

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 2956

STATE OF NEW JERSEY 216th LEGISLATURE

DATED: JUNE 27, 2014

SUMMARY

- Synopsis:** Provides \$21 minimum annual energy assistance to qualified families; qualifies families to receive additional nutritional assistance.
- Type of Impact:** Possible, but unlikely, State cost increase.
- Agencies Affected:** Department of Community Affairs. Possible, but unlikely, impact on other agencies.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1-3</u>
State Cost	Possible, but unlikely, increase - See comments below.

- Information available to the Office of Legislative Services (OLS) suggests that the increased costs under the bill could most likely be met with unspent federal funds from the Low Income Home Energy Assistance Program (LIHEAP). Consequently, no State expenditure would be necessary. Absent the bill, these funds would most likely have been spent to subsidize weatherization of homes.
- Available information suggests that LIHEAP is the only energy assistance program that would be affected by the bill. If another energy assistance program were affected, State funds would most likely be needed to pay the added benefits.

BILL DESCRIPTION

Assembly Bill No. 2956 (2R) of 2014 provides that provides that every household in the State that is eligible to receive benefits under the Supplemental Nutrition Assistance Program (SNAP) shall receive a minimum annual energy assistance payment of \$21 in order to qualify the household for a heating and cooling standard utility allowance under the SNAP program, unless the standard utility allowance would have been unavailable to the household under the State and

federal criteria for SNAP and any applicable energy assistance programs that were in place as of July 1, 2013. This annual payment is to be disbursed in accordance with the provisions of the Low Income Home Energy Assistance Program (LIHEAP) or other energy assistance program for which the household is eligible, as applicable. Any costs associated with increasing LIHEAP payments shall first be charged to the unexpended balance of federal funds available for the LIHEAP program, to the extent permitted by federal law and regulation.

Under the federal Agricultural Act of 2014, households that qualify for energy assistance must receive more than \$20 in annual energy assistance payments in order to maintain the household's eligibility for the standard utility allowance under SNAP, which provides added SNAP benefits. This bill would ensure that every household in the State that currently receives these added SNAP benefits will continue to receive them.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received. However, according to testimony provided by the Department of Community Affairs to the Senate Budget and Appropriations Committee on April 29, 2014, the Executive has estimated that between \$3 million and \$7 million would be added to the cost of the LIHEAP program to increase the nominal \$1 LIHEAP payments that are currently made to \$21 per year (suggesting that between 150,000 and 350,000 households may be affected). It was not specified whether this represents State funds, federal funds, or some combination.

OFFICE OF LEGISLATIVE SERVICES

The OLS is not able to verify or refute the Executive estimate described above. However, information available to the OLS suggests that the increased costs under the bill could probably be met with unspent federal funds from the Low Income Home Energy Assistance Program (LIHEAP), obviating the need for any increase in State spending. Significant balances exist in the relevant accounts, and federal rules are flexible with regard to how the State spends those funds. Unspent LIHEAP funds are typically used to provide weatherization assistance to LIHEAP recipients. Consequently, the bill may result in a reduction of funds available for these efforts. If currently available federal funds are not sufficient to increase all nominal payments to \$21 annually, the State would be obligated to provide funds for the remainder.

Regulations governing the SNAP program at N.J.A.C.10:87-5.10 indicate that all SNAP households receive a nominal payment in order to qualify the household for the standard utility allowance. As not all SNAP households are also LIHEAP households, this would seem to suggest that some program other than LIHEAP may be implicated by the bill. However, the OLS is unable to verify the existence of any such program, and has been unable to find any evidence of such a program in SNAP materials or the State accounting system. It is noted that the most likely reason that a SNAP household would not be enrolled in LIHEAP is because the household does not pay for its heating or cooling, which would also make the household ineligible for the SNAP standard utility allowance under the provisions of 7 U.S.C. s.2014(e)(6)(C). It is also noted that federal statistics¹ indicate that approximately 92 percent of

¹ Information is reported in Congressional Research Services report number R42591, entitled "The Next Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits," dated May 13, 2013. This information is not included in the update to the same report, dated February 12, 2014.

SNAP households in New Jersey received the standard utility allowance due to LIHEAP benefits in federal fiscal year 2011. It is possible that the remaining eight percent is composed of households that are not eligible for the standard utility allowance, and households that would not benefit from the standard utility allowance because the household receives the maximum SNAP benefit before incorporating the allowance.

Section: Human Services

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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.).