

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1196
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MARCH 25, 2020

SUMMARY

Synopsis: Establishes three year Financial Empowerment Pilot Program.

Type of Impact: Indeterminate Expenditure Increase to the State and certain municipalities.

Agencies Affected: Department of Community Affairs and certain local units.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost Increase		Indeterminate	
Local Cost Increase		Indeterminate	

- The Office of Legislative Services (OLS) notes that if enacted, this bill will result in an indeterminate expenditure increase incurred by the State and certain local units. The costs associated with implementing the bill will be dependent upon the cost of establishing and administrating the pilot program, and the requirement of contracting with a non-profit provider to establish a financial empowerment center in each of the participating municipalities.
- The bill provides that monies received by the State from the settlement of the Federal Trade Commission’s complaint against Equifax, Inc. will be utilized to fund the Financial Empowerment Pilot Program. According to the Department of Law and Public Safety, the settlement includes \$6.36 million in civil penalties to the State of New Jersey.

BILL DESCRIPTION

This bill establishes in the Department of Community Affairs a three year Financial Empowerment Pilot Program. The purpose of the pilot program is to address financial literacy and empowerment issues for economically vulnerable individuals in the State through municipal financial empowerment centers. The bill provides that the municipalities of Camden, Newark, and Paterson are to participate in the pilot program with the department.

The bill requires the pilot program, in consultation with the participating municipality, to contract with a non-profit provider to establish a financial empowerment center in each of the participating municipalities in a location that is easily accessible to the residents of that municipality. The financial empowerment centers are to facilitate appropriate forums, programs, or initiatives designed to educate the public regarding financial literacy and empowerment and provide personal financial coaching to economically vulnerable individuals.

The bill requires the pilot program to establish metrics and standards to track counseling efforts and results for economically vulnerable individuals, and provide methods for implementing those standards at the financial empowerment centers, in the following areas:

- (1) the opening or transitioning to a safe and affordable bank account;
- (2) the establishment of a credit score, or the increase in an existing credit score;
- (3) the decrease of non-mortgage debt; and
- (4) the increase in the rate of savings.

The program is required to provide the centers with support services, including materials for publication and dissemination to the public on financial literacy and empowerment and to coordinate the activities of the program with other entities that focus on financial literacy and empowerment, including other State agencies.

Under the bill, the pilot program is required to submit a report to the commissioner no later than two months after the conclusion of the pilot program. The report must include, at a minimum, information on the counseling efforts and results established and tracked pursuant to the bill for each financial empowerment center.

The bill requires the commissioner to submit a report to the Governor and to the Legislature on the implementation and effectiveness of the pilot program. The report must include the commissioner's recommendation on the advisability of the pilot program's continuation and expansion to additional municipalities in the State.

The bill provides that all monies received by the State from the settlement of the complaint of the Federal Trade Commission against Equifax, Inc., after accounting for any costs incurred by the Attorney General in participating in the complaint, are to be transferred to the Department of Community Affairs for the purposes of effectuating the provisions of the bill. The monies may also be expended for appropriate and reasonable administrative expenses incurred in the administration of the pilot program by the department.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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Pilot Program. According to the Department of Law and Public Safety, the settlement includes \$6.36 million in civil penalties to the State of New Jersey.

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Legislative Budget and Finance Officer

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 (C.52:13B-6 et seq.).