

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 30

### STATE OF NEW JERSEY 217th LEGISLATURE

DATED: MARCH 21, 2016

#### SUMMARY

**Synopsis:** Increases amount of benefits under Work First New Jersey program.

**Type of Impact:** An expenditure increase, General Fund.

**Agencies Affected:** Department of Human Services.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Fiscal Year 2017</u></b>	<b><u>Fiscal Year 2018</u></b>	<b><u>Fiscal Year 2019</u></b>
<b>State Cost</b>	\$14.2 million	\$27.1 million	\$38.6 million

- The Office of Legislative Services (OLS) estimates that the bill will increase State expenditures by approximately \$14.2 million in Fiscal Year (FY) 2017 over a baseline estimate, \$27.1 million in FY 2018, and \$38.6 million in FY 2019. These estimates are based on current projections by the Executive for participation in the Work First New Jersey (WFNJ) program in FY 2017, and an estimated decline in participation of five percent per year in subsequent years.
- Federal funds from the Temporary Assistance to Needy Families (TANF) program may be used to pay for part of the increased benefits provided under the bill. However, federal TANF funding is provided in the form of a block grant, so any federal funds used to support cash assistance benefits would be unavailable for other TANF-related spending, such as child care or emergency assistance. This fiscal estimate assumes that all increased costs would be paid from the State General Fund.

#### BILL DESCRIPTION

Assembly Bill No. 30 (1R) of 2016 increases the maximum cash assistance benefit for families participating in the WFNJ program. The WFNJ program provides cash and other assistance to low-income New Jersey residents in order to alleviate the negative effects of

poverty. The WFNJ includes the TANF program, which assists families with dependent children, and General Assistance, which assists adults without dependent children.

Currently New Jersey's maximum benefit amount for WFNJ recipient households is \$424 per month for a family of three. The bill would increase this amount to \$466 in Fiscal Year (FY) 2017, \$509 in FY 2018, and \$551 in FY 2019. Similar increases would apply to households of different sizes. For FY 2020 and each year thereafter, the maximum benefit would be annually adjusted according to the cost of living adjustment applied under the federal Social Security program.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received. However, baseline Work First New Jersey participation and cost projections for FY 2017 are provided in the Governor's Budget Recommendation for FY 2017.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the bill will increase State expenditures by approximately \$14.2 million in Fiscal Year (FY) 2017 over a baseline estimate, \$27.1 million in FY 2018, and \$38.6 million in FY 2019.

The Governor's Budget Recommendation for FY 2017, on page D-207, indicates that the Executive anticipates that in FY 2017 the WFNJ program will serve a monthly average of 63,295 individuals in the TANF program, and 11,209 employable individuals and 10,051 unemployable individuals in the GA program. Combined costs for cash assistance, excluding emergency assistance, to these households are estimated at \$142.4 million. (Benefits are awarded to households, not individuals, and benefit amounts vary based upon household size. Households with more WFNJ-eligible members receive larger benefit amounts in absolute terms, but smaller per-person benefit amounts. Benefit amounts also differ depending upon whether households are enrolled in TANF or GA; and within GA, if individuals are determined to be employable or unemployable.) Assuming that all households receive a 10 percent increase in their benefit amount, total assistance expenditures would increase by \$14.2 million over the baseline. The estimates for FY 2018 and FY 2019 are based upon costs to provide 20 percent and 30 percent increases, respectively, but also assume that the number of participants will decrease by five percent annually, consistent with recent trends.

The OLS notes that federal funds from the TANF program could be used to pay for part of the increased benefits provided under the bill. However, federal TANF funding is provided in the form of a block grant, so any federal funds used to support cash assistance benefits would be unavailable for other TANF-related spending, such as child care or emergency assistance. This fiscal estimate assumes that all increased costs would be paid from the State General Fund.

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).