LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5634

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 15, 2026

SUMMARY

Synopsis: Enhances enforcement authority over developmental disability service providers; establishes "Residential Facility Quality of Care Improvement Fund" in DHS.

Type of Impact: Annual State revenue increase and annual State expenditure increase.

Agencies Affected: Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Revenue Increase	Indeterminate
State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill would increase annual State revenues due to the collection of new fines imposed on developmental disability service providers under the bill; however, the nature, fine amount, and number of such infractions are all unpredictable and, therefore, the amount of revenue that would be generated each year is indeterminate.

- The Department of Human Services will incur an indeterminate amount of annual costs due to its additional administrative and enforcement responsibilities under the bill.

- The OLS notes that the bill establishes the Residential Facility Quality of Care Improvement Fund in the department to support the quality improvement initiatives and administrative, licensing, and regulatory actions taken by the department to implement this bill. All revenues from the newly established penalties imposed under the bill, as well as existing revenues from the $350 penalty imposed on certain individuals who fail to report abuse or neglect of a person with a developmental disability by a caregiver, are to be deposited into the fund. These existing revenues are currently used by the department to fund the provision of food and care to individuals with developmental disabilities residing in community care residences.

BILL DESCRIPTION

This bill authorizes the department to impose financial penalties on developmental disability providers who violate the provisions enumerated in the bill. Penalty amounts vary under the bill, with the bill stipulating that the majority of the penalties are not to exceed $10,000, although one violation carries a penalty of up to $25,000 per offense. In determining the amount of the penalties that are assessed, the department is to consider: whether the provider has a history or pattern of repeated violations; the provider's compliance with investigations and plans of correction; and whether the provider has taken adequate action to prevent future incidents.

The bill also establishes the Residential Facility Quality of Care Improvement Fund in the Department of Human Services. The resources in the fund are to be used to finance quality improvement initiatives, and administrative, licensing, and regulatory actions taken by the department to implement the provisions of the bill. All revenues from the newly established penalties imposed under the bill, including those imposed on providers for violating existing licensure requirements are to be deposited into the fund. The bill directs that the existing civil fine imposed on persons who fail to report abuse, neglect, or exploitation of a person with a developmental disability by a caregiver are also to be deposited into the fund. This $350 fine is assessed for each day that the act was not reported by the caregiver; these revenues currently are used by the department to fund the provision of food and care to individuals with developmental disabilities residing in community care residences

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill would increase annual State revenue due to the collection of fines imposed on developmental disability service providers under the bill; however, the nature, fine amount, and number of such infractions are all unpredictable and, therefore, the amount of revenue that would be generated each year is indeterminate. The bill's provisions affect both licensed residential providers and authorized service provider agencies.

The Department of Human Services will also incur an indeterminate amount of annual costs due to its additional administrative and enforcement responsibilities under the bill. The OLS notes that the bill establishes the Residential Facility Quality of Care Improvement Fund in the department to support the quality improvement initiatives and administrative, licensing, and regulatory actions taken by the department to implement this bill. All revenues from the newly established penalties imposed under the bill, as well as certain existing revenues, are to be deposited into the fund. The existing revenues allocated under the bill to support the department's enforcement of the bill's provisions are currently directed under statute to fund the provision of food and care to individuals with developmental disabilities residing in community care residences.

For reference, the Office of Program Integrity and Accountability in the department currently licenses and monitors providers of residential services to adults with developmental and intellectual disabilities. Currently, the office publishes a report card on residential service providers, which monitors several of the compliance standards outlined in the bill. The calendar

year 2024 report card identifies 132 providers of residential services that operate 290 homes for a combined capacity of 1,174 beds. Additionally, the Division of Developmental Disabilities authorizes payment to, and oversees, provider agencies that deliver services to adults with developmental or intellectual disabilities through contracts and a fee-for-service system. The division identifies 1,501 providers on its provider search website. Moreover, in FY 2026, the Executive anticipates that 33,349 adults will receive services from the division.

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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.).