

LEGISLATIVE FISCAL ESTIMATE TO

**SENATE, No. 2107**

**STATE OF NEW JERSEY**

DATED: SEPTEMBER 25, 1997

**Bill Summary:**

Senate Bill No. 2107 of 1997 requires the State to reimburse a municipality which elects to administer its own General Assistance (GA) program under the Work First New Jersey (WFNJ) program, rather than transfer administration to the county pursuant to the WFNJ legislation, for that municipality's administrative costs. Under current law, the State would reimburse a county for 100 percent of the administrative cost associated with the county's assumption of the GA program from any municipality. However, for those municipalities that do not transfer their GA program to the county, the municipality would continue to assume the entire cost of administration. This legislation requires the State to pay 100 percent of the administrative costs of the GA program regardless of whether the program is administered by a municipality or a county.

**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 legislation's fiscal impact, as the number of municipalities that will elect to administer the GA program and as total municipal GA administrative expenditures are not known. Furthermore, for those municipalities which are required to report their GA administrative expenditures to the Division of Family Development (DFD), there is a question as to the accuracy of the expenditures that are reported. For example, the 16 municipalities that report their GA administrative expenditures to DFD, reported total GA administrative costs of approximately \$8.2 million. The amount reported to DFD differed in many instances from the amount reported to the Division of Local Government Services because different accounting and cost allocation principles may be used.

Finally, it is generally acknowledged that most municipal welfare agencies operate on a part-time basis and that the agencies are understaffed. State payment of 100 percent of the cost associated with administering the GA program may likely increase total administrative expenditures. With State reimbursement, municipalities that maintain a part-time GA administrative operation may elect to operate on a full-time basis, and municipalities that are understaffed

may increase their staffing. Better staffing of municipal welfare agencies may increase GA expenditures as GA expenditures have increased in those municipalities that are administered by the county welfare agency which is generally better staffed and staff are better trained than their municipal welfare agency counterparts.

It is noted that the FY 1998 appropriations act includes nearly \$7.6 million to reimburse counties for costs associated with their assumption of GA administration, effective January 1998. The \$7.6 million is equal to approximately \$15.2 million on an annual basis. The adequacy of this appropriation cannot be determined at this time.

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.