

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3905

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MAY 21, 2020

SUMMARY

- Synopsis:** Revises requirements for cash assistance benefits under Work First New Jersey program; appropriates \$17 million
- Type of Impact:** Annual increases in State expenditures
- Agencies Affected:** Department of Human Services

Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) estimates that the bill would increase annual State expenditures by indeterminate amounts by making changes to the formula and requirements for cash assistance benefits available to low-income families and individuals under the Work First New Jersey (WFNJ) program. Based on certain assumptions and available data, the provision of the bill increasing the monthly cash assistance benefits under WFNJ would itself cost at least \$2.3 million during the extended FY 2020 and \$22.1 million over the nine months of FY 2021. The OLS notes that the bill appropriates \$17 million in FY 2020 to implement these program changes.
- Multiple other provisions in the bill would also increase, by indeterminate amounts, annual State expenditures under the WFNJ/Temporary Assistance for Needy Families (TANF) and WFNJ/General Assistance (GA) programs. However, the magnitude of these increases is uncertain because the number of people who may seek WFNJ cash assistance benefits due to the deteriorating economic conditions from the COVID-19 pandemic is unknown. For this reason, as well as a lack of timely access to certain WFNJ enrollment and benefits data, the OLS is unable to determine the precise costs of the bill at this time.
- During the state of emergency or public health emergency declared in response to the COVID-19 pandemic, whichever is longer, the bill would increase program enrollment by permitting county welfare agency staff to deem presumptive eligibility for WFNJ applicants who appear

to be eligible for benefits, based on submitted financial statements and other information immediately available at the time of application. Moreover, to the extent that a WFNJ recipient is unable to comply with work activity requirements during the COVID-19 state of emergency or public health emergency, any month in which the recipient is unable to comply with work activity requirements would not count toward the recipient's 60-month limit on WFNJ benefits.

BILL DESCRIPTION

This bill would revise the requirements for cash assistance benefits under the WFNJ program, which provides cash and other assistance to low-income New Jersey residents in order to alleviate the negative effects of poverty. The WFNJ programs include the TANF program, which assists families with dependent children, and the GA program, which supports adults without dependent children. The monthly cash benefit allocated to a household is based on the household's size. Funding for TANF benefits is split between the federal government, which allocates funding to the State in the form of a block grant, and the State. Funding for the GA program is provided solely from the State's General Fund.

Specifically, the bill provides that an individual who is otherwise eligible for GA benefits under WFNJ will not be deemed ineligible for public assistance solely on the grounds that the individual is enrolled in an institution of higher education.

The bill adds language clarifying that, when determining whether good cause exists to excuse noncompliance with program requirements, good cause is to be considered broadly in consideration of the recipient's health, safety, family needs, financial considerations, and other factors as determined by the commissioner.

The bill will expand the earned income disregard for the purposes of the program. Current law provides that, for recipients employed 20 or more hours a week, and certain recipients with a disability who are unable to work more than 20 hours per week, 100 percent of earned income is disregarded for the first month in which it would be counted as earned income; the disregard drops to 75 percent for the next six consecutive months after that, and to 50 percent for each consecutive month of employment after that. In the case of recipients working less than 20 hours per month, the disregard is 100 percent for the first full month of employment and 50 percent for each continuous month of employment after that.

The bill revises the earned income disregard to allow a 100 percent disregard for the first two full months of employment in which the earned income would be counted. The disregard would then drop to 75 percent for six cumulative months of employment, and to 50 percent for each month of employment thereafter. If a recipient loses employment then becomes reemployed, the two months of 100 percent income disregard and the six months of 75 percent income may be reapplied no more than once every 12-months; otherwise, the 50 percent income disregard will apply.

The bill revises the eligibility criteria for aliens, which currently makes various distinctions on who is eligible based on the individual's date of entry into the United States, country of origin, length of time in the United States, whether the individual is a veteran, whether the individual is a victim of domestic violence, and whether the individual has satisfied certain work requirements, among other factors, to revise the term to refer to "eligible immigrants" and provide that the term applies to all immigrants who otherwise meet program requirements and are lawfully present in the United States. The term will include individuals who are "qualified aliens" or "lawfully present" for the purposes of federal law, individuals granted relief from federal immigration laws under the federal Deferred Action for Childhood Arrivals program, and any other non-citizen or non-national of the United States who is otherwise authorized to live in the United States.

The bill requires that, when a recipient has reached 24 months of benefits, welfare agencies are to offer additional case management and supportive services to the recipient, based on an assessment of the barriers to the recipient securing employment.

The amended bill requires, commencing September 1, 2020 through July 1, 2022, the TANF benefit amount to be annually increased by any increase in the consumer price index plus an amount equal to 33.3 percent of the difference between the benefit amount in effect as of the effective date of the bill and 50 percent of the federal poverty level in effect as of the effective date of the bill. During this period, GA benefits will be annually increased by a percentage amount equal to the percentage increase in TANF benefits for that year. Commencing July 1, 2023, the TANF benefit amount is to be annually increased by any amount necessary to make the benefit amount equivalent to at least 50 percent of the federal poverty level in effect on that July 1, and the GA benefit is to be increased by any increase in the consumer price index.

In addition, commencing July 1, 2023, the commissioner is to conduct an annual assessment of the real cost of living and actual deprivation as reflected in the current standard of need established pursuant to current law; the commissioner will be required to transmit this assessment to the Legislature for consideration when deciding on appropriations to fund cash assistance benefits. In no case may benefit amounts be reduced.

The bill provides that the full amount of child support provided to the assistance unit for which federal reimbursement is waived is to pass through to the unit. Child support that passes through to the unit will not count as income.

The bill reduces the hourly requirement for work activity from 40 hours per week to 30 hours per week, and provides that the maximum aggregate requirement is 20 hours per week for assistance units with a child under six years of age. Current law provides for a deferral from the work activity requirement for parents and relatives caring for a child under 12 weeks of age; the bill extends this deferral to apply to parents and relatives caring for a child under one year of age.

The amended bill adds a provision to the section of law concerning the sanctions that may be imposed for noncompliance with program requirements to specify that any sanctions imposed are to be applied only to the pro-rata share of an adult recipient who is noncompliant, and will not apply to any other adult or child members of the assistance unit who are compliant with program requirements, which members will continue to be eligible for their full pro-rata share of cash assistance benefits. If the cases of all the adult members of the assistance unit are closed for noncompliance, the dependent child members will still receive their pro-rata share of assistance benefits as a dependent child-only unit.

Ordinarily, recipients are allowed a lifetime total of 60 months of benefits; however, current law provides for an extension in certain cases, including up to 12 additional months of benefits in cases where: a recipient would be subject to extreme hardship in the absence of WFNJ assistance; the recipient is engaged in full-time employment but remains eligible for benefits based on income disregards; the recipient has not had an opportunity to engage in work activities; or the recipient was engaged in full-time employment and was income-ineligible, but the recipient was terminated from employment through no fault of the recipient. The bill revises the exceptions involving employment to provide that they will apply to any form of employment, not just full-time employment. The bill further provides that an exception will be provided for any parent of a minor child who was in compliance with program requirements for the six months of enrollment immediately preceding the date the recipient reached the 60-month limit.

The bill provides that WFNJ benefits received while the individual is under 18 years of age will not count against the 60-month lifetime limit on benefits. The bill further provides that, in the event any adult in an assistance unit loses eligibility on the grounds that the individual reached the 60-month cap, that loss of eligibility will not affect the eligibility of any other recipient in the assistance unit, including, but not limited to, a minor child who is receiving assistance.

The bill provides that, for the duration of the state of emergency or public health emergency declared in response to the COVID-19 pandemic, whichever is longer, an applicant who appears to be eligible for benefits under WFNJ based on the applicant's certification of income, resources, and family composition, and based on other information immediately available to the agency at the time of application, will be deemed presumptively eligible for WFNJ assistance and immediate need assistance. Additionally, any months in which a recipient is unable to comply with work activity requirements because of the COVID-19 state of emergency or public health emergency will not count against the 60-month lifetime cap on benefits.

The bill appropriates \$17 million from the General fund to the Division of Family Development for the purposes of implementing the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill would increase annual State expenditures by indeterminate amounts by making several changes to the formula and requirements for cash assistance benefits available to low-income families and individuals under the WFNJ program. Based on certain assumptions and available benefit enrollment data, the OLS estimates that the provision in the bill that would raise the monthly benefit amount available to recipients under both the TANF and GA programs would increase State expenditures by at least \$2.3 million during the extended FY 2020, and \$22.1 million in FY 2021, which runs from October 1, 2020 to June 30, 2021. This estimate is based on the maximum TANF monthly grant for a family of three and the maximum GA monthly grant for an individual in FY 2020. To the extent that TANF and GA grant recipients receive a higher or lower monthly grant amount, based on such variable factors as family size, disability, and hours worked, the cost of this provision of the bill could increase or decrease from estimated amounts.

Beginning September 1, 2020, the effective date of this provision of the bill, the TANF grant amount would be increased on an annual basis by the consumer price index for all urban wage earners (CPI-W) in effect for the 12 months prior to the March 31 preceding the date of the increase, plus an inflation factor equal to 33.3 percent of the difference between the TANF benefit level as of the effective date of the bill and 50 percent of the federal poverty level (FPL) in place on that date. In effect, the bill raises the TANF grant amount from approximately 31 percent of the FPL in FY 2020 to an amount equivalent to 50 percent of the FPL in FY 2023, but spreads the cost of this benefit increase over three years. Beginning in FY 2024, the TANF grant would increase on an annual basis by whatever amount is necessary to make the benefit level equivalent to 50 percent of the FPL in effect on July 1 of that year.

Under the TANF benefit formula specified in the bill, the maximum monthly grant for a family of three would increase from \$559 in January 2020 to \$683 as of September 1, 2020, which is the last month of FY 2020, remain at \$683 in FY 2021, and increase to \$809 in FY 2022 and \$937 in FY 2023.

Average monthly grant amounts under the GA program would increase by the same rate of increase as the TANF benefit for the same fiscal year, beginning on September 1, 2020. Beginning on July 1, 2023, the GA benefit level would annually increase by the CPI-W in effect for the 12

months prior to the March 31 preceding that July 1. According to this formula, the maximum monthly grant for a GA recipient would increase from \$185 in January 2020 to \$226 as of September 1, 2020, which is the last month of FY 2020, remain at \$226 in FY 2021, and increase to \$268 in FY 2022, and \$310 in FY 2023. Based on the proposed monthly benefit increases under the TANF and GA programs, State expenditures under the bill could increase by \$22.1 million over the nine months of FY 2021, \$48.2 million in FY 2022, and \$67.2 million in FY 2023.

The OLS cautions that these estimates of the annual cost of increasing the TANF and GA monthly benefit amount are sensitive to changes in the input variables. For example, substantial changes in the CPI-W or the FPL beyond FY 2020 would affect the projected cost of the proposed benefit increase. Additionally, the OLS estimate is based on TANF and GA enrollment data as of January 2020, prior to the spread of COVID-19 throughout the State. Although WFNJ enrollment has declined in recent years as the State's unemployment rate has dropped, unemployment rates have increased dramatically as the COVID-19 pandemic has closed an unprecedented number of New Jersey employers. To the extent that newly-unemployed New Jersey residents exhaust their unemployment benefits in August 2020, the State may face a sharp increase in the number of residents enrolling in WFNJ programs, thereby increasing the costs of this monthly benefit expansion.

Multiple other provisions in the bill would also increase State expenditures under the TANF and GA programs. However, the magnitude of this increase is highly uncertain because the number of people who may seek WFNJ cash assistance benefits because of the deteriorating economic conditions from the COVID-19 pandemic is unknown. For this reason, as well as a lack of timely access to certain WFNJ enrollment and benefits data, the OLS is unable to determine the precise costs of the bill at this time.

Section: Human Services

*Analyst: Anne Hunt Cappabianca
Assistant Fiscal Analyst*

*Approved: Frank W. Haines III
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.).