

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 490
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: JUNE 21, 2018

SUMMARY

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

Type of Impact: Annual State expenditure increase, General Fund.

Agencies Affected: Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2019</u>
Annual State Expenditure Increase	\$1.4 million

- The Office of Legislative Services (OLS) estimates that the bill will increase annual State expenditures for Work First New Jersey – Temporary Assistance to Needy Families (WFNJ-TANF) cash benefits. Based on current enrollment trends, the OLS projects that the State expenditure increase will be \$1.4 million in FY 2019.
- There is substantial uncertainty regarding the magnitude of the annual State expenditure increase subsequent to FY 2019. As a safety net program, WFNJ-TANF enrollment is correlated significantly with general economic conditions so that the bill's expenditure increase in any given fiscal year may differ substantially from the \$1.4 million estimate for FY 2019.

BILL DESCRIPTION

This bill newly allows a household that receives WFNJ-TANF benefits to gain additional cash assistance benefits as a result of the birth of a child.

The 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 is based on the household's size. However, current law prevents the amount 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 additional limited exceptions are provided for families with a working parent and for children born to minors.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received; however, the Department of Human Services (DHS) estimated during the FY 2017 budget process that similar legislation would have increased WFNJ-TANF expenditures by \$2.3 million in FY 2017.¹

The DHS also indicated during the FY 2019 budget process that in FY 2018, from July 1, 2017 through January 31, 2018, 1,235 cases were affected by the family cap, with a total number of 1,587 capped children.²

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will increase annual State expenditures for WFNJ-TANF cash benefits.

The OLS approximates that the increase will be \$1.4 million in FY 2019 based upon the DHS estimate provided in the FY 2017 budget process and a subsequent decline in WFNJ-TANF enrollment. There is substantial uncertainty regarding the magnitude of the annual State expenditure increase subsequent to FY 2019. As a safety net program, WFNJ-TANF enrollment is correlated significantly with general economic conditions so that the bill's expenditure increase in any given fiscal year may differ substantially from the \$1.4 million estimate for FY 2019.

The DHS estimated in the spring of 2016 that similar legislation would have increased State expenditures by \$2.3 million in FY 2017. However, the impact of the legislation in FY 2019 would be less due to the continued decrease in the number of WFNJ-TANF recipients. The Governor's FY 2017 Budget, on page D-207, projected 63,295 average monthly recipients in FY 2017. The Governor's FY 2019 Budget, on page D-213, projects 37,246 monthly recipients in FY 2019. Applying the ratio of the estimated number of FY 2019 recipients over the FY 2017 equivalent to the DHS projection for FY 2017, the OLS estimates the increased cost of implementing the bill in FY 2019 at \$1.4 million.

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

Section: Human Services

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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.

² Page 47 of the FY 2019 Department of Human Services responses to the OLS Discussion Points, http://www.njleg.state.nj.us/legislativepub/budget_2019/DHS_response_2019.pdf.