

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5574
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JUNE 26, 2023

SUMMARY

- Synopsis:** Requires DHS to provide information to SNAP and WFNJ recipients regarding card skimming, cloning, and similar fraudulent activities and to submit report to Governor and Legislature on these fraud activities.
- Type of Impact:** Annual State expenditure increase.
- Agencies Affected:** Division of Family Development, Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Up to \$250,000

- The Office of Legislative Services (OLS) concludes that the Department of Human Services (DHS) may incur up to \$250,000 annually to fulfill all aspects of the bill's reporting requirement, assuming that no more than one full-time equivalent employee is required to collect, compile, and present the mandated data to the Governor and Legislature. In addition to staffing expenses, costs to fulfill this provision include the establishment of a system to connect with local law enforcement agencies for information, as required under the bill.

BILL DESCRIPTION

This bill directs the Department of Human Services to provide information to Supplemental Nutrition Assistance Program (SNAP) and WorkFirst New Jersey (WFNJ) recipients regarding card skimming, cloning, and similar fraudulent activities. Information provided to recipients under the bill is to be distributed in writing, at the point of enrollment and recertification in SNAP or WFNJ and with the issuance of the recipient's electronic benefits transfer card.

The department, in collaboration with local law enforcement agencies, is required to report to the Governor and the Legislature, 18 months following the effective date of the bill, and annually thereafter, data regarding stolen and replaced SNAP and WFNJ benefits, as collected under the bill, as well as any other information that demonstrates the department's efforts to protect SNAP

and WFNJ recipients from fraud due to card skimming, card cloning, or similar fraudulent methods.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF SERVICES

The OLS concludes that the department may incur costs of up to \$250,000 annually to fulfill all aspects of the bill's reporting requirements, assuming that no more than one full-time equivalent employee is required to collect, compile, and present the mandated data to the Governor and Legislature. In addition to staffing, costs to fulfill this provision include the establishment of a system to connect with local law enforcement agencies for information, as required under the bill. According to the United States Department of Justice, as of 2018, there were 507 State and local law enforcement agencies in New Jersey. Currently, SNAP and WFNJ recipients can report fraudulent activities via an online form, phone call, or e-mail directly to the Division of Family Development Fraud Identification and Recovery Management Unit.

This OLS estimate does not include any costs for the department to provide SNAP and WFNJ recipients certain information regarding fraudulent activities upon enrollment in the respective program, upon recertification, and with the issuance of a recipient's electronic benefits transfer card. The department currently contacts recipients during these enrollment events and the OLS assumes that the information required under the bill can be incorporated into existing communications without any cost to the department.

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.).