

SENATE, No. 402

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1996

By Senator BRYANT

1 AN ACT promoting financial savings on the part of recipients of aid to  
2 families with dependent children benefits and supplementing chapter  
3 10 of Title 44 of the Revised Statutes.

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5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*

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8 1. The Legislature finds and declares that the State has developed  
9 services and supports under the Family Development Initiative  
10 pursuant to the "Family Development Act," P.L.1991, c.523  
11 (C.44:10-19 et seq.) to help families to escape the bonds of welfare  
12 dependency and become economically self-sufficient, and that the  
13 State needs to take further action to build upon the provisions of that  
14 law by establishing incentives for families to save for their future and  
15 become responsible and productive citizens.

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17 2. a. The Commissioner of Human Services shall adopt rules and  
18 regulations governing eligibility for benefits under the program of aid  
19 to families with dependent children, or AFDC, established pursuant to  
20 P.L.1959, c.86 (C.44:10-1 et seq.) to provide that when considering  
21 the total value of all countable resources of an applicant for, or  
22 recipient of benefits under, the AFDC program, the commissioner shall  
23 disregard the following:

24 (1) up to \$5,000 in savings or assets if those assets are designated  
25 by the applicant or recipient, on a form and in a manner to be  
26 determined by the commissioner, to be used solely for the purchase of  
27 a primary residence, educational expenses for the applicant or recipient  
28 or the applicant's or recipient's dependent child, or work-related  
29 transportation costs, or a combination thereof; and

30 (2) the ownership of one or more motor vehicles, the equity value  
31 of which does not exceed \$15,000.

32 The commissioner shall revise the amount of the motor vehicle  
33 equity value disregard annually, as necessary, to adjust for inflation.

34 b. The commissioner shall adopt such procedures as necessary to  
35 ensure that the savings or assets designated by the applicant or  
36 recipient pursuant to paragraph (1) of subsection a. of this section are  
37 expended for the purpose so designated.

1 c. A recipient who expends the savings or assets designated  
2 pursuant to paragraph (1) of subsection a. of this section for a purpose  
3 other than that so designated is liable for a termination of AFDC  
4 benefits for a period of at least 90 days.

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6 3. The Commissioner of Human Services, pursuant to the  
7 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
8 seq.), shall adopt rules and regulations to effectuate the purposes of  
9 this act.

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11 4. This act shall take effect immediately.

#### 12 13 14 STATEMENT

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16 This bill is intended to encourage recipients of aid to families with  
17 dependent children (AFDC) benefits to save for the purchase of a  
18 home, to meet education costs for themselves and their dependent  
19 children, or to cover the expenses of traveling to and from work. By  
20 providing incentives for saving, the bill seeks to augment the means to  
21 achieve economic self-sufficiency for AFDC-recipient families  
22 established under the Family Development Initiative pursuant to the  
23 "Family Development Act," P.L.1991, c.523 (C.44:10-19 et seq.).

24 The bill would permit an AFDC applicant or recipient to accumulate  
25 a maximum of \$5,000 in savings or assets if designated by the  
26 applicant or recipient, on a form and in a manner to be determined by  
27 the Commissioner of Human Services, to be used solely for the  
28 purchase of a primary residence, educational expenses for the applicant  
29 or recipient or the applicant's or recipient's dependent children, or  
30 work-related transportation costs, or a combination thereof; and one  
31 or more motor vehicles, the equity value of which does not exceed  
32 \$15,000. The commissioner shall revise the allowable motor vehicle  
33 equity value amount annually, as necessary, to adjust for inflation.

34 The bill further provides that the commissioner shall adopt such  
35 procedures as are necessary to ensure that the savings or assets  
36 designated by the applicant or recipient to be used for the purchase of  
37 a home, or education or transportation expenses are used for that  
38 purpose.

39 Finally, the bill stipulates that an AFDC recipient who expends  
40 these savings or assets for a purpose other than that so designated is  
41 liable for a termination of AFDC benefits for a period of at least 90  
42 days.

43 This bill is part of a legislative package that is designed to build  
44 upon the AFDC reform initiatives enacted into law during the 1990-91  
45 legislative session, in order to effect further significant reforms in that  
46 program that will strengthen families, restore the dignity and hope of

1 AFDC recipients, encourage them to exercise personal responsibility,  
2 and facilitate the efforts of these persons to escape the bonds of  
3 welfare dependency and achieve economic independence.

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8 Permits AFDC recipients to keep up to \$5,000 in savings or assets to  
9 buy a home, save for educational expenses, or meet work-related  
10 transportation costs.