

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 866

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: NOVEMBER 1, 2018

SUMMARY

- Synopsis:** Extends eligibility for certain individuals for emergency assistance.
- Type of Impact:** Annual State General Fund expenditure increase. Annual expenditure increase and five-year revenue increase to counties.
- Agencies Affected:** Department of Human Services and counties.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1 through 5</u>	<u>Annually Thereafter</u>
State Expenditure Increase	Minimum \$5.3 million	Indeterminate
County Revenue Increase	Minimum \$5.3 million	None
County Expenditure Increase	Minimum \$5.3 million	Indeterminate

- The OLS estimates that this bill will result in a minimum increase of \$5.3 million in State expenditures each year during the five-year period that the time limit for the provision of emergency assistance benefits will be waived for certain individuals. Because county welfare agencies serve as the conduit for providing emergency assistance to the beneficiary population, the additional State expenditures will also be an equivalent revenue gain and expenditure increase to county governments.
- In July 2015, pilot programs established by the Department of Human Services (DHS) which had extended emergency assistance for 3,000 individuals ended. According to the department, the cost of the eligibility extension was \$15 million in the last full fiscal year in which it was in effect. As economic conditions have improved since FY 2015, program enrollment has declined substantially. As such, the \$5.3 million OLS estimate falls significantly below the FY 2015 cost of the pilot programs, reflecting current program data.
- The OLS notes that the provisions for the emergency assistance benefit extension under the bill are broader than those under the previous pilot programs; therefore the bill may result in a larger number of beneficiaries being eligible for an extension of benefits, and therefore

larger expenditures by the State than the OLS estimates. The OLS does not have access to data upon which to base an estimate of the potential number of these additional beneficiaries.

- County welfare agencies and the DHS may incur indeterminate annual costs extending beyond the five-year period of elongated emergency assistance eligibility in complying with the data collection and reporting provisions of the bill.

BILL DESCRIPTION

This bill excludes certain individuals from time limits on the receipt of emergency assistance benefits. The exclusion expires 60 months after the bill's effective date.

Emergency assistance is available to certain individuals who receive Supplemental Security Income or assistance under the Work First New Jersey/Temporary Assistance for Needy Families (WFNJ/TANF) program. Currently, emergency assistance benefits are provided for up to 12 cumulative months, with certain narrow exceptions for extension under the discretion of the DHS. The bill newly exempts from the 12-month time limit emergency assistance recipients who are: the parent or relative of a disabled dependent who is providing full-time care for the disabled dependent; permanently disabled; over 60 years of age; or chronically unemployable.

Additionally, the bill requires that identifying information for all recipients of emergency assistance be entered into the Foothold Homeless Management Information System, or a similar electronic database. The Division of Family Development in the DHS is to compile the information on an annual basis and submit it to the Legislature.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will result in a minimum increase of \$5.3 million in State expenditures each year during the five-year period that the time limit for the provision of emergency assistance benefits will be waived for certain individuals. Because county welfare agencies serve as the conduit for providing emergency assistance to the beneficiary population, the additional State expenditures will also be an equivalent revenue gain and expenditure increase to county governments. In addition, county welfare agencies and the DHS may incur indeterminate annual costs extending beyond the five-year period of elongated emergency assistance eligibility in complying with the data collection and reporting provisions of the bill.

In July 2015, pilot programs in DHS which had extended emergency assistance for 3,000 individuals for two years beyond the statutorily established 12-month time limits of emergency assistance ended. The pilot programs had been established by regulation as three-year programs and had replaced similar programs previously in effect. The department asserted that many of the individuals participating in the pilot programs had been receiving emergency assistance for a

substantial amount of time and had been rolled over from one pilot to the next. According to the department, the cost to provide this extended emergency assistance was \$15 million in the last full fiscal year in which these programs were in effect.

According to Evaluation Data on pages D-209 and D-210 of the FY 2018 Governor's Budget, the emergency assistance program had an average monthly recipient base of 24,221 in FY 2015. As economic conditions have improved since FY 2015, program enrollment has declined. As such, according to Evaluation Data on page D-213 of the FY 2019 Governor's Budget, the emergency assistance program is projected to have an average monthly recipient base of 7,556 in FY 2019, a difference of 16,665 recipients compared to FY 2015. Using a proportional analysis of these data, adjusted for the approximately 3,000 beneficiaries under the pilot program in FY 2015, and data provided by the department regarding the previous pilot programs, the OLS estimates that the bill may increase State expenditures by \$5.3 million and that 1,070 individuals may receive emergency assistance through the expanded eligibility. These estimates assume that the eligibility expansion under the bill is identical to the eligibility expansion under the pilot program that ended in FY 2015.

During the five-year implementation period, this bill provides that individuals who meet certain requirements and who are recipients of WFNJ/TANF or Supplemental Security Income are no longer limited in the length of time they can receive emergency assistance. These requirements include that the individual must be: the full-time caregiver of a disabled child or other disabled dependent; permanently disabled; over sixty years of age; or chronically unemployable.

These requirements are broader than those under the previous pilot programs; therefore the bill may result in a larger number of beneficiaries being eligible for an extension of emergency assistance benefits, and therefore much larger expenditures by the State than the OLS estimated above. The OLS does not have access to data upon which to base an estimate of the potential number of additional beneficiaries.

Moreover, the OLS notes that in any given fiscal year, the number of beneficiaries under the bill, and by extension the total amount of their benefits, will correlate significantly with general economic conditions.

Additionally, this bill requires that the DHS and counties collect identifying information for all individuals who receive emergency assistance. The cost to collect this information will depend on the number of county welfare agencies that currently use an electronic database to track all emergency assistance beneficiaries, and if those county databases can be compiled and shared with the State. The OLS does not have information on the current status of the county databases and thus cannot quantify this cost, but it may be significant.

Section: Human Services
Analyst: Sarah Schmidt
Associate Research Analyst
Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).