications. We had a number of cases where persons had to wait several weeks before documentation of income was received to prove the amount of a small pension.

(5) We urge the amount of fuel assistance benefits not be based on the particular kind of utility or fuel used in the home. Under the current program in New Jersey many persons who heated their homes with kerosene received less on their first application as compared to those persons who heated their home with oil even though they were all in need of fuel assistance.

(6) We urge that the procedure by which a household can appeal a denial of assistance be changed to clarify the appeal process to applicants and to state on the application form that applicants have a right to appeal any adverse decision.

We hope that these comments prove to be helpful in designing future fuel assistance programs that are efficient and capable of responding to the particular needs and problems of the elderly.

Senator BRADLEY. We will now hear from Leslie M. Goldstein.

**STATEMENT OF LESLIE M. GOLDSTEIN, PHILLIPSBURG, N.J., DIRECTOR OF COMMUNITY SERVICES, NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM**

Ms. GOLDSTEIN. I am Leslie M. Goldstein, director of community services of the Northwest New Jersey Community Action Program, also known as Norwescap. We cover Warren, Hunterdon, and Sussex Counties which are in the very rural northwest corner of New Jersey. This past year besides the ECAP program we also ran four additional fuel assistance programs. We had a crisis intervention grant from the community services administration and we had a total of three grants from our three county offices on aging. We had a very successful program this year and I think the reason for the success of our program was not due to anything inherent in the ECAP program but was due to the characteristics of the other programs which made our administration of the coordinated program a lot easier. I want to tell you what I think some of those specific characteristics were and then make some suggestions for how some of those could be incorporated into next year's ECAP program.

The first thing that really helped us out had to do with the timing of the CSA crisis intervention program. The funds came to us in September and paid for a staff person who was onboard doing a lot of outreach, establishing a referral network, contacting fuel merchants, and was just doing a lot of the legwork that was needed before the cold weather came. This was probably one of the most important time periods for the success of our program, in that she was able to get a great deal of the community work done so that people were ready for the program when it finally came.

The CSA money came directly to Norwescap and we were able to write the checks to the vendors rather than as it was under ECAP where the State wrote the checks. We had money under the crisis intervention program for emergency fuel delivery and, this helped us to respond a lot more quickly when we talked to a fuel vendor. We were able to commit our funds within a week's time, which was helpful when assisting c.o.d. customers and it was just a lot easier than having to explain to the fuel dealer that he might not receive payment for 4 to 6 weeks.

Because of the office on aging programs we were able to serve a lot more elderly people that were over the income limit of the ECAP or the crisis intervention programs. Under ECAP and crisis intervention we served a total of 1,036 households which contained an elderly person. The three title III grants expanded that to include about 160 households, all of which had incomes over the 125 percent level, and would not have been able to be served if we had not had the office of aging money.

The last factor which made our program successful was the positive attitude of the fuel vendors and it is really to be commended. We had trouble at the beginning of the program when they were waiting for ECAP checks which took, as I say, sometimes 4 to 6 weeks to arrive,



but eventually they all became extremely cooperative. They were very, very tolerant of the delays and were willing to accept our credit especially for the crisis intervention and the title III programs because they knew that the money was eventually going to be coming. One of the fuel dealers in our area even went so far as to donate 1,500 gallons of home heating oil to Norwescap to be allocated as we saw fit and that was great to be able to use for emergencies because it was right there.

Senator BRADLEY. What is the name of that fuel dealer? I think that should be part of the record.

Ms. GOLDSTEIN. It was Stem Bros. out of Frenchtown, N.J.

You are right, they should go on record. It was a wonderful thing for them to do.

We developed a very close relationship with the fuel dealers. Their representatives even called with names of people they thought might be eligible and in need of our programs. This was one of our largest sources of referrals for all the programs that we ran.

Now in terms of next year, the 1981 program, I think that it would be possible to incorporate some of these factors into the way the program is set up and it would help not only CAP's but whoever is running the program. The first thing I think if the money could come a little earlier we could do a lot of preparation that we were not able to do under ECAP. We were saved because we had the crisis intervention money in September, but I believe that we were notified of the ECAP money in December. We were notified we could start spending our allocation at the same time that we could hire the staff to run the program which would not have given us much time to get ready. If we could get the funds, say, in September or October, it would help a great deal.

No. 2, it would help if the funds could be given directly to the grantees for them to write the checks to the vendors, rather than have us just process the applications, with the State preparing the checks to the vendors.

No. 3, if the income limit for those over 60 could be raised to 150 percent of the poverty line rather than 125 percent which everyone else has to follow, it would enable us to serve a lot of the near poor elderly that our program was able to serve under title III, but who otherwise would not have been able to be served at all.

Finally, funding increases would help a lot of people, especially the elderly.

I am hopeful that some of these suggestions will be considered when the program for next year is being structured.

Senator BRADLEY. Thank you very much.

I have to go to the telephone so we will break for 5 minutes. You can go ahead, Reverend Townsend, and make your presentation, I will be right back.

**STATEMENT OF REV. SILAS M. TOWNSEND, BURLINGTON, N.J.,  
EXECUTIVE DIRECTOR, BURLINGTON COUNTY COMMUNITY  
ACTION PROGRAM**

Reverend TOWNSEND. My name is Silas M. Townsend and I am the executive director of the Burlington County Community Action Program and the chairman of the energy committee of the community

action program's Executive Director's Association of New Jersey. As the executive director of the Burlington County Community Action Program, I have personally been involved in the day-to-day administration of energy crisis assistance program since the winter of 1977.

To date, our fiscal year 1980 energy crisis assistance program has provided assistance to 498 senior citizens which represent 27 percent of the allocation received through the energy crisis assistance program. The Burlington County Community Action Program has made a special effort to reach elderly citizens. The agency provided door-to-door transportation for the elderly and would recommend that the Senate Committee on Aging mandate that transportation to the site of application be provided for the elderly perhaps through the transportation systems funded under title III-b of the Older Americans Act.

The agency also provided home visits for the homebound using the services of the agency's community organization staff as well as the energy intake staff. It is recommended that outreach to the homebound be mandated in the home energy assistance program for fiscal year 1981 through home visits by the administering agency. The agency also mailed applications to the elderly with instructions on completing the application in addition to proxy applications for those who preferred to send a representative with the proper documentation. The verification of information was obtained by affidavits that were forwarded either to the social security office or to the Burlington County Welfare Board. The affidavit greatly assisted elderly clients document income eligibility.

The agency also visited all of the title VI elderly nutrition sites in the county and processed 246 applications. Coordination with each site was made 1 month in advance to insure that the elderly would have all of the documentation required. The Community Services Administration regulations for the fiscal year 1980 crisis assistance program and the New Jersey State plan prepared by the Department of Community Action indicated that priority for outreach was to be given to the elderly.

The Burlington County Community Action Program made a conscientious effort to meet this mandate. However, the funds were so limited that the only outreach that the agency was able to provide was to the elderly and disabled citizens of the county. We would recommend clearer language that would provide priority services in addition to priority in the outreach effort. We also recommend that the elderly receive highest level of assistance available. Additionally, the mandate should indicate a fixed percentage of funds to be provided to the elderly population.

During the implementation of the energy crisis assistance program, we found that long delays in payments to the energy supplier by the State of New Jersey created a severe financial hardship for the elderly. The length of time from application to payment averaged 4 to 5 weeks. In those instances where clients had a limited supply of oil, the agency interceded on their behalf and requested that delivery be made in advance of the payment from the State.

The processing of applications at the State level took much longer than 4 to 5 weeks when applications were "misplaced" at the State level. Our office was not notified of the missing applications until inquiries were made by the clients or our staff. In these instances copies

of the applications were forwarded immediately to expedite the payment.

In some instances, fuel suppliers charged interest on the unpaid balances and also refused to deliver fuel until the payments were received from the State. This payment system caused unnecessary anxiety and hardship on many senior citizens in Burlington County. Therefore, it is recommended that payment to the vendor be made within 10 working days of receipt of application from an elderly applicant.

It is our understanding that the home energy assistance program for fiscal year 1981 will use as its income eligibility criteria 100 percent of the lower living standard which is considerably higher than the 125 percent of the poverty guidelines used in the fiscal year 1980 programs. We recommend higher income guidelines for the elderly to take into consideration the exorbitant medical bills, transportation cost, and the higher fuel bills often experienced by the elderly.

Our elderly clients have reported on several occasions that the lowering of the thermostat to 68° has had a negative impact on their health. Therefore, many of them were forced to raise the temperature in their homes to a temperature much higher than the average house temperature for nonelderly citizens. During the current program, we could not take these extenuating circumstances into account because it was mandated that we use gross income as the basis for establishing income eligibility. With the proposed higher income criteria this issue is resolved.

However, it is our understanding that the increased income levels are applicable to all citizens. Therefore, the higher income guidelines means that there are greater numbers of persons eligible for the program. During the current program, the agency was only able to provide services to only 10 percent of the eligible households in Burlington County.

We understand that the original home energy assistance program attached to the windfall profits bill suggested an allocation of \$3.1 billion. We understand that the House of Representatives and the administration reduced that amount to \$2.2 billion while the Senate Budget Committee recommended only \$1.6 billion. We were informed that on May 21 the House and Senate Conference Committee settled on a \$1.6 billion appropriation. Thus, the Federal appropriation for energy crisis assistance program would be the same amount as received this year with an increased number of persons eligible to receive the funds due to higher income criteria. Therefore, it is incumbent upon the committee to set aside a specific amount of funds for the elderly.

Miss KILMER. Have you finished?

Reverend TOWNSEND. Yes.

Miss KILMER. I would like to ask one question. The cooperation that you did share as an area agency with the CAP, was that encouraged from the State level or was that developed at the local level? How did that cooperative agreement work, and do you think it is something that you are going to continue under the 1981 program?

Ms. GOLDSTEIN. The cooperation was not encouraged from the State level. In our CAP it has been developed pretty much just through the other contracts that we have with the offices on aging. We have had these grants in the past so this was not the first year that we have received the title III grants for fuel assistance. The grants are called

housing services and they also pay for housing materials for some of our other programs. But the cooperation has grown up out of the relationships that we already had with the offices on aging.

Miss KILMER. Mr. Simone, your CAP does the certification. How is that process agreed upon?

Mr. SIMONE. I think for the past several years it has been an understanding that we are always interested in knowing what sources of benefits they have, so in turn, we can relay persons to those services. So it was, I would say, a mutual agreement. We are always trying to get some information from them, and they in turn, came to us and gave us some special training on how to take the applications. It was more of a mutual agreement rather than the State coming down and saying, you two better work together.

Miss KILMER. Mrs. Reader, is that how it worked in your agency?

Ms. READER. In our agency our group was the office on aging and county welfare and we just mutually agreed that we were the two agencies under the county board of freeholders that would do it. CAP was not included at all in our county.

Miss KILMER. Most of you probably know the 1981 law contains provision for automatic eligibility for certain people—SSI recipients, food stamp recipients, AFDC recipients and certain recipients of veterans benefits. Is that going to assist you in the application/certification process? Will it make it any more efficient or is that going to be a problem for you to administer?

Reverend Townsend, would you like to respond to that?

Reverend TOWNSEND. It is always much simpler to administer a program when there is a presumptive eligibility which can be easily documented so I think in the fiscal year 1981 program the eligibility and application process for those who are AFDC recipients, those who are presumptive in their eligibility will in fact be much easier to administer.

Miss KILMER. Do the rest of you have any comments on that?

Mr. SIMONE. Yes, I think it would be a lot easier having automatic eligibility for some groups of people.

May I make just a couple other comments regarding this as to how to maybe have more participation on those that, say, may not be aware of the services. We found a couple of barriers as to why senior citizens don't take advantage of this program, and one is the income documentation part of the program. I would really urge that Congress allow something that is a little less of a hardship on senior citizens as far as proving their income. Congress as far as this program goes usually wants income documentation but I would suggest for those senior citizens who are elderly with fixed incomes that they should not have to be required to submit proof of every source of income they might have.

By that I mean they may have a small pension, maybe \$40 a month. They may also have social security and they may have another little income source. That means that this person would have to go through all these three sources to get that documentation of income, and I tell you for many senior citizens they just don't feel they should have to go through that. So we would urge that a simple declaration of income be acceptable as it was in prior programs but was not acceptable in this last program as a general rule. So if something could be made simpler as far as income documentation for the elderly, you

would have many more people that would participate in this type of program which is very important to them.

Senator BRADLEY. Does anyone else have a comment?

Reverend TOWNSEND. In this year's program we were able to accept an affidavit for 30 days. In Burlington's case, for example, we asked that the senior citizens merely sign an affidavit and indicate on the affidavit that we had the right to ask social security directly so they did not have to bring in any documentation because they could not indicate the original schedule of what they received and the checks had been forwarded to the bank directly so many of them didn't have any documentation. We allowed by virtue of their affidavit ourselves to get the documentation for them within the 30-day period which was allowed by the State law so basically all they had to do was come in and take care of the eligibility criteria and documentation for them.

Ms. READER. Last year in the program it was necessary that they had a shutoff notice. This year that was discontinued and I would sincerely hope that that never see the light of day again.

Senator BRADLEY. What was that?

Ms. READER. A shutoff notice. A person had to have a shutoff notice. Also, another thing concerning the differences between the elderly and ADC and our relationship between the office on aging and county welfare and those direct payments that were made. There is a feeling in the county welfare office that that direct payment that came to them is indeed a part to the educational process of teaching their clients how to handle money and properly budget and so on. We have an opposite point of view with the elderly where they were raised expecting to pay their bills and that is what they do. If they even don't eat that week, their fuel bill as it comes in is paid or a very sincere attempt is made to do that. So there is that difference between those two populations.

Senator BRADLEY. Do any of you give any instructions to the elderly about how to conserve energy?

Reverend TOWNSEND. We are also the local provider of the weatherization program and all of those who applied for the energy crisis assistance program received at the site of application the information relative to weatherization, how to conserve energy. We did a very brief 5-minute presentation to each of the applicants on ways they could conserve energy in addition to applying at the same time for the weatherization program. Most of those persons who received ECAP this year did in fact receive or are receiving at this point or are in the process of receiving weatherization services. As a part of our weatherization program we also give our presentation and instruction and counseling on home energy conservation.

Senator BRADLEY. Whenever you find a home that is going to be an eligible recipient of the moneys that is uninsulated, do you then make the communication to the weatherization program, and how many of those would you say you did last year?

Mr. SIMONE. It is very interesting you brought that up because on the application it had a space for whether or not the person would like weatherization assistance so we could then check off those people that wanted weatherization assistance. So in addition, if they wanted to, we had application forms to help them apply for energy weatherization assistance. The only problem is, and maybe this is a problem

at the local level in our area, it is sad to report that not as many responded to having their homes weatherized at this time of year.

Now maybe it is because it is warmer or what have you, but we feel that a greater amount of outreach is needed by the local CSA administering agency in letting people know just how they could save fuel. At least in our community there are actually funds that have not been used yet, but I must point out that perhaps a greater amount of outreach on the part of the local CSA agency can be done in this respect to rectify this situation.

Ms. GOLDSTEIN. The State sent out computer printouts that listed the names of all those that had checked off on the application that they were interested in weatherization. Since we were also the weatherization grantee, it was very helpful for us to have the printout to focus on rather than having to compile those records ourselves. The other thing we did was to target for our weatherization program the repeaters—those people who were served under more than one of our fuel programs.

Senator BRADLEY. Good.

In response to some of your points about suggestions for next year's program, I think that you will definitely know earlier because I think that June will be the time when regulations will start moving. Regarding 150 percent of poverty level, we are up closer to that now because we are at the BLS lower living standard, which, in New Jersey, is a little over \$7,000 so I think that we have anticipated some of your suggestions.

Thank you very much for your testimony.

I am sorry that I missed hearing your testimony, Reverend Townsend, but it is in the record and will be read by all my colleagues and I appreciate it very much.

Thank you very much.

Our next panel consists of Robert Woodruff and Fred Sacco. These gentlemen are representatives of the Fuel Merchants Association of New Jersey. Are either one of you from—what is that company in Frenchtown?

Mr. WOODRUFF. Stem Bros.? No; I wish I were.

Senator BRADLEY. Welcome to the committee. I hope that since time is growing short you will make your remarks brief so that we can have some time for questioning.

**STATEMENT OF ROBERT A. WOODRUFF, SPRINGFIELD, N.J., PRESIDENT, FUEL MERCHANTS ASSOCIATION OF NEW JERSEY, ACCOMPANIED BY FRED J. SACCO, EXECUTIVE VICE PRESIDENT**

Mr. WOODRUFF. Thank you. I have a prepared statement<sup>1</sup> and I will try to cut out part of it. I will make some comments and then answer questions.

My name is Robert Woodruff. I am the president of the Fuel Merchants Association of New Jersey which represents 600 independent home heating oil distributors in the State. FMA members deliver over 1.7 billion gallons of No. 2 home heating oil to some 1.3 million homes in the State annually. This figure represents about one-half of the homes in New Jersey.

<sup>1</sup> See page 274.

Traditionally our members have operated assistance programs of their own. Before the recently announced tightening of credit terms by the major oil companies, it was historical practice for home heating oil distributors to refrain from terminating service to any customer during the heating season because of a failure to pay any outstanding bills within a reasonable period. This practice often resulted in credit terms of from 60 to 90 days; however, under the increased costs of oil and also increased interest costs it has become rather hard for many dealers to be able to extend that kind of credit that we have historically done prior to the last year or so.

We, therefore, reluctantly came to the conclusion that Federal aid was necessary if fixed- and low-income customers were to be kept supplied in the traditional manner. Although we had, and voiced, some initial concerns with the State and Federal programs that existed last winter, we believe the adjustments made over the course of the winter have made those programs workable.

We now applaud the administration of the program by the State of New Jersey. At the outset of the 1979-80 program, the flow of funds to the dealers of New Jersey was bottlenecked. After a series of meetings between the commissioner of the Department of Community Affairs and his staff and representatives of FMA, a number of changes were instituted that made the operation of the program smoother.

Chief among these was the issue of deliveries-versus-payment for deliveries. DCA performed yeoman work to straighten out the problem and unclog the flow of money to the dealer so that he could continue supplying oil to his fixed- and low-income customers.

The concern exhibited by the State government earned the deep thanks and appreciation of our members. We have now asked that the department enter into an early round of discussions to prepare for the coming winter so that we would like to have input from our association.

Our primary concern at this time is the question of full participation by all those who are eligible. Our estimates indicate that between 30,000 and 40,000 individuals were aided last winter. We have received opinions that 10 times that number are potentially eligible. In order to allow that much greater base of participation to share in the funds that have been allocated, we suggest that the maximum grant be held at between \$400 and \$500 per individual.

As to the operation of the program, allow me to emphasize these points:

One. Past programs have shown that the State government is the best qualified administrator.

Two. Past programs have demonstrated that the program's goal is best accomplished when payments are made directly to the dealer from the State and do not pass through the hands of the participant.

Three. There should be no provision that customers need owe the dealer before they can be judged eligible as was done last year.

All these points are included in the mechanism of the 1979-80 program. The Fuel Merchants Association believes that the Congress wishes will be fulfilled if that mechanism is not tampered with for the upcoming winter.

Those are my prepared remarks.

I would like to comment just a little bit. In order for us to help evaluate this program, on our own, several weeks ago, we sent a form

to all of our members asking them to make comments about the program. There are a lot of answers to these. I won't go into all of them but the answers to them—

Senator BRADLEY. Make comments about which program?

Mr. WOODRUFF. About the ECAP program rate. I am sorry.

It indicated that a very small number of people who were eligible seemed to be taking advantage of the program. We had some other comments. We had comments very strongly in favor of some of the local CAP agencies and some that were very strongly opposed to them. I think it varied greatly throughout the State. As a rule I think there were more for the office of aging groups that handled the particular programs, and some were very good and some were rather weak.

I will be glad to answer questions if you have any.

Senator BRADLEY. You are speaking for both yourself and Mr. Sacco?

Mr. WOODRUFF. Yes; he is the executive director of our association.

Senator BRADLEY. The new law requires, as you know, that the supplier won't terminate service until the household has failed to pay for 2 months; and the household has received written termination notice not less than 30 days prior to termination; and, the household is afforded the opportunity for hearing. Will any of these, in your judgment, be especially difficult for the dealers to administer?

Mr. WOODRUFF. I would say if it is over 30 days it becomes a problem with all dealers because we have dealers as a rule that have suffered from the greatly tightened credit procedures of our suppliers, the major oil companies. Many suppliers have cut from the traditional 30 days to 10 days and they have eliminated discounts.

Senator BRADLEY. You mean you don't get a discount if you pay within 10 days?

Mr. WOODRUFF. That is correct.

Senator BRADLEY. In New Jersey? There are discounts in some States that this committee has dealt with. If you pay under 10 days, you get 1 or 2 percent discount.

Mr. SACCO. Most of the major oil companies have eliminated that.

Senator BRADLEY. When was it eliminated in New Jersey?

Mr. WOODRUFF. Generally beginning in the summer of 1979. For instance, I got most of my product from Gulf Oil and I get no discount now. They have also tightened up in other ways as far as extended payment plans have been eliminated, too.

Senator BRADLEY. I think it would be helpful for the committee to just hear a little bit in some detail how the oil actually flows so that we can see for the record some of the problems that confront the dealer and particularly the small dealer. So if you could, why don't you take that process of carrying fuel from the distributor all the way to the consumer.

Mr. WOODRUFF. I will use my own company as an example. We purchase our fuel from Gulf Oil out of its supply at Woodbury which is about 30 miles away from our operation. We inventory it into our storage tanks and because of voluntary allocations by the major oil companies we are required to supply or to store rather large quantities of oil during the slower months because they are unable to supply us with our full amount during the winter months so we end up carrying quite a bit of inventory, sometimes in our case as high as 1 million



gallons, to have it in stock for the big 3 months of December, January, and February.

From there we have automatic deliveries or we have orders that come in from our customers that are then delivered in small trucks. Our traditional credit terms are 30 days so that by the time we get a payment from many of our customers we may have paid for this oil 60 to 90 days prior to the time we get payment for it. It does create a problem. We borrow lots of money and when the interest rate gets to 20 percent it becomes a severe problem to be able to extend 30 days to all of our accounts.

Mr. SACCO. Excuse me. The cost of the energy that we buy is at such a level now and the credit limits of the major oil companies are at such a low level that most every fuel dealer has borrowed money from lending institutions to pay for his inventory. We carry our customers 60 to 90 days, and we have carried them for 120 days. We now must go to lending institutions to borrow money to carry our accounts receivable. We are a small company. The situation of the fuel oil dealer is contrary to what most people are led to believe, 60 percent of the members of the Fuel Merchants Association in New Jersey are less than 1-million-gallon distributors of the fuel oil.

Senator BRADLEY. The total volume of fuel oil in New Jersey is about what?

Mr. SACCO. About 1 billion gallons of oil.

Senator BRADLEY. What is the number of fuel merchants?

Mr. SACCO. Approximately 600 members.

Senator BRADLEY. Delivering 1 billion gallons?

Mr. SACCO. Yes; 1.6 billion gallons.

Senator BRADLEY. Did you find the paperwork involved in the ECAP onerous, the idea of the State sending you a payment schedule, you approving the payment schedule and then returning to the State for your money. Is that a problem?

Mr. WOODRUFF. We found that to be a problem at the very beginning of the program. The program was funded rather late in the heating season and was thrown to a lot of the CAP agencies. I think the State before they really had time to develop it in the first 6 weeks of the program found it very, very troublesome because very few payments were forthcoming. I think once the mechanism got into place and our people became familiar with the paperwork it worked out very well. After the middle of January for the rest of the season I, and my people, felt that the paperwork was not a problem. The system worked fairly well the latter half of the season.

Senator BRADLEY. You are not involved in any lifeline at all?

Mr. WOODRUFF. No.

Senator BRADLEY. Let me ask you this. If you were the Governor and you were trying to spend this \$54 million you are going to get next year, how would you do it? I realize the perspective you might have.

Mr. WOODRUFF. I think the lifeline program is good. I think the SSI program is good. We talked about splitting the funds possibly in the weatherization-type program in addition to having the direct fuel moneys sent to the dealer. We feel that with retrofitting and with modernization you can probably take any home and save 10 to 15 percent by modernization or weatherization.

Senator BRADLEY. Well, let me say that as someone who is going to kind of look at this very carefully that you can probably save close to 40 or 50 percent.

Mr. SACCO. We are being conservative, Senator.

Senator BRADLEY. The question is how do you do it most efficiently. I have suggested in my legislation which has just passed the Congress that you do it with the company that is involved in doing that kind of work and they are paid only if they save energy. It is cheaper for the utilities to see that happen than it is for them to pay the higher costs of a new fuel plant. Therefore, there is no direct charge to the homeowner for this kind of savings but you are suggesting that you do both in the community action program which assumes that the weatherization funding is going to be sufficient to really make an impact and achieve close to that 40-percent saving when in fact we have \$200 million in that program next year nationwide. So, you can see that it is not going to produce the quantities of savings that you might like to have available.

Mr. WOODRUFF. I realize that, yes. It would take a lot more than that to make it effective.

Mr. SACCO. If the Congress of the United States is serious about dealing with the energy dilemma, they would take an equal amount of money to that \$1.6 billion and actually invest \$3 billion in retrofitting and weatherization in this country because we could really save energy at levels of 35 to 40 percent. It is realistic and the return on investment to we, the taxpayers, would be a tremendous asset. The payouts would be in 1 to 2 years.

Senator BRADLEY. I don't disagree with you, Mr. Sacco, in that the numbers are even more staggering. If you are going to do the Nation for a \$40 billion investment in energy efficiency in the homes, you could achieve an annual savings of \$20 billion so in 2 years you would have paid off your investment, 2 to 3 years' maximum time. So clearly there is that strong argument. This is not about conservation though, this is about these programs to try to get aid to people who need it.

I would like to know, how many terminations did you have last winter?

Mr. WOODRUFF. I don't know that we have any definitive figure as far as the association goes.

Senator BRADLEY. You mean there is no place you keep records of that?

Mr. WOODRUFF. No; because we don't keep specific termination records. I think that we have worked as closely as we can with the various CAP agencies, office on aging, where we run into this problem and the welfare department. We do our best as a company to go to that very *n*th degree that we can.

Senator BRADLEY. Well, how many times have you worked with them? If you don't know how many you have terminated, how many have you considered and rejected because of the welfare agency's appeal?

Mr. WOODRUFF. Well, the figures that our company worked with, with the various agencies where they received help was almost 400 of our accounts that received some type of assistance from one of the programs.

Senator BRADLEY. 400 in the State?

Mr. WOODRUFF. No.

Senator BRADLEY. 400 dealers?

Mr. WOODRUFF. Of our customers.

Senator BRADLEY. 400 dealers out of 600?

Mr. SACCO. No.

Mr. WOODRUFF. No; my company's customers. I have about 9,000 customers and about 400 of those, a little less than that, received some type of program assistance.

Senator BRADLEY. So it is about 4 percent, 4 or 5 percent.

Mr. WOODRUFF. Yes; I am on the high side. Most dealers had much less participation than that.

Senator BRADLEY. In your company how many did you terminate last winter?

Mr. WOODRUFF. I don't know that we terminated any in the bitter part of the winter in the sense we said we will not deliver you any oil at all, period. I never said that to anybody.

Senator BRADLEY. What is the normal process for notice of termination and what is the normal rule for how long payment has to be delinquent before you issue the notice?

Mr. WOODRUFF. Every company has its own policy as far as that goes. Our policy normally is 30 days. If the bill is over 30 days, I would say with very few exceptions we will go 60 to 90 days. With almost anybody in the wintertime beyond 90 days, there is almost no chance that that person would get additional credit.

As far as termination, many of the people who run into the credit problems are not what we would consider on the automatic delivery anyway. They call and they want it. So we almost have to make that decision at the minute that we get the call from them, what is their status. If it is 60 to 90 days, they have a problem and we have a problem. If it is 30 to 45 days, then—

Senator BRADLEY. Are you aware that the new law requires you to carry at least 60 days before you give notice?

Mr. SACCO. That is if the vendor is accepting money under the ECAP program.

Senator BRADLEY. Is that going to be a problem?

Mr. WOODRUFF. I think that is going to be a serious problem.

Mr. SACCO. It is a problem.

Senator BRADLEY. So that would be basically a disincentive for vendors to cooperate in an ECAP program?

Mr. WOODRUFF. Yes; I would think so. Carry him beyond 30 days. If we have to carry him beyond 60 days, it is a problem.

Mr. SACCO. The smaller vendors especially because they—first of all they have no inventory, they have no storage facilities, and in order to supply that customer they have got to go out and buy inventory. If they are carrying a very large segment of their customer base for, say, a 60-day period—

Senator BRADLEY. What percent do you normally carry for 60 days?

Mr. WOODRUFF. It could be as high as 20 percent. I have no problem carrying anybody 30 days because that is for our normal term anyway.

Senator BRADLEY. So you could carry 20 percent of your customers for 60 days?

Mr. WOODRUFF. We have historically. That is about what we have been doing; yes.

Senator BRADLEY. And last year you had only 4 percent of your customers participate in this program?

Mr. WOODRUFF. Yes.

Senator BRADLEY. So you do have a wide swing there where you could get a greater cooperation and still not be faced with the problem that this law theoretically imposes by requiring a 60-day hold on notice; is that generally correct?

Mr. WOODRUFF. I would say that most dealers—

Senator BRADLEY. I don't want to put words in your mouth.

Mr. WOODRUFF. I really think that would be a serious problem because most dealers now, because of a continuing rise in the price of oil and the continuing problems that we have with the accounts receivable and inventory, are considering tightening credit terms rather than expanding them; 60 days would be expanding credit.

Senator BRADLEY. So you just see those curves crossing. You see the problem of being required by law to carry 60 days and all the other pressures being to tighten up the credit. I mean you see this as a problem so much so that you might think that ECAP is unworkable.

Mr. WOODRUFF. I think a lot of dealers would have a hard time buying a program or being a part of it if they felt they had to wait 60 days.

Mr. SACCO. Senator, they will not be in a financial position to participate. They are financing their inventories. The lending institutions will not permit them to finance their accounts receivable. It is just not going to permit—the banks won't let us do it. It is not the unwillingness, we just cannot do it.

Senator BRADLEY. Do you think the 20-percent figure is normal in your experience, or bearable? Not normal, bearable.

Mr. SACCO. That is high.

Senator BRADLEY. What?

Mr. SACCO. That is on the high side because Mr. Woodruff has a larger company than the average member of the Fuel Merchants Association.

Senator BRADLEY. What would you say would be the average?

Mr. SACCO. The average dealer in New Jersey is 1 million gallons or less.

Senator BRADLEY. No, no, no. What would be the average percent of your accounts that you could carry for up to 60 days without creating the kind of financial pressures that you have described?

Mr. SACCO. For the smaller dealer I would say it would be under the 10-percent range.

Senator BRADLEY. Under the 10-percent range.

Mr. SACCO. Yes.

Senator BRADLEY. OK.

Mr. SACCO. And you are talking about this would reach about 20 percent. If this program was dedicated only to oil heat customers, you could reach about 20 percent. The program is spread between the gas utility and the heating oil industry so if you were to reach everybody you could only reach about 10 percent of the whole heating oil industry and the realistic \$54 million number tells you that you are not going to reach much more than what you did this year.

Senator BRADLEY. You know, it occurs to me that based upon what you have said I am sure it is not the intent of the legislation to bankrupt fuel dealers or prevent them from supplying fuel. We have regulations at the moment being written to deal with this and I think that it would be very productive for the fuel dealers of New Jersey to have a contribution to the framing of those regulations for the benefit of the citizens in New Jersey.

So I would encourage you to please make your thoughts known in this regulatory process so that we might avert the kind of unintended consequences of regulations that are not sensitive to New Jersey. Until this moment I thought 60 days was perfectly all right and didn't see these problems. Now I think it is important that you assert yourself and the association and I would be willing to assist you in doing that so that we don't at least put ourselves into a box that we cannot get out of and you have to freeze in.

Mr. SACCO. If this regulation holds, Senator, it means that you have made the fuel dealer do what the utility does in supplying the added cost to his rate base. The fuel dealer has a very small rate base so it means in order to carry the low income and the other part of his customer base he has to add to the cost of energy across the board to his customers and I don't know whether that is really the objective that you are seeking.

Senator BRADLEY. Thank you very much for your testimony. I will be glad to be of assistance to you in making those views known if you contact my office.

Mr. SACCO. Thank you.

Senator BRADLEY. The prepared statement of Mr. Woodruff will be placed into the record at this point.

[The prepared statement of Mr. Woodruff follows:]

PREPARED STATEMENT OF ROBERT A. WOODRUFF

Good morning, my name is Robert Woodruff. I am the president of the Fuel Merchants Association of New Jersey, which represents 600 independent home heating oil distributors in the State. FMA members deliver over 1.7 billion gallons of No. 2 home heating oil to some 1.3 million homes in the State annually. This figure represents approximately 50 percent of the homes in the State.

I am also vice president of Woodruff Oil Co., a medium-sized home heating oil distributorship located in Bridgeton.

The members of the Fuel Merchants Association recognize that the basis for any federally funded assistance program, of any sort, is the hard-earned dollars of the taxpayers. We also recognize that recent increases in energy costs, including but not limited to home heating oil, have made it difficult for those on fixed or low incomes to pay for the fuel necessary to heat their homes in the coming winter.

Our members have traditionally operated assistance programs of their own. Before the recently announced tightening of credit terms by the major oil companies, it was historical practice for home heating oil distributors to refrain from terminating service to any customer during the heating season because of a failure to pay any outstanding bills within a reasonable period. In practice, this resulted in the extension of credit for periods as long as 60 to 90 days for senior citizens and the economically disadvantaged, often extending into the late spring and summer.

I am here representing the Fuel Merchants Association to discuss the 1979-80 energy crisis assistance program for New Jersey. The recent dramatic increases in the price of home heating oil coupled with the tightening of credit terms by the major suppliers foreclosed to members of our association the former luxury of extending 60- to 90-day credit terms to great numbers of our customers.

Slow payments across-the-board by virtually all end-consumers meant that it was no longer possible to carry on our historical practice of carrying fixed-or low-income customers for long periods, if we were to keep our businesses financially

float. The new market conditions have forced our members to borrow so heavily to cover the financing of inventory that we could no longer depend on lending institutions to help finance our accounts receivable as well.

Under the market conditions that developed last winter and seem destined to remain in effect indefinitely, a severe upheaval in the home heating oil distribution system could have, would have, and still could occur if dealers did not and do not make financing of their inventory their primary concern.

We therefore reluctantly came to the conclusion that Federal aid was necessary for fixed- and low-income customers were to be kept supplied in the traditional manner. Although we had, and voiced, some initial concerns with the State and Federal programs that existed last winter, we believe the adjustments made over the course of the winter have made those programs workable.

We now applaud the administration of the program by the State of New Jersey. At the outset of the 1979-80 program, the flow of funds to the dealers of New Jersey was bottlenecked. After a series of meetings between the commissioner of the Department of Community Affairs and his staff and representatives of FMA, a number of changes were instituted that made the operation of the program smoother.

Chief among these was the issue of deliveries-versus-payment for deliveries. OCA performed yeoman work to straighten out the problem and unclog the flow of money to the dealer so that he could continue supplying oil to his fixed- and low-income customers.

The concern exhibited by the State government earned the deep thanks and appreciation of our members. We have now asked that the department enter into an early round of discussions to prepare for the coming winter and we expect to begin those discussions in the near future.

Our primary concern at this time is the question of full participation by all those who are eligible. Our estimates indicate that between 30,000 and 40,000 individuals were aided last winter. We have received opinions that 10 times that number are potentially eligible. In order to allow that much greater base of participation to share in the funds that have been allocated, we suggest that the maximum grant be held at between \$400 and \$500 per individual.

As to the operation of the program, allow me to emphasize these points:

(1) Past programs have shown that the State government is the best qualified administrator.

(2) Past programs have demonstrated that the program's goal is best accomplished when payments are made directly to the dealer from the State and do not pass through the hands of the participant.

(3) There should be no provision that customers need owe the dealer before they can be judged eligible.

We have discussed the first point in depth. As to the second, when the payment is made directly to the dealer, there is assurance that the entire payment will be spent as Congress intended. Finally, there are many proud fixed- and low-income customers who will deprive themselves in order to pay for their basic necessities. They should not be discriminated against because they refuse to go into debt.

All three of these points are included in the mechanism of the 1979-80 program. The Fuel Merchants Association believes that the Congress wishes will be fulfilled if that mechanism is not tampered with for the upcoming winter.

Thank you.

Senator BRADLEY. Our last panel will please come forward.

We want to take a 4- or 5-minute break and have the panel please come up and be seated and then we will begin.

[Whereupon, the committee recessed.]

Senator BRADLEY. Let us resume.

We have Trudi Faltum, Jeanne Lott, Helena Andreski, Laura Smith, and Ruth Parkinson. I would like very much to welcome you to the hearing and look forward to hearing you. You have been here for most of the day and therefore you have heard most of the comments. I hope that you can amplify on those comments. We are up against certain time constraints as I have told everyone in the last 2 hours and we are still up against them. So I would hope that you would make your comments brief and then we could move on.

**STATEMENT OF GERTRUDE D. "TRUDI" FALTUM, OUTREACH  
WORKER, BROWNS MILLS, N.J.**

Ms. FALTUM. We will be very brief.

We feel there are many eligible senior citizens that don't get in contact with the programs, as a matter of fact know nothing about the programs. The Pine area is a bad place to find these people. If there was only some way that they could be contacted through Social Security, for instance, or if they could put slips in with the oil company bills telling them that they are eligible or to check with the office on aging and we in turn would go out and talk to them.

I agree with Cumberland County that I think the office on aging can handle the fuel program quite well. We are in touch with the people and it is much easier for us to talk to them and that is the basis of what I have to say. I am sure Jeanne has much more to say.

**STATEMENT OF JEANNE C. LOTT, OUTREACH WORKER, BROWNS  
MILLS, N.J.**

Ms. LOTT. I am not noted for being brief but I will try.

If the information on assistance is included with any other mailing, I would suggest that it give the income criteria because otherwise, you have all the people getting excited who are not eligible. In that connection I think the legislation is written by Government people on Government payrolls and they know what they get for a year's work. The average client of ours—I have never met one yet who could quote his or her annual income—never, never—but they know their monthly income, so please, explain that if they have a monthly income of above \$354 or whatever, they are not eligible. It is a small thing but a lot of people might benefit by it.

The business of being out of funds, off and on, is disturbing. Another problem is the mechanics. Programs can be very upsetting to somebody who is in a total panic about how to survive. So any of these moves that are going to be made to smooth out how the program works, including whether or not you are eligible in the first place, I would strongly recommend.

The homebound, who are some of our most deserving older people in the sense that they really need help are not all reached and we cannot reach them, although our outreach program does the best it can. So whatever way you can work to keep them in mind. I think the fuel vendor is the best contact.

Incidentally, in connection with lifeline, I don't know how those programs are going to be blended but the disabled were not reached through any mailing for the lifeline benefits. We, as outreach workers, had forms which we could help them fill out, but we can't pinpoint the disabled. The social security disability, I know that lifeline is State and is different, but if the disability checks could have an enclosure to tell those people to make a fuel assistance application it would help. SSI gets it automatically, and disabled not, which is hard.

We found a lack of coordination with weatherization, despite what we have heard here today. We are from Burlington County. Interest in weatherization is on the form, sure enough, when you apply for fuel assistance, as a checkmark, but when people are bent on getting help

with their fuel they are not really aware of the whole weatherization thing; they are not sophisticated about the relationship. So I would urge stronger coordination between weatherization and fuel assistance, making it clear at the time that this action could be a beneficial thing to them.

Our typical client is a widow living alone in a separate home in a small community or in a mobile home in a park. They are people that I know we all want to keep in their homes and cannot do it without this program. They just cannot make it.

Senator BRADLEY. Thank you very much, Jeanne.

**STATEMENT OF HELENA B. ANDRESKI, OUTREACH WORKER,  
RIVERSIDE, N.J.**

Ms. ANDRESKI. Like Jeanne said, the program is very, very good. I just would like to add these comments, please.

Senator Bradley, after hearing you and the panelists, I am very proud that our State is doing so much for the elderly and the people who are in need in New Jersey. However, like Mr. Pennestri, I think the guidelines are much too low for our seniors. The majority that we contact might be \$5, \$10, \$15 over and they do not qualify for so many of the programs. It is a good feeling to know that we are going to have the help in the program next year. As Mr. Cornell mentioned, the increase would help a lot.

Some of our complaints that we have had recently, the seniors have not received their credit with the public service. I have a few here that have waited as long as 6 months. When they call the program they don't seem to get too many results so they contact us and ask if we would do it for them. For us, they put the name on the scan and, sure enough, they have not received their credit. The fuel program is completely out of funds; we do have quite a number of seniors that have outstanding bills and just can't get any help.

Senator BRADLEY. I will let you finish your comments but let me interrupt at that point and tell you if you have identified people who have not received their check and they are eligible and they have filled out all the forms, I would encourage you to contact my office in Maple Shade or in Union. Suzanne Garvy is at Maple Shade and she will make that inquiry for the people if you will prepare that list. That is part of our job. We can't guarantee they will get payment but we will make an inquiry which we will do at Maple Shade through Suzanne Garvy.

Ms. ANDRESKI. I have called the Trenton office on the 800 number, and no results.

Senator BRADLEY. We don't have an office in Trenton.

**STATEMENT OF LAURA M. SMITH, OUTREACH WORKER,  
RIVERSIDE, N.J.**

Ms. SMITH. I agree with all the other outreach workers here. I am in the office with Miss Andreski. We have the same clients. We go out to the field. We filled out many applications for the lifeline help to people. As she said, there are a lot of them that have not heard from lifeline. We go to the nutrition site where they send someone there to take



applications on the fuel, the energy. We have people down there. We have names of people and they are still trying to get it. They have not heard a thing from the program.

We, in turn, have called BCCAP in Burlington. Same thing. Funds called off, no more funds, no help. Mr. Townsend himself has told me this; in fact, he got on the phone last week after I was talking to one of the girls in the office. Mr. Townsend came on and said positively no more funds for the funding of fuel. So these people are left without having help. We have also called the vendors that are supplying fuel to people and most of them are really very nice about it but they can only carry these fuel bills so long.

Senator BRADLEY. Do you know, are there still people who are applying for BCCAP and applying for other programs? Are you helping people now to apply for last winter's fuel?

Ms. SMITH. Yes.

Senator BRADLEY. Even though there is no money?

Ms. SMITH. Yes; in outreach, we did not have the forms to fill out for the applications and these are emergencies.

Senator BRADLEY. So you don't tell them that there is no more money?

Ms. FALTUM. We don't know.

Ms. SMITH. We tell them after BCCAP told us but we didn't tell them before if there was money available.

Senator BRADLEY. How many people would you say in a week you now fill out forms for?

Ms. SMITH. We don't fill out forms. Burlington is the only one. We didn't have the forms. We call BCCAP and have them send a form to the individual who is asking for help. A lot of people were under the impression that in the outreach office they could find the forms. They came into the office looking for them and the nutrition people would ask us for them. The nutrition sites had one person go down once, one time only. Now there are senior citizens that go into those nutrition sites, maybe they will have a representative down there on a Tuesday. Well, this person may not go on Tuesday so this poor soul comes in and they ask, when are they coming, and are told, "Well, they have already been here." They have no way of applying for it because they cannot get to Burlington. That is the way it is done in Burlington County.

Senator BRADLEY. Mrs. Parkinson.

**STATEMENT OF RUTH N. PARKINSON, VOLUNTEER WORKER,  
GIBBSBORO, N.J.**

Ms. PARKINSON. Senator Bradley, I represent Gibbsboro, a volunteer job. I went to the different people who could not get into the office. I took 25 applications down with a written letter from the people. I made all the applications. Only two of the people in Gibbsboro received help.

We had a mild winter as you say, we all knew this. Well, they started calling me, they didn't know what to do. They were frustrated; I was just as frustrated as they were.

The oil men would put no more oil in for them. After the first time time they said they could not put it in the second time. So I called the

oil man that I deal with and I said to him, "Will you go put oil in, in my name, I will back it up." I can't see these old people living in these houses with no oil. I could not sleep tonight if I knew they didn't have oil.

So he went and put oil in all of their homes and I was faced with a bill for \$800. Well, that was OK. My husband came home and I thought I was going to be divorced that night but that was OK. We have a good town and I knew that I would get the money somewhere, somehow, even if I had to beg, borrow, or steal. So I went to the churches, I called all the pastors and I told them the situation. They had a meeting and they called me and they said, "Ruthie, go ahead, do whatever you have to."

So I started a fund at the Bank of New Jersey for the senior citizen emergency fund and money came pouring in from all the churches, from people in the borough. I was paid back and we still have \$1,300 in the bank.

Ms. FALTUM. Isn't that beautiful.

Senator BRADLEY. You should really be complimented.

Ms. PARKINSON. May I tell you one thing. I went to the OEO office in West Berlin and I was very, very disappointed. I have worked with Marion Lasky at the office on aging and all of my applications were always helped. I would call, she would contact me. I wish that really things could be straightened out in another manner some way because I have never been told that my applications were turned down. They told me that every one of them would get \$400.

I went back and told them they would get \$400. Two women put me off their ground. They told me I was a liar and I cried about it. I got in the car and I said, see, these people don't believe me. I went away crying in the car feeling that I had done wrong to these old people: These are people 80 years old. You know, after I got away I felt, well, yeah, I would feel that way against Ruth, too. If I came here to your house and said I am going to give you \$400 for oil and your application was approved, how would you feel? Would you not feel very bitter against me, too? So now I can see why they chased me off their ground. They told me never to come back, which I felt very bad. I went back though.

Senator BRADLEY. When was that?

Ms. PARKINSON. Pardon?

Senator BRADLEY. When was that? When did that occur?

Ms. PARKINSON. This was in the month of February.

Senator BRADLEY. I am not clear. Why didn't they get their payment?

Ms. FALTUM. Nobody knows.

Ms. PARKINSON. I only wish I knew the answer. I was so despondent and upset about the same thing I was ready to go to Washington.

Ms. FALTUM. They never give us an answer.

Ms. LOTT. They just say, no money.

Ms. PARKINSON. I talked to the oil man yesterday. I was at my home. Evidently he was busy. Now he had 40 people, he told me, and none of them were paid. None of them. None of them got their money. Only two of mine out of all that were put in.

Senator BRADLEY. I think that is a very vivid example of the problems of designing a program that is nationwide that is supposed to

meet the heating needs of the older American. Every program figures that in the first year of operation there will be problems.

Ms. PARKINSON. That is true.

Senator BRADLEY. There will be problems in administration, problems in outreach, the whole assortment of problems which when you deal with the broad picture you put in that little box and you assume it is 5 percent or 10 percent but when you are at the grassroots level and you are delivering those services it is a little more. It is a little stronger impression when you deal with the people who are in that little box that has administrative problems of 5 percent. I think that your story is a perfect example of that and I think it is also testament to why you have to have programs that are administratively simple so that you minimize the amount of people that fall through the cracks because of the administrative problems. I think frankly your testimony is somewhat eloquent testament to that.

Ms. PARKINSON. When Congressman Florio spoke up here today a lot of my seniors called his office. They did not know where to turn.

Senator BRADLEY. I also received quite a few calls.

Could I ask you ladies a few questions just about how do you go about trying to notify people that this program existed?

Ms. FALTUM. There is a problem. That is a problem.

Ms. SMITH. We did not write letters, we called them on the phone.

Ms. FALTUM. You cannot write a letter. Our pinelands are dirt roads. You have to go find these people. It is very hard. By word of mouth many times we find people. That is why I think through social security or something that goes into their home all the time where they would have contact to let them know there is a place that they can go to or call or talk to someone. Then we will go there and do anything that has to be done. Well, we have to find them first and that is the problem.

Ms. SMITH. We also let the senior citizens know through the clubs. You see an awful lot of senior citizens there.

Ms. FALTUM. Senior citizens groups, clubs. Sometimes they find us.

Ms. PARKINSON. Newspapers.

Ms. LOTT. This is true of all of our outreach work. We have the same problem with other things. With a thing like this it can be a matter of survival; that is why we urge that you help us with the outreach.

Just 2 weeks ago I met a woman I had never met before who had never heard of the fuel assistance program. She was living on \$277 a month—not really living exactly but surviving. She is eligible but there are no more funds. It was purely accidental that I met her. Somebody recommended that she come to the nutrition site to eat and I met her as a new person there. Otherwise, I would never have known she was living in that mobile home out there. So it is tricky. Get this mailing, please.

Ms. FALTUM. Somehow.

Senator BRADLEY. Have any of you faced major obstacles in trying to help older Americans in getting into homes or discussing things with them?

Ms. FALTUM. There are always ways of getting around that.

Senator BRADLEY. You said the problem is getting them to believe you at this stage.

Ms. PARKINSON. I visit older homes.

Ms. SMITH. That is in nursing homes.

Senator BRADLEY. Do you go to the nursing homes?

Ms. FALTUM. Yes.

Ms. SMITH. Yes.

Senator BRADLEY. Do you go into boarding homes?

Ms. SMITH. No.

Ms. ANDRESKI. No.

Ms. PARKINSON. We have only one home in town.

Ms. LOTT. They are almost all in private residences.

Senator BRADLEY. When Senators and Congressmen sit in Washington and make these programs and they have outreach workers down there who actually go out and do the things that put people in touch with the program, get the money for them, they sometimes think, well what should be the training of an outreach worker?

Ms. FALTUM. Love and understanding.

Senator BRADLEY. That is what my question is.

Ms. FALTUM. That is it.

Senator BRADLEY. There is not any special skill here other than in a personal relationship being formed and to understand people and communicate.

Ms. FALTUM. You have paperwork and what you have to do for all the guidelines. You have to learn all the programs and you carry an awful lot around in your head.

Ms. SMITH. You have to win their confidence.

Senator BRADLEY. You have forms in the back of the car?

Ms. FALTUM. In the trunk.

Ms. LOTT. We carry our information in our attaché cases and our heads, and we go out into the pinelands or whatever. Many people don't know the pinelands but there are people out there.

Senator BRADLEY. Let me assure you that in the 18th century there were more people in the pinelands than anywhere else in New Jersey.

Ms. PARKINSON. For me to get the names that I need, I went to the tax collector.

Ms. SMITH. I have done that in all towns in our area.

Ms. FALTUM. I have done that.

Ms. PARKINSON. That is where I sent all the letters to them from—the tax collectors.

Ms. FALTUM. Churches, organizations, anybody.

Senator BRADLEY. OK; I think this has been very helpful for me and I think the record will reflect that our conversation was fruitful and so I want to thank you for that.

We have a few elderly people in the audience who want to ask a question or make a statement. Maybe if you stayed here you might be able to answer the questions if I can't.

Does anyone else want to make a statement?

Identify yourself and your town.

#### STATEMENT OF ALICE G. HOOVER, VINELAND, N.J.

Ms. HOOVER. My name is Alice G. Hoover. I live on Northeast Boulevard, Vineland.

I don't know if you will be able to hear me or not, my voice does not carry very well.

Senator BRADLEY. We hear you fine.

Ms. HOOVER. My main reason for being here today is to see if when you are eligible for HEAP assistance it could be speeded up. Now my personal experience was I was approved eligible on November 30 of last year. My oil dealer received his payments on March 26, this year.

FROM THE FLOOR. At least he got it.

Ms. HOOVER. Well, yes, he got it March 26. I was able to persuade him to hold off inasmuch as he had received the verification that I was eligible and would be getting aid. Now where all the delay happened I would not know. I would not try to say where the blame lay but it seems to me that possibly it was caused by duplicate agencies. SCOPE takes the application, sends it to the State agency, the State agency sends a letter of verification to the fuel dealer, the fuel dealer—

Senator BRADLEY. Here is the diagram of how it provides. It took me a few minutes to understand the flow.

Ms. HOOVER. I could not get any information. What caused the delay? Who do you contact? Because SCOPE said to contact your oil dealer. He will be notified, and then when I called him he said: "I was notified on February 7, 1980, but I have not gotten any money." He did not know what the holdup was, and I did not know what the holdup was. Neither of us knew the status of the account—neither did SCOPE.

I was just praying every day that the mild winter would last because if I had had to use a lot of oil and he would not have carried me all that time, I would have had to go and hock something, to pay for it.

Now what happens if I have aid next year I don't know. I just have to pray hard for another mild winter because oil has gone up and up and we are going to get less and less aid. How are we going to make it?

Senator BRADLEY. Let me say on the delay of payment to your oil dealer, I think one of the things we heard today was that the program really didn't go into effect until December, that at the beginning there were problems and as the winter went on it got better. We hope that this experience of the past winter will allow us to do it more efficiently in the following winter. That is one answer.

If that is not acceptable, the other answer is that last year we had several different programs which made it somewhat confusing. This year if the State chooses, you could have one program and that might be administered more efficiently than if you have three separate programs that an American who is poor has to confront in order to understand and to get the maximum amount.

Ms. HOOVER. It seems to me and I would like to suggest, as Mario Simone did and Mr. Finch who is the executive director of the Cumberland County Office on Aging, that the elderly people, the senior citizens—I don't like to call myself elderly but I guess I am, I am a senior citizen—and the rest of the people, the welfare people and so on and so forth, have separate programs; that the county office on aging handle the senior citizens in the county, because they have outreach workers who are familiar with these people, they know where to reach them, and have everything under one roof. They could take the application, process it, receive the money and channel

it to the oil dealer. We would not have had this long period of delay if the program had been administered by the county office on aging.

Senator BRADLEY. Your comment will be reflected in the record that you favor the office on aging as the administrator.

Ms. HOOVER. That is right.

Senator BRADLEY. All right. Thank you very much.

One more. We would like to be brief now.

### STATEMENT OF JOSEPH LARIO, PENNSAUKEN, N.J.

Mr. LARIO. My name is Joseph Lario and I am the 2d vice president of the Senior Citizens Jets here in Pennsauken.

My first comment to you, Mr. Senator, I have been a sports fan of yours ever since you have been in professional sports and now I am glad to see you. I want to go on record here to say that I voted for you so I am proud to see you in office as our State Senator. Let me say I am very disappointed here that I heard only one comment from the south Jersey fan. Did you say Gibbsboro?

Now how come south Jersey is not represented here?

Senator BRADLEY. Let's just go down the witness list. We have, of course, the State officials, one of whom happens to be a resident of this town that we are in. We have had Bridgeton, Cumberland County Office on Aging. We have had Vineland. We have had Browns Mills and Gibbsboro. I would say that if we were going to take a percentage that this would be—

Mr. LARIO. All from north Jersey.

Senator BRADLEY. Well, let me ask you. Do you think that your U.S. Senator that you voted for would hold a hearing in south Jersey and have the bulk of the witnesses from north Jersey? No. [Laughter.]

Mr. LARIO. I don't think so, but I will tell you what happened. I attended a town hall meeting on Wednesday night, and I heard about this meeting and no one knew a thing about it. I could not even learn a thing about it. Another thing, I asked the Courier-Post reporter about it and she knew nothing about it. So it was through asking around that I found out that you people were to be here today and that is why I am here.

Senator BRADLEY. I am glad you are here.

Let me tell you I would have liked this hearing to have been announced on Philadelphia television and all the cable television but unfortunately we don't have the money to go on television to do the advertisements. We have written to all of the media to let them know this, and to most of the offices on aging, and most of the places you would expect people to be interested in this. So I am sorry that there are not more people here but I am glad you are here.

Mr. LARIO. Let me say, just as a pun now, you have seen it on television that they want to cut Jersey in half because we are experiencing difficulty in getting north Jersey to recognize south Jersey and if they do that maybe we can get Congressman Florio as our next Governor one way or the other, but that is only a pun, please.

To get down to serious business, I just want to say that I am a representative for the senior citizens, and I am one of the senior citizens that you are talking about, fighting about, and all these comments that I have heard. We have 1,500 senior citizens in Pennsauken

alone that are on this program of \$5,000 income or less and some of them are in the process of losing their rebates because with their increase in social security and their increase in their interest rates and so forth that they are going over by a few dollars of the \$5,000 limit and they will lose a lot of their programs and many of them are on the verge of losing their PAA and lifeline for the same reason because this July we are supposed to get the social security increase and they are already crying about it. We have two bills pending, HCR 29 and SCR 10, that will raise the \$5,000 income limit to \$8,500 and it has been in Revenue, Finance, and Appropriations Committee now for over 2½ years. Every time we call up we are told to call your Congressman, and call your Senators. We call them, we send them letters, and all we get is: "We are working on it." It is 2½ years and I am sure it does not take that long.

So if we don't get it by July 1980, there are a few of us that are going to suffer. This is one of the things we are complaining about because we have senior citizens here in Pennsauken that have lived in their homes between 30 and 60 years and I am one of them that has lived here 45 years in Pennsauken.

I know what it is that every year things have been getting high with the rising cost of living and you people know that and they are losing their homes, they are moving in with their families or they are going in apartments where they just about are existing and they cannot live out the rest of their lives in dignity, or the manner that they are accustomed to. Their primary criteria is that their taxes are too high, and their incomes are too low, the cost of living is getting out of sight and there is an insufficient health care program which we need here very bad.

We all feel that we should pay only local taxes for the services that we are getting. No school tax because they already paid their dues. Why should we pay for Camden county courts, judges, and taxes that don't pertain to us now? We feel as though either one way or another that our taxes should either be frozen at a level of where we only pay a local tax that we get local services for such as police, fire, garbage collection, and whatever our local community supplies us with.

Now we are concerned about our casino money. We were promised that casino money was going to go for tax relief. Governor Byrne tells us that he has to form an administration office first. By the time he appoints this committee, it is going to be for administrative offices. I think about half of our casino money will go for operating administrative offices and we want you to know this and see what you can do for us.

Senator BRADLEY. OK.

Mr. LARIO. That is about it.

Senator BRADLEY. Thank you very much.

Mr. LARIO. I want you to know, Mr. Senator, I am one of the senior citizens that is involved. The OEO program, I think that should be handled locally because we have sent people to the local office. They say we ran out of forms, we don't have any more to do with you, you have to go down to the county office. We are out of money but we don't like them to go to the county office because we had a half dozen people going to Camden and they had to take two buses to get there and three out of six got mugged in Camden and they are all 70, 75, 80 years old.

I don't think they should have to go to Camden. I think they can be handled locally for the safety of our senior citizens.

Thank you.

Senator BRADLEY. Thank you, sir, for your contribution for the record. That is a long list and I think that any of them are important things that we address in Congress and maybe next time we meet you can ask me what I have done about all those things. I will have time to answer then except right now I won't. I would like to thank you for participating in the hearing.

Mr. LARIO. I am on your mailing list so we get your mail.

Senator BRADLEY. Good.

I would also like to thank Bill Baker, the court clerk, and Judge Zonies for the use of this courtroom which is one of the more pleasant courtrooms that I have been in.

I am glad that all of you could come and participate today.

I would like to pay a special tribute to our staff here at the table on each side of me who have done such an outstanding job in putting this hearing together.

Thank you very much.

The hearing is adjourned.

[Whereupon, at 1 p.m., the committee adjourned.]



## APPENDIX

### MATERIAL RELATED TO HEARING

#### ITEM 1. STATEMENT OF ASSEMBLYMEN ERNEST F. SCHUCK AND WALTER RAND, FIFTH DISTRICT, NEW JERSEY LEGISLATURE

The problems of our older citizens on fixed incomes has been aggravated by poorly administered Federal programs such as the energy crisis assistance program (ECAP).

The list of names enclosed are people who applied in person on the first day applications were being taken. They were told at that time that they qualified and would receive a number of assistance which would be sent directly to their fuel supplier. It is now June and no money has come for them, yet they read that leftover money will be used for *other projects*.

In our efforts to help, we first were told that several applications could not be found by the local agency—but the names had appeared on supplier's invoices. On several invoices, names were crossed off (a line drawn through the name, address, and amount) when the invoice was received by the fuel dealer. We were told the line meant the applicant had not brought in the right information, such as a copy of a fuel bill. This was blatantly false, as was discovered by our office on a visit to the local agency when these applications were found with all the necessary information. No good reason has ever been offered for this.

One of this first group of people is still waiting for assistance, though the other were finally cleared up in April—4 months after the problems were first brought to our attention.

Invoices with five or six names were received by fuel dealers, verified and forwarded to Trenton. When checks were received for these invoices, one or two names would be omitted with no explanation.

Several applications were verified by Trenton and a check was to be sent out on a specific date. Two months later, there is still no check, and now Trenton cannot find the application.

The administration of this program has been a nightmare. Some of our older citizens have outstanding fuel bills, some have had their fuel cut off, and they are still waiting for this fuel assistance they were told they would receive in November. If there is money in New Jersey, regardless of county designation, these seniors should be served immediately.

Needless to say, this is a very brief history of some of the problems we've encountered. The complete and total lack of any comprehensive rational explanation of the process or the problems has been a frustrating experience which has embittered many of our older citizens.

#### ITEM 2. LETTER AND ENCLOSURE FROM MARIO SIMONE,<sup>1</sup> OUT-REACH COORDINATOR, CUMBERLAND COUNTY, N.J., OFFICE ON AGING, TO SENATOR BILL BRADLEY, DATED JUNE 20, 1980

DEAR SENATOR BRADLEY: I am enclosing a copy of my recent testimony before the Senate Special Committee on Aging. I have reviewed the transcript and made necessary corrections. I would also like you to submit as part of my testimony the following summary and clarification of recommendations which should be incorporated in next year's fuel assistance program.

(1) There should be as little *unnecessary* running around by applicants, at least for senior citizens who are on fixed incomes, by allowing the use of a *simple* declaration of income rather than requiring all applicants to document or bring in proof of *every source of income* that they may have, i.e., social security checks, veterans checks, a small private pension check. This would help to prevent delays in filing an application and the loss of valuable time and energy on the part of applicants and intake workers. If necessary, perhaps there should be a statement

<sup>1</sup> See statement, p. 259.

of authorization which would allow the investigation of the applicant's source of income when there is reasonable doubt concerning the amount of an applicant's source of income. Attached is a suggested format for a declaration of a person's income.

(2) The income eligibility levels should be greatly increased to allow the participation of those that are near poverty and other low-income persons who are also suffering from the increased fuel/utility costs.

(3) The operators of housing complexes *should not* be eligible to receive funds under this program since there won't be sufficient money to cover them as well as the individual persons who are responsible for paying their fuel/utility bills.

(4) The office on aging should be delegated the responsibility for handling the fuel program at the local level: (a) Taking applications, (b) certifying applications, and (c) making payments to utility/fuel vendors. This would help to eliminate confusion over the status of an application and to make the fuel program more efficient rather than involving a number of agencies for the same program.

(5) The amount of money available for next year's program should be increased rather than remain the same as currently set by the House-Senate conference committee at \$1.6 billion since the revenues raised by the windfall profits tax law had been earmarked for providing fuel assistance.

Very truly yours,

MARIO SIMONE.

Enclosure.

(Suggested Format)

DECLARATION OF INCOME ELIGIBILITY

I certify that I meet the income guidelines of the Emergency Energy Crisis Assistance Program. The size of my household is \_\_\_\_\_ and my total annual household income is less than \$ \_\_\_\_\_.

I also authorize the administering agency to investigate my sources of income when the agency deems it necessary to verify my income eligibility..

\_\_\_\_\_  
(Signature) (date)

<u>Sources of Income</u>	<u>Amount per year</u>
Social Security -----	_____
S.S.I. -----	_____
Pensions -----	_____
Other -----	_____
Total --	_____