

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
SENATE, No. 36

STATE OF NEW JERSEY

DATED: DECEMBER 3, 1996

Bill Summary:

Senate Bill No. 36 (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), GA Emergency Assistance (GAEA), the GA employability program and the Family Development Initiative. Specific provisions of the legislation include the following:

- WFNJ continues the "family cap" provision under the State's AFDC program that a recipient is not entitled to receive an increase in cash assistance solely as a result of parenting an additional child during the period that the recipient is eligible for benefits, but exempts children born as a result of rape or incest.
- A recipient is required to engage in one or more of the following work activities, unless exempted or deferred from participation: employment; work experience; on-the-job training; job search and job readiness assistance; vocational educational training; job skills training directly related to employment; community work experience; alternative work experience; supportive work; community service; high school or an equivalency program of study (mandatory for teenagers); and education that is necessary for employment in the case of a person who has not received a high school diploma or a certificate of high school equivalency, a course of study leading to a certificate of general equivalence, or post-secondary education, when combined with community work experience participation or another work activity approved by the Commissioner of Human Services, including employment.
- The program would meet federal participation requirements for recipients in work activities established in Pub.L.104-193: FFY 1997 - 25%; FFY 1998 - 30%; FFY 1999 - 35%; FFY 2000 - 40%; FFY 2001 - 45%; FFY 2002 and beyond - 50%.
- An employer could not hire a WFNJ recipient to fill a position if an employee is on layoff, or on strike, or the vacancy was created by termination of an employee without good cause.
- An adult recipient engaged in a paid work activity must earn the minimum wage.
- A teenage parent would be required to live with a parent or guardian or in an adult supervised setting, and to complete a high school or

equivalency program of study, as a condition of eligibility for the program.

- ⌚ A recipient who fails to actively cooperate with the program or participate in required work activities would be subject to a loss of cash assistance.
- ⌚ The commissioner shall establish regulations to screen and identify recipients with a history of victimization by domestic violence and refer such persons to counseling and supportive services. Program requirements for such recipients may be waived. Legal aliens who are victims of domestic violence would be eligible for WFNJ under certain situations.

Agency Comments:

The Department of Human Services (DHS) 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 estimate 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 discussion of certain provisions of the legislation.

Program eligibility. At least for the near future, WFNJ is likely to serve approximately the same number of people as the AFDC and GA programs currently serve. Nearly 116,000 cases, equal to about 299,100 persons, received AFDC benefits (including EA) during July 1996 and nearly 31,500 persons received GA benefits (including GAEA) during June 1996.

Under WFNJ there may be changes as to the amount of income (as described in Senate Bill No. 37 (1R)) and assets persons may have in order to receive assistance and remain eligible for assistance. This may increase the number of cases eligible for assistance and cases could remain eligible for assistance for a longer period of time. Whether financial incentives to be less dependent on public assistance results in a reduction in public assistance roles is uncertain at this time.

Work requirements and exemptions. At present, based on DHS data on the JOBS/FDI program, the State would meet the 25% participation rate requirement established in federal law for FFY 1997. However, about 45% of the State's current AFDC caseload -- approximately 51,800 cases -- is exempt from participation in the State's current AFDC work programs.

During FY 1996, the JOBS/FDI program incurred the following estimated gross costs related to the program's work requirements:

Case Management - \$26.6 million.

Employability/Education Services (including JTPA costs) - \$22.3 million.

Participant Allowances - \$8.9 million.

Child Care - \$42.8 million.

The number of cases that would be exempt from work requirements

under the criteria specified in the bill will not be known until WFNJ is implemented. In all probability, fewer cases will be exempted. As more cases will be required to work, additional costs will be incurred for "case management," "employability/education services," "participant allowances" and "child care". Such additional costs cannot be forecast, but are likely to increase total program expenditures significantly.

Though the GA program is not part of the new federal welfare reform law and, thus, the GA program does not have to meet the specific work participation requirements established in federal law, the GA program may also be affected by the legislation's work requirements. At present, about 10,600 GA recipients are considered "unemployable." Under the new requirements, some of the 10,600 "unemployable" recipients may no longer be considered "unemployable" and may have to participate in the legislation's work requirement. In addition, GA recipients participating in various work requirements may receive more services than they currently receive under the GA employability program.

Requirements affecting a parent who is a minor. Approximately 6% of female AFDC payees are under the age of 20. (Data are not readily available as to the number under the age of 18.) Thus, about 6,800 households may be affected by the legislation. However, until the program is implemented, various factors affecting costs cannot be determined such as:

- (a) The number of minors who will be exempted;
- (b) The most appropriate living arrangement for minors who are exempted.

There may be some savings to the State by requiring the minor to reside with a parent, legal guardian, or other adult relative, but such savings cannot be quantified as the household size of the parent, legal guardian, or other adult relative is not known. Thus, the amount of assistance the household would receive cannot be determined.

The requirement that a county agency is to determine the most appropriate living arrangement for the minor who cannot reside with a parent, legal guardian, or other adult relative may involve additional costs, as placement in a group home or residential facility may be required.

Provisions regarding the birth of a child while receiving assistance.

The current State policy of denying additional assistance due to the birth of a child while a family is receiving assistance would be continued. Approximately 400 to 500 cases monthly are affected by this provision, though the amount of assistance saved is not readily known.

The number of new births resulting from rape or incest which would be exempt from the "family cap" provisions is not known.

Provisions regarding domestic violence. Standards and procedures to screen and identify recipients with a history of victimization by domestic violence and refer such persons to counseling and supportive services may involve additional costs. Legal aliens who are not otherwise eligible for WFNJ may be eligible for the program if they are victims of domestic violence and no longer reside in the same household as the perpetrator.

Additional costs associated with screening and identifying recipients with a history of victimization by domestic violence and referring such persons to counseling and supportive services cannot be determined as the number of WFNJ cases in which domestic violence is an issue is not known. Similarly, the number of legal aliens that may be eligible for WFNJ due to domestic violence is not 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.