

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3410
STATE OF NEW JERSEY
217th LEGISLATURE

DATED: JUNE 24, 2016

SUMMARY

Synopsis: Repeals family cap in Work First New Jersey program.

Type of Impact: Expenditure increase, General Fund.

Agencies Affected: Division of Family Development, Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$2.3 million	\$2.3 million	\$2.3 million

- The Office of Legislative Services estimates that the removal of the State policy which prohibits a household from gaining additional Work First New Jersey – Temporary Assistance to Needy Families cash assistance benefits as a result of the birth of a child will result in increased expenditures of \$2.3 million annually for cash benefits for these recipients.
- It is possible that the costs for additional recipients may vary from year to year, but this change is dependent on the number of children born each year whose parent or parents are enrolled in the Work First New Jersey – Temporary Assistance to Needy Families program and cannot be quantified with any certainty.

BILL DESCRIPTION

Assembly Bill No. 3410 of 2016 repeals section 7 of the “Work First New Jersey Act,” which prohibits a household from gaining additional cash assistance benefits as a result of the birth of a child. Such policies that prevent an increase in welfare benefits as a result of the birth of a child are commonly known as “family caps.”

The Work First New Jersey – Temporary Assistance to Needy Families (WFNJ-TANF) program provides cash and other assistance to low income families with dependent children. The amount of monthly cash assistance provided to a household by the program is based on the household’s size. However, current law prevents the amount of the grant from increasing as the result of the birth of a child, unless the child is born fewer than 10 months after applying for

benefits or the birth of the child is a result of rape or incest. Certain limited exceptions to the family cap are provided pursuant to N.J.A.C.10:90-2.18 for families with a working parent and for children born to minors.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received, but prior information received and referenced below.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services received information from the Department of Human Services during the FY 2017 Budget process indicating that the removal of the family cap on current recipients of WFNJ-TANF will result in increased expenditures of \$2.3 million for cash benefits for these recipients cumulatively in the current fiscal year.¹ The number of dependents added to the eligible recipients will likely vary each year, but that cost cannot be quantified with any certainty.

The increased expenditures will be from the General Fund as the WFNJ-TANF program is funded through both State dollars and the federal TANF block grant. The federal TANF block grant will not be increased due to this State policy change.

Section: Human Services

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*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

¹ Page 41 of the FY 2017 Department of Human Services responses to the OLS discussion points, http://www.njleg.state.nj.us/legislativepub/budget_2017/DHS_response.pdf.