LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2178

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: SEPTEMBER 28, 2020

SUMMARY

Synopsis: Repeals family cap in Work First New Jersey program.

Type of Impact: Annual State expenditure increases, General Fund.

Agencies Affected: Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
State Expenditure Increase		At a minimum $1.1 million	

- The Office of Legislative Services (OLS) estimates that the bill will increase annual State expenditures for Work First New Jersey – Temporary Assistance to Needy Families (WFNJ-TANF) cash benefits. Based on June 2020 program levels, the OLS projects that the State expenditure increase will be, at a minimum, $1.1 million annually.

- There is substantial uncertainty, however, regarding the magnitude of the annual State expenditure increase, particularly due to the economic impacts of the coronavirus disease 2019 pandemic. As such the $1.1 million estimate provides a minimum baseline for increased expenditures under the bill, as the OLS anticipates enrollment has grown beyond the June 2020 enrollment numbers, which are the basis for this estimate.

BILL DESCRIPTION

This bill newly allows a household that receives WFNJ-TANF benefits to gain additional cash assistance benefits as a result of the birth of a child.

The WFNJ-TANF program provides cash and other assistance to low-income families with dependent children. The amount of monthly cash assistance provided to a household is based on the household's size. Current law prevents the amount received from increasing as the

result of the birth of a child, unless the child is born fewer than 10 months after applying for benefits or the birth of the child is a result of rape or incest. Certain additional limited exceptions are provided for families with a working parent and for children born to minors.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received; however, the Department of Human Services (DHS) estimated during the FY 2017 budget process that similar legislation would have increased WFNJ-TANF expenditures by $2.3 million in FY 2017. [1]

The DHS also indicated during the FY 2019 budget process that in FY 2018, from July 1, 2017 through January 31, 2018, 1,235 cases were affected by the family cap, with a total number of 1,587 capped children. The estimated annual cost of including these children in the TANF benefit calculation under the funding formula would have been $1.2 million.[2]

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will increase annual State expenditures for WFNJ-TANF cash benefits.

The OLS approximates that the increase will be, at a minimum, $1.1 million annually based upon the DHS estimate provided in the FY 2017 budget process and a subsequent decline in WFNJ-TANF enrollment. The DHS estimated in the spring of 2016 that similar legislation would have increased State expenditures by $2.3 million in FY 2017. However, the impact of the legislation would currently be less because of a decline in enrollment. The Governor's FY 2017 Budget, on page D-207, projected 63,295 average monthly recipients in FY 2017. The DHS Division of Family Development (DFD) June 2020 Current Program Statistics Report, the most recent report available, indicates that 31,370 recipients were enrolled in the WFNJ-TANF program in June 2020.[3] Applying the ratio of the June 2020 recipients over the FY 2017 equivalent to the DHS cost projection for FY 2017, the OLS estimates the increased cost of implementing the bill would be at least $1.1 million annually.

There is substantial uncertainty, however, regarding what the magnitude of the annual State expenditure increase will be post-June 2020, particularly due to the economic impacts of the coronavirus disease 2019 pandemic and the difficulty of estimating future enrollment levels and family size. As a safety net program, WFNJ-TANF enrollment is correlated with general economic conditions. As such the $1.1 million estimate provides a minimum baseline for increased expenditures under the bill, as the OLS anticipates enrollment will grow beyond the June 2020 enrollment numbers, which are the basis for this estimate.

For reference, the DFD June 2020 Current Program Statistics Report indicates that WFNJ-TANF enrollment increased by 4,174 recipients between March 2020 (the start of the pandemic in New Jersey) and June 2020 (the most current data available). The program has not seen enrollment at the June 2020 level since approximately September 2018.

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[1] Page 41 of the FY 2017 Department of Human Services responses to the OLS Discussion Points, http://www.njleg.state.nj.us/legislativepub/budget_2017/DHS_response.pdf.
[2] Page 47 of the FY 2019 Department of Human Services responses to the OLS Discussion Points, http://www.njleg.state.nj.us/legislativepub/budget_2019/DHS_response_2019.pdf.
[3] https://www.state.nj.us/humanservices/dfd/news/cps_june20.pdf

The increased expenditures will be from the State General Fund. The WFNJ-TANF program is funded through both State dollars and the federal TANF block grant; however, the federal TANF block grant will not be increased due to this State policy change.

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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.).