

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
SENATE, No. 35

STATE OF NEW JERSEY

DATED: DECEMBER 3, 1996

Bill Summary:

Senate Bill No. 35 (1R) of 1996 is part of a package of bills that establishes "Work First New Jersey" (WFNJ) as the consolidated public assistance program replacing the current programs of Aid to Families With Dependent Children (AFDC), AFDC Emergency Assistance (EA), General Assistance (GA), General Assistance Emergency Assistance (GAEA), the GA employability program and the Family Development Initiative. Specific provisions of the legislation include the following:

- C A WFNJ recipient is limited to a total of 60 cumulative months of eligibility, with certain exceptions. A recipient's eligibility may be extended for up to 12 cumulative months in certain situations. Time spent in a program prior to a person's 18th birthday would not count toward the 60 month limit.
- C The Commissioner of Human Services would allocate federal funding available for administrative costs from the federal block grant to the counties.
- C Fifty percent of a county's administrative costs of WFNJ attributed to adults with dependent children (the former AFDC clients) would be reimbursed by the State, up to the maximum amount allocated for that county by the commissioner within the limits of available funds. Currently, the State generally does not participate in funding a county's administrative costs associated with the AFDC programs. Assistance benefits of WFNJ attributed to adults with dependent children would be shared as follows: 5% county funds and 95% State and federal funds.
- C The electronic benefit (EBT) distribution system would be extended to all counties in the State and penalties provided in N.J.S. 2C:20-35 et seq. are extended to WFNJ and any benefits provided by EBT.

Agency Comments:

The Department of Human Services and the Office of Management and Budget have not provided any fiscal information on the legislation.

Office of Legislative Services Comments:

The Office of Legislative Services is not able to determine the overall cost of the legislation as the impact of many of the provisions will not be known until the program is implemented, however, below is a discussion of

certain provisions of the legislation.

Limit on assistance to a total of 60 cumulative months. Until the program has been in effect for 60 months, there is no way to determine the number of persons who may be terminated from assistance and the effect this will have on overall WFNJ costs, the number of persons who may be exempt from the 60-month limit or the number of persons who receive extensions of up to 12 cumulative months.

It is noted that 30% of current AFDC cases have received benefits for 60 continuous months. It is not known how many of the remaining AFDC cases have received 60 cumulative months of assistance over time. Data on the duration of receipt of assistance for the GA recipients are not available.

Commissioner's allocation of federal funds to counties for administration and State payment of 50% of the administrative costs for adults with dependent children. The State expects to receive \$404 million from the federal block grant, of which 15%, or \$60.6 million, may be used for administration at the State and county levels. However, while federal law limits to 15% the amount of federal block funds that can be used for program administration, excluding information technology and computerization needed for tracking and monitoring or recipients, the federal government has not provided guidance as to whether personnel costs associated with information technology and case management are included or excluded from the 15% federal cap. If such personnel costs are outside of the federal cap, the amount of federal funds that may be allocated to counties may increase, which would reduce the amount of State and county funds required for administration.

As the amount of federal funds the commissioner will allocate among the counties for administrative costs from the new federal block grant is not known, the 50% State share of administrative costs cannot be determined.

During State FY 1996, counties expended about \$125 million (gross) to administer the various AFDC programs. Whether administrative costs will exceed \$125 million or decrease from that level as a result of the new federal welfare legislation and the additional administrative flexibility granted states, will not be known until the program is implemented.

Payments for cash assistance benefits to adults with dependent children would be shared as follows: counties - 5%; and State and federal governments - 95%. The 5% county share is the same percentage as under current law. County expenditures may increase or decrease based on caseload levels.

The State and federal government would pay 95% of any remaining assistance costs. As the amount of federal funds the State will receive is capped, State expenditures may increase or decrease depending on the amount of federal funds the State allocates for assistance.

While the State expects to receive upwards of \$50 million more in federal funds under the block grant than it previously received under the AFDC program, such additional federal funds must also be used to fund other costs associated with WFNJ such as the increased need for child care and transportation costs related to work requirements.

Implementation of Statewide EBT system. EBT has been implemented in Camden, Essex and Hudson counties, the largest counties in terms of AFDC and Food Stamp caseloads. The FY 1997 appropriations act provides approximately \$1.0 million to extend the system Statewide. However, until a Request for Proposal is issued to extend EBT Statewide and bids are received, the amount of State funds required will not be known.

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.