

# LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]  
**SENATE, No. 37**

## **STATE OF NEW JERSEY**

DATED: DECEMBER 11, 1996

### **Bill Summary:**

Senate Bill No. 37 (1R) of 1996 is part of a package of bills that establishes the "Work First New Jersey" (WFNJ) program 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 General Assistance employability program and the Family Development Initiative (FDI). Specific provisions of the legislation include the following:

- C Provides that a person who is a care giver to a dependent child who is that care giver's legal or blood relative (but not the child's parent) is eligible for benefits if the care giver's income is not in excess of 150% of the federal poverty level. The bill also clarifies the eligibility of children in households with step parents.
- C Provides supportive services to program recipients, including transportation and work expense vouchers, as well as an extension of Medicaid benefits and a child care subsidy for up to two years for households that become ineligible for cash assistance due to employment income. Adult recipients who continue to be eligible to receive child care services due to employment would be required to pay a copayment for child care services.
- C Single adults and couples without dependent children are not eligible for medical assistance for inpatient or outpatient hospital care or long-term care services, except that services in a special hospital are covered; and coverage for certain persons who were residing in a non-Medicaid certified nursing facility on or before July 1, 1995, and legal aliens who were residing in a Medicaid certified nursing home prior to the effective date of this bill who do not qualify for Medicaid under Pub.L.104-193, is continued.
- C The Commissioner of Human Services would initiate and complete a study of the Michigan Civilian Conservation Corps program by January 1, 1998.

### **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 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 bill.

**Earned Income Disregards.** At present, recipients in general are allowed to retain the first \$30 of earned income and 1/3rd of any remaining earned income. Between 2% and 3% of the current AFDC caseload has earned income.

Under WFNJ, (a) 100% of earned income would be disregarded during the first month of employment and (b) 50% of earned income would be disregarded for each subsequent month, to make work more financially rewarding. By allowing recipients to retain more of their earned income, recipients would have less countable income and would receive additional public assistance payments. This change in policy may allow recipients to receive public assistance for a longer period of time than they would under the current system of earnings disregard.

**Supportive Services.** The bill provides supportive services to recipients such as child care for a recipient's eligible dependent child and Medicaid benefits for 24 consecutive months following ineligibility for public assistance benefits as a result of receipt of earned income. The bill also provides transportation services work-related expenses for persons in work activities.

Such services are already being provided to JOBS/FDI cases; costs are a function of the number of persons receiving services. During FY 1996, the JOBS/FDI program incurred the following estimated gross costs: participant allowances (transportation/work-related expenses) - \$8.9 million; and child care - \$42.8 million. Medicaid costs for the extension of benefits are not readily known for these recipients.

Gross expenditures for child care, transportation, work-related expenses and Medicaid are likely to exceed FY 1996 levels as more recipients are likely to participate in work activities and qualify for 24 months of extended child care and Medicaid benefits.

**General Assistance Provisions.** No new costs are associated with the provision of inpatient hospital costs at certain special hospitals and the coverage of nursing home costs of persons who are in non-Medicaid certified beds, as such costs are included within the FY 1997 GA appropriation.

The number of aliens residing in nursing homes who would lose their Medicaid eligibility due to Pub. L. 104-193 is not known; however, at current Medicaid nursing home costs, for every 1,000 aliens residing in nursing homes who lose their Medicaid eligibility, the State may incur an additional \$17 million in additional expenditures over and above the State's current 50% share of Medicaid costs.

**Study of Michigan Civilian Conservation Corps.** Costs associated with such a study cannot be determined. DHS will in all likelihood issue a Request for Proposal to undertake such a study. When bids are received

from interested parties that wish to conduct this study, costs associated with this study can be better determined.

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.