

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5880

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 24, 2021

SUMMARY

- Synopsis:** Directs DHS to develop mobile software program for SNAP recipients; appropriates \$2 million.
- Type of Impact:** Annual State expenditure and revenue increases.
- Agencies Affected:** Division of Family Development, Department of Human Services.

Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) assumes that this bill will result in an indeterminate increase in one-time expenditures by the Division of Family Development (DFD) in the Department of Human Services (DHS) to develop mobile-friendly software for Supplemental Nutrition Assistance Program (SNAP) recipients, as required under the bill, as well as ongoing expenditures to maintain the software program. The magnitude of these costs depend on several unpredictable variables; however, the OLS assumes that the department will incur the majority of the costs during the development process.
- Unpredictable cost variables under the bill include: 1) the department’s use of a third party to develop and maintain the software program versus the use of existing staff and State resource; and 2) any additional ongoing operational and maintenance costs related to the software.
- The OLS notes that to the extent all SNAP administrative costs are shared between the State and federal government, any costs incurred by the department under the bill will result in an increase in State revenue. The State could also realize additional revenues if it receives federal grant funds to support the development of the software program.

BILL DESCRIPTION

This bill requires the DHS to develop and maintain, or enter into or modify an agreement with a third party to develop and maintain, a mobile-friendly software for SNAP recipients. The bill appropriates \$2 million from the General Fund for these purposes.

The mobile software program will include, but not be limited to, functionality that allows a user of the mobile software program who is a recipient of SNAP benefits to: view the user's SNAP case status and the current benefits the user receives; request an electronic benefit transfer card or a replacement card; upload and submit required documents for continued participation in SNAP and track the current processing status of those documents; receive notices and updates regarding important deadlines or actions; read and print notices and letters; update contact information; request to have a letter mailed to the user listing the amount of benefits the user receives; view local contact information for the County Board of Social Services for the county in which the user resides; and access other functionalities as determined by the department. The mobile-friendly software will also be required to be made available free of charge and in multiple languages.

The bill requires the Commissioner of Human Services to apply for any: 1) waivers from the federal government, which are necessary for approval and implementation of this act; and 2) grants through the SNAP Process and Technology Improvement Grants program within the United States Department of Agriculture to receive federal funding to implement the provisions of bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS assumes that this bill will result in an indeterminate increase in one-time expenditures by the DFD in the DHS to develop mobile-friendly software for SNAP recipients, as required under the bill, as well as ongoing expenditures to maintain the software program. The magnitude of these costs depend on several unpredictable variables; such as: 1) the department's use of a third party to develop and maintain the software program versus the use of existing staff and State resource; and 2) any additional ongoing operational and maintenance costs related to the software. However, the OLS assumes that the department will incur the majority of the costs during the development process.

The bill authorizes the department to enter into or modify an agreement with a third party to comply with the provisions of the bill. To the extent that the department can develop the software using existing staff and State resources, the OLS assumes the cost of the bill will be less than contracting with a third party.

Currently, the department manages the State's online benefits portal, NJOneApp. The online application provides residents with the ability to screen for eligibility and apply for various government assistance programs, including SNAP. Applicants can also check an application status and upload documents, which are two requirements of the software platform developed under this bill. It is possible that the department will be able to leverage this existing technology to establish the software required under this bill.

Further, the OLS notes that costs incurred by the department in the development of the software may be minimized through collaborations with existing State entities, such as the New Jersey State Office of Innovation. The mission of the Office, created in 2018, among other things, is to partner with State agencies to develop technologies that improve the delivery of service. The Office's Innovation Lab specifically is designed to develop, test, and implement new products through department collaborations.

The Office of Information Technology (OIT) is also a potential State resource to guide the department's development of the SNAP software. The OIT is charged with providing and maintaining information technology infrastructure to the Executive Branch.

The OLS notes that all SNAP administrative costs are shared between the State and federal government, with the federal government contributing approximately 50 percent. Automated data processing development and operation is an authorized category of reimbursable administrative expense. Therefore, to the extent that the bill increases costs to the department, it will also increase federal revenue received by the State for SNAP administrative expenses.

The State could also realize additional revenues if it receives federal grant funds to support the development of the software program. For example, the bill requires the department to apply for federal grants through the SNAP Process and Technology Improvement Grants program to implement the provisions of bill. This grant supports efforts by state agencies to develop and implement projects that focus on improving the quality and efficiency of SNAP operations and processes. The federal government competitively awards up to \$5 million in SNAP Process and Technology Improvement Grants each federal fiscal year (FFY), resulting in approximately the distribution of six to 11 grants.

In FFY 2020, the DHS received a \$944,810 SNAP Process and Technology Improvement Grant to redesign the NJ OneApp and create a new customer service portal and text message notification system that alerts applicants to key case updates; thereby providing access to real-time case information. Under this federal program, the department is not eligible to apply for a new grant until FFY 2022, which commences on October 1, 2021. Any grant funds received by the department may minimize, at least in part, the State resources needed to develop the software program.

Section: Human Services
Analyst: Sarah Schmidt
Senior Research Analyst
Approved: Thomas Koenig
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.).