

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2359

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: MAY 26, 2022

SUMMARY

- Synopsis:** Provides for streamlining of SNAP application process and establishes SNAP application call center demonstration project; appropriates \$750,000.
- Type of Impact:** State and county expenditure increase. State revenue increase.
- Agencies Affected:** Division of Family Development, Department of Human Services; County Welfare Agencies.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1 through 2 After Enactment</u>
State Expenditure Increase	Indeterminate, Minimum \$750,000
County Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes the Division of Family Development (DFD) in the Department of Human Services (DHS), along with county welfare agencies (CWAs), will experience indeterminate increases in Supplemental Nutrition Assistance Program (SNAP) administrative expenditures to comply with the provisions of the bill. The OLS assumes that the appropriation of \$750,000 under the bill represents the minimum cost of the bill to the State.
- The federal government shares all administrative expenses of SNAP with the State. As such, the bill will also result in a State revenue increase from federal SNAP administrative funds, to the extent that the State expenditures qualify for a federal match. Any increase in SNAP benefits under the bill would not have any fiscal impact on the State, as SNAP benefits are paid directly from federal funds.
- While the OLS cannot quantify the total cost of the bill, it is possible that federal funds distributed to the State for SNAP administration under the American Rescue Plan (ARP) Act of 2021, which do not require a State match, may be sufficient to provide for any additional expenses above the \$750,000 appropriation and any qualifying federal SNAP administrative match.

BILL DESCRIPTION

This bill amends an existing law, which requires the DHS to establish a streamlined SNAP application process for seniors, to instead require the application process be streamlined for all residents of New Jersey. In streamlining the SNAP application process, the Commissioner of Human Services will be required to, at a minimum, update the online application system to ensure the system employs current technology and is user-friendly, with features that include, but are not limited to, easy account creation, easy access, and easy tracking of an applicant's application status. The bill also amends the existing law to provide that the DHS, working in consultation and cooperation with appropriate advocacy organizations, is required to engage in comprehensive outreach efforts to ensure that New Jersey residents, not just eligible seniors as required under current law, are made aware of their ability to apply for and obtain SNAP benefits through a streamlined and expedited process.

The bill also requires the DHS to establish a two-year demonstration project under which the department will establish and maintain a call center to assist individuals in navigating the SNAP application process, checking on the status of an application, and troubleshooting any issues with the application.

No later than 18 months after the effective date of the bill, the commissioner will be required to prepare and submit a report to the Governor and the Legislature with the commissioner's findings concerning the effectiveness of the call center and recommendations as to whether the call center should be reauthorized.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

SNAP is federally regulated by the United States Department of Agriculture (USDA); however, the DFD works with CWAs to administer the program on a State level. As such, the OLS concludes that the DFD and county governments will incur an indeterminate amount of administrative costs to comply with the bill's provisions. The OLS assumes that the appropriation of \$750,000 under the bill represents the minimum cost of the bill to the State.

The federal government shares all administrative expenses of SNAP with the State. As such, the bill will also result in an indeterminate State revenue increase from federal SNAP administrative funds, to the extent that the State expenditures qualify for a federal match. Any increase in SNAP benefits under the bill would not have any fiscal impact on the State, as SNAP benefits are paid directly from federal funds.

One-time expenses under the bill include streamlining the SNAP application process; engaging in a comprehensive SNAP outreach effort; and complying with the bill's reporting requirements. Additional costs will be incurred over the two-year period following enactment in establishing and maintaining a temporary SNAP call center. Currently, SNAP beneficiaries can contact CWAs to inquire about SNAP application issues. It may be possible that the DFD will be able to utilize the existing services provided by the CWAs to minimize the cost of establishing a call center. For

example, calls received by the call center may be able to be rerouted to the applicable CWA for response. It is likely, however, that additional staff will be required to respond to incoming calls, whether on a State or county level.

While the OLS cannot quantify the total cost of the bill, it is possible that federal funds distributed to the State for SNAP administration under the ARP Act of 2021, which do not require a State match, may be sufficient to provide for any additional expenses above the \$750,000 appropriation and any qualifying federal SNAP administrative match. Specifically, the federal ARP Act of 2021 provides \$1.135 billion over a three-year period for state SNAP administrative costs to help accommodate the increased demand for benefits resulting from the COVID pandemic. Between FY 2021 and FY 2023, New Jersey is scheduled to receive \$21 million from this source. By comparison, total SNAP administrative costs for FY 2019 in New Jersey were \$326.8 million. Guidance from USDA directs states to use these funds for the following purposes, which also coincide with the provisions of this bill: investments in technology to improve client access to SNAP; investments in employees to provide the necessary training to modernize customer service delivery; explore opportunities to improve service delivery and access to vulnerable populations; and revise SNAP outreach materials to ensure program information is easy to find, clear, and concise. To the extent that the department uses the ARP funds to fulfill any provisions of the bill, costs incurred by the State or County, as well as federal revenue received for SNAP administrative expenses, will decrease.

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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.).