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P.L. 2007, CHAPTER 97, *approved June 28, 2007*
Assembly, No. 4078 (*First Reprint*)

1 AN ACT concerning the Work First New Jersey program, amending
2 P.L.1997, c.13 and P.L.1997, c.14, supplementing P.L.1997,
3 c.38, and repealing section 9 of P.L.1997, c.38.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 4 of P.L.1997, c.13 (C.44:10-37) is amended to read as
9 follows:

10 4. In computing the cash assistance benefit provided to recipients,
11 the following disregards shall be applied to the earned income of each
12 person in the assistance unit:

13 a. **[100% for the first month of employment; and]** In the case of a
14 recipient who is employed an average of 20 hours or more a week:

15 (1) 100% of the earned income shall be disregarded for the first
16 full month in which the earned income would be counted:

17 (2) 75% of the earned income shall be disregarded for six
18 consecutive months of employment; and

19 (3) 50% of the earned income shall be disregarded for each
20 continuous month of employment thereafter.

21 b. **[50% for each month thereafter]** In the case of a recipient who
22 is employed for an average of less than 20 hours a week:

23 (1) 100% of the earned income shall be disregarded for the first
24 full month in which the earned income would be counted; and

25 (2) 50% of the earned income shall be disregarded for each
26 continuous month of employment thereafter.

27 c. If an employable recipient has a documented disability, as
28 defined by the commissioner by regulation, that limits the person from
29 accepting more than 20 hours of employment per week, the
30 commissioner may waive the 20 hours or more requirement in
31 subsection a. of this section and provide that the recipient shall be
32 entitled to the 75% earned income disregard for six consecutive
33 months of employment, and the 50% earned income disregard for each
34 continuous month of employment thereafter.

35 (cf: P.L.1997, c.13, s.4)

36
37 2. (New section) In an assistance unit with a single adult or
38 couple without dependent children or a single adult or couple with
39 dependent children, the failure of a recipient to actively cooperate
40 with the Work First New Jersey program, established pursuant to

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AHU committee amendments adopted June 14, 2007.

1 P.L.1997, c.38 (C.44:10-55 et seq.), or participate in work activities
2 under the program, without good cause as determined by the
3 commissioner, shall result in a loss of cash assistance benefits in
4 accordance with the provisions of this section.

5 Prior to the imposition of a sanction, the county or municipal
6 welfare agency shall determine whether good cause for
7 noncompliance exists. Good cause shall include, but is not limited
8 to, disability or other circumstances, as defined by the
9 commissioner, which effectively impair a recipient's ability to
10 actively cooperate with the Work First New Jersey program or
11 participate in work activities under the program.

12 a. Prior to the imposition of a sanction, the county or municipal
13 welfare agency shall ensure that, in consultation with the recipient,
14 an assessment has been given in accordance with subsection f. of
15 section 8 of P.L.1997, c.38 (C.44:10-62), and a determination has
16 been made that barriers do not exist which are likely to prevent the
17 recipient from complying with the work requirements or other
18 activities specified in the individual responsibility plan ¹; provided
19 that, this prerequisite to the imposition of a sanction shall not apply
20 if the recipient, without good cause, has refused to cooperate with
21 the conduct of the assessment¹.

22 The county or municipal welfare agency shall determine if a
23 sanctionable offense has occurred and whether good cause exists
24 by:

25 (1) reviewing the case record to determine whether a
26 comprehensive assessment or other information in the file indicates
27 that good cause for noncompliance exists, and

28 (2) outreaching to the recipient, to attempt, in consultation with
29 the recipient, to determine the reason for noncompliance and
30 whether it constitutes good cause.

31 If good cause requires that services be provided in order for the
32 recipient to comply, then services shall be provided prior to any
33 reassignment of work activities, as appropriate.

34 The recipient shall be provided with reasonable accommodations
35 in work activities for identified disabilities and, when necessary
36 given the condition, deferred from participation.

37 The recipient shall be advised of the right to contest the sanction
38 if he disagrees with the agency determination to impose the
39 sanction.

40 b. In an assistance unit with one adult, if the adult fails to
41 actively cooperate with the program or participate in work activities
42 without good cause, the cash assistance benefit provided to the
43 assistance unit shall be reduced by the pro-rata share of the
44 noncompliant adult for one month.

45 (1) If the adult fails to actively cooperate with the program or
46 participate in work activities by the end of the first-month pro-rata
47 sanction, without good cause, the assistance unit's cash assistance

1 case shall be suspended for one month. If the participant complies
2 by the end of the suspension month, the suspension shall be lifted.

3 (2) If the adult fails to actively cooperate with the program or
4 participate in work activities by the end of the suspension month,
5 without good cause, the assistance unit's cash assistance case shall
6 be closed for a minimum one-month period, and the assistance unit
7 shall be required to reapply in order to receive further cash
8 assistance benefits.

9 c. In an assistance unit with two adults, if one adult fails to
10 actively cooperate with the program or participate in work activities
11 without good cause, the cash assistance benefit provided to the
12 assistance unit shall be reduced by the pro-rata share of the
13 noncompliant adult for one month. If the adult fails to comply by
14 the end of the sanction month, the pro-rata reduction shall continue
15 until the recipient demonstrates an intent to comply.

16 If both adults fail to actively cooperate with the program or
17 participate in work activities without good cause, the cash
18 assistance benefit provided to the assistance unit shall be reduced
19 by the pro-rata share of the noncompliant adults for one month. If
20 both adults fail to actively cooperate with the program or participate
21 in work activities by the end of the sanction month, without good
22 cause, the assistance unit's cash assistance case shall be closed for a
23 minimum one-month period, and the assistance unit shall be
24 required to reapply in order to receive further cash assistance
25 benefits.

26 d. If a dependent child 16 years of age or older fails to comply
27 with the requirement for school attendance or other work activity
28 participation, without good cause, the dependent child shall be
29 subject to a pro-rata reduction of cash assistance benefits for one
30 month. If the dependent child fails to comply by the end of the
31 sanction month, the pro-rata reduction shall continue until the
32 dependent child demonstrates an intent to comply.

33 e. If a cash assistance case is closed due to a sanction, and the
34 recipient is receiving emergency assistance benefits, then the
35 household shall continue to receive emergency assistance benefits
36 for one month immediately following the case closure.

37 If the recipient comes into compliance and reapplies for cash
38 assistance benefits, the emergency assistance benefits shall be
39 reinstated if the emergency still exists.

40 f. If a recipient who is less than 18 years of age is living in a
41 Work First New Jersey-funded appropriate living arrangement
42 because the recipient is unable to live with a parent, guardian, or
43 other adult relative, funding for the living arrangement shall
44 continue for one month immediately following the case closure.

45 g. An adult recipient who voluntarily quits a job without good
46 cause, as defined by regulation of the commissioner, shall render
47 the entire assistance unit ineligible for cash assistance benefits for a
48 period of two months from the date the county agency or municipal

1 welfare agency, as appropriate, makes the determination that the
2 recipient quit the job.

3

4 3. Section 1 of P.L.1997, c.14 (C.44:10-44) is amended to read
5 as follows:

6 1. As used in this act:

7 "Applicant" means an applicant for benefits provided by the
8 Work First New Jersey program.

9 "Assistance unit" means: a single person without dependent
10 children; a couple without dependent children; dependent children
11 only; or a person or couple with one or more dependent children
12 who are legally or blood-related, or who is their legal guardian, and
13 who live together as a household unit.

14 "Benefits" means any assistance provided to needy persons and
15 their dependent children and needy single persons and couples
16 without dependent children under the Work First New Jersey
17 program.

18 "Commissioner" means the Commissioner of Human Services.

19 "County agency" means the county agency that was
20 administering the aid to families with dependent children program
21 at the time the federal "Personal Responsibility and Work
22 Opportunity Reconciliation Act of 1996," Pub.L.104-193, was
23 enacted and which, upon the enactment of P.L.1997, c.14 (C.44:10-
24 44 et al.) shall also administer the Work First New Jersey program
25 in that county.

26 "Dependent child" means a child:

27 a. under the age of 18;

28 b. under the age of 19 and a full-time student in a secondary
29 school or an equivalent level of vocational or technical training, if,
30 before the student attains age 19, the student may reasonably be
31 expected to complete the student's program of secondary school or
32 training; or

33 c. under the age of 21 and enrolled in a special education
34 program,
35 who is living in New Jersey with the child's natural or adoptive
36 parent or legal guardian, or with a relative designated by the
37 commissioner in a place of residence maintained by the relative as
38 the relative's home.

39 "Eligible alien" means one of the following:

40 a. a qualified alien admitted to the United States prior to August
41 22, 1996, who is eligible for means-tested, federally funded public
42 benefits pursuant to federal law;

43 b. a refugee, asylee, victim of human trafficking, or person
44 granted withholding of deportation under federal law for the
45 person's first five years after receiving that classification in the
46 United States pursuant to federal law;

- 1 c. a qualified alien who is a veteran of, or on active duty in, the
2 armed forces of the United States, or the spouse or dependent child
3 of that person pursuant to federal law;
- 4 d. a recipient of refugee and entrant assistance activities or a
5 Cuban or Haitian entrant pursuant to federal law;
- 6 e. a legal permanent resident alien who has worked 40
7 qualifying quarters of coverage as defined under Title II of the
8 federal Social Security Act; except that, for any period after
9 December 31, 1996, a quarter during which an individual received
10 means-tested, federally funded public benefits shall not count
11 toward the total number of quarters;
- 12 f. a qualified alien admitted to the United States on or after
13 August 22, 1996, who has lived in the United States for at least five
14 years and is eligible for means-tested, federally funded public
15 benefits pursuant to federal law; or
- 16 g. a qualified alien who has been battered or subjected to
17 extreme cruelty in the United States by a spouse, parent or a
18 member of the spouse or parent's family residing in the same
19 household as the alien, or a qualified alien whose child has been
20 battered or subjected to extreme cruelty in the United States by a
21 spouse or parent of the alien, without the active participation of the
22 alien, or by a member of the spouse or parent's family residing in
23 the same household as the alien. In either case, the spouse or parent
24 shall have consented or acquiesced to the battery or cruelty and
25 there shall be a substantial connection between the battery or
26 cruelty and the need for benefits to be provided. The provisions of
27 this subsection shall not apply to an alien during any period in
28 which the individual responsible for the battery or cruelty resides in
29 the same household or assistance unit as the individual subjected to
30 the battery or cruelty. Benefits shall be provided to the extent and
31 for the period of time that the alien or alien's child is eligible for the
32 program.
- 33 For the purposes of this section, "qualified alien" is defined
34 pursuant to the provisions of section 431 of Title IV of Pub.L.104-
35 193.
- 36 "Income" means, but is not limited to, commissions, salaries,
37 self-employed earnings, child support and alimony payments,
38 interest and dividend earnings, wages, receipts, unemployment
39 compensation, any legal or equitable interest or entitlement owed
40 that was acquired by a cause of action, suit, claim or counterclaim,
41 insurance benefits, temporary disability claims, estate income,
42 trusts, federal income tax refunds, State income tax refunds,
43 homestead rebates, lottery prizes, casino and racetrack winnings,
44 annuities, retirement benefits, veterans' benefits, union benefits, or
45 other sources that may be defined as income by the commissioner;
46 except that in the event that individual development accounts for
47 recipients are established by regulation of the commissioner, any

1 interest or dividend earnings from such an account shall not be
2 considered income.

3 "Income eligibility standard" means the income eligibility
4 threshold based on assistance unit size established by regulation of
5 the commissioner for benefits provided within the limit of funds
6 appropriated by the Legislature.

7 "Legal guardian" means a person who exercises continuing
8 control over the person or property, or both, of a child, including
9 any specific right of control over an aspect of the child's
10 upbringing, pursuant to a court order.

11 "Non-needy caretaker" means a relative caring for a dependent
12 child, or a legal guardian of a minor child who, in the absence of a
13 natural or adoptive parent, assumes parental responsibility and has
14 income which exceeds the income eligibility standard but is less
15 than 150% of the State median income adjusted for household size.

16 "Recipient" means a recipient of benefits under the Work First
17 New Jersey program.

18 "Resources" means all real and personal property as defined by
19 the commissioner; except that in the event that individual
20 development accounts for recipients are established by regulation of
21 the commissioner, all funds in such an account, up to the limit
22 determined by the commissioner, including any interest or dividend
23 earnings from such an account, shall not be considered to be a
24 resource.

25 "Services" means any Work First New Jersey benefits that are
26 not provided in the form of cash assistance.

27 "Title IV-D" means the provisions of Title IV-D of the federal
28 Social Security Act governing paternity establishment and child
29 support enforcement activities and requirements.

30 "Work First New Jersey program" or "program" means the
31 program established pursuant to P.L.1997, c.38 (C.44:10-55 et
32 seq.).

33 (cf: P.L.1997, c.14, s.1)

34

35 4. Section 9 of P.L.1997, c.38 (C.44:10-63) is repealed.

36

37 5. The Commissioner of Human Services, pursuant to the
38 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
39 seq.), shall adopt rules and regulations to effectuate the purposes of
40 this act; except that, notwithstanding any provision of P.L.1968,
41 c.410 to the contrary, the commissioner may adopt, immediately
42 upon filing with the Office of Administrative Law, such regulations
43 as the commissioner deems necessary to implement the provisions
44 of this act.

45

46 6. This act shall take effect on the 45th day following
47 enactment, but the Commissioner of Human Services may take such

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7

1 anticipatory administrative action in advance thereof as shall be
2 necessary for the implementation of the act.

3

4

5

6

7 Revises Work First New Jersey earned income disregards and
8 sanction policy for noncompliance with work activity requirements.

ASSEMBLY, No. 4078

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JUNE 11, 2007

Sponsored by:

Assemblyman JOSEPH CRYAN

District 20 (Union)

SYNOPSIS

Revises Work First New Jersey earned income disregards and sanction policy for noncompliance with work activity requirements.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the Work First New Jersey program, amending
2 P.L.1997, c.13 and P.L.1997, c.14, supplementing P.L.1997,
3 c.38, and repealing section 9 of P.L.1997, c.38.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 4 of P.L.1997, c.13 (C.44:10-37) is amended to read as
9 follows:

10 4. In computing the cash assistance benefit provided to recipients,
11 the following disregards shall be applied to the earned income of each
12 person in the assistance unit:

13 a. **[100% for the first month of employment; and]** In the case of a
14 recipient who is employed an average of 20 hours or more a week:

15 (1) 100% of the earned income shall be disregarded for the first
16 full month in which the earned income would be counted:

17 (2) 75% of the earned income shall be disregarded for six
18 consecutive months of employment; and

19 (3) 50% of the earned income shall be disregarded for each
20 continuous month of employment thereafter.

21 b. **[50% for each month thereafter]** In the case of a recipient who
22 is employed for an average of less than 20 hours a week:

23 (1) 100% of the earned income shall be disregarded for the first
24 full month in which the earned income would be counted; and

25 (2) 50% of the earned income shall be disregarded for each
26 continuous month of employment thereafter.

27 c. If an employable recipient has a documented disability, as
28 defined by the commissioner by regulation, that limits the person from
29 accepting more than 20 hours of employment per week, the
30 commissioner may waive the 20 hours or more requirement in
31 subsection a. of this section and provide that the recipient shall be
32 entitled to the 75% earned income disregard for six consecutive
33 months of employment, and the 50% earned income disregard for each
34 continuous month of employment thereafter.

35 (cf: P.L.1997, c.13, s.4)

36
37 2. (New section) In an assistance unit with a single adult or couple
38 without dependent children or a single adult or couple with dependent
39 children, the failure of a recipient to actively cooperate with the Work
40 First New Jersey program, established pursuant to P.L.1997, c.38
41 (C.44:10-55 et seq.), or participate in work activities under the
42 program, without good cause as determined by the commissioner, shall
43 result in a loss of cash assistance benefits in accordance with the
44 provisions of this section.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Prior to the imposition of a sanction, the county or municipal
2 welfare agency shall determine whether good cause for noncompliance
3 exists. Good cause shall include, but is not limited to, disability or
4 other circumstances, as defined by the commissioner, which
5 effectively impair a recipient's ability to actively cooperate with the
6 Work First New Jersey program or participate in work activities under
7 the program.

8 a. Prior to the imposition of a sanction, the county or municipal
9 welfare agency shall ensure that, in consultation with the recipient, an
10 assessment has been given in accordance with subsection f. of section
11 8 of P.L.1997, c.38 (C.44:10-62), and a determination has been made
12 that barriers do not exist which are likely to prevent the recipient from
13 complying with the work requirements or other activities specified in
14 the individual responsibility plan.

15 The county or municipal welfare agency shall determine if a
16 sanctionable offense has occurred and whether good cause exists by:

17 (1) reviewing the case record to determine whether a
18 comprehensive assessment or other information in the file indicates
19 that good cause for noncompliance exists, and

20 (2) outreaching to the recipient, to attempt, in consultation with
21 the recipient, to determine the reason for noncompliance and whether
22 it constitutes good cause.

23 If good cause requires that services be provided in order for the
24 recipient to comply, then services shall be provided prior to any
25 reassignment of work activities, as appropriate.

26 The recipient shall be provided with reasonable accommodations
27 in work activities for identified disabilities and, when necessary given
28 the condition, deferred from participation.

29 The recipient shall be advised of the right to contest the sanction if
30 he disagrees with the agency determination to impose the sanction.

31 b. In an assistance unit with one adult, if the adult fails to actively
32 cooperate with the program or participate in work activities without
33 good cause, the cash assistance benefit provided to the assistance unit
34 shall be reduced by the pro-rata share of the noncompliant adult for
35 one month.

36 (1) If the adult fails to actively cooperate with the program or
37 participate in work activities by the end of the first-month pro-rata
38 sanction, without good cause, the assistance unit's cash assistance case
39 shall be suspended for one month. If the participant complies by the
40 end of the suspension month, the suspension shall be lifted.

41 (2) If the adult fails to actively cooperate with the program or
42 participate in work activities by the end of the suspension month,
43 without good cause, the assistance unit's cash assistance case shall be
44 closed for a minimum one-month period, and the assistance unit shall
45 be required to reapply in order to receive further cash assistance
46 benefits.

47 c. In an assistance unit with two adults, if one adult fails to
48 actively cooperate with the program or participate in work activities

1 without good cause, the cash assistance benefit provided to the
2 assistance unit shall be reduced by the pro-rata share of the
3 noncompliant adult for one month. If the adult fails to comply by the
4 end of the sanction month, the pro-rata reduction shall continue until
5 the recipient demonstrates an intent to comply.

6 If both adults fail to actively cooperate with the program or
7 participate in work activities without good cause, the cash assistance
8 benefit provided to the assistance unit shall be reduced by the pro-rata
9 share of the noncompliant adults for one month. If both adults fail to
10 actively cooperate with the program or participate in work activities by
11 the end of the sanction month, without good cause, the assistance
12 unit's cash assistance case shall be closed for a minimum one-month
13 period, and the assistance unit shall be required to reapply in order to
14 receive further cash assistance benefits.

15 d. If a dependent child 16 years of age or older fails to comply
16 with the requirement for school attendance or other work activity
17 participation, without good cause, the dependent child shall be subject
18 to a pro-rata reduction of cash assistance benefits for one month. If the
19 dependent child fails to comply by the end of the sanction month, the
20 pro-rata reduction shall continue until the dependent child
21 demonstrates an intent to comply.

22 e. If a cash assistance case is closed due to a sanction, and the
23 recipient is receiving emergency assistance benefits, then the
24 household shall continue to receive emergency assistance benefits for
25 one month immediately following the case closure.

26 If the recipient comes into compliance and reapplies for cash
27 assistance benefits, the emergency assistance benefits shall be
28 reinstated if the emergency still exists.

29 f. If a recipient who is less than 18 years of age is living in a Work
30 First New Jersey-funded appropriate living arrangement because the
31 recipient is unable to live with a parent, guardian, or other adult
32 relative, funding for the living arrangement shall continue for one
33 month immediately following the case closure.

34 g. An adult recipient who voluntarily quits a job without good
35 cause, as defined by regulation of the commissioner, shall render the
36 entire assistance unit ineligible for cash assistance benefits for a period
37 of two months from the date the county agency or municipal welfare
38 agency, as appropriate, makes the determination that the recipient quit
39 the job.

40
41 3. Section 1 of P.L.1997, c.14 (C.44:10-44) is amended to read
42 as follows:

43 1. As used in this act:

44 "Applicant" means an applicant for benefits provided by the
45 Work First New Jersey program.

46 "Assistance unit" means: a single person without dependent
47 children; a couple without dependent children; dependent children
48 only; or a person or couple with one or more dependent children

1 who are legally or blood-related, or who is their legal guardian, and
2 who live together as a household unit.

3 "Benefits" means any assistance provided to needy persons and
4 their dependent children and needy single persons and couples
5 without dependent children under the Work First New Jersey
6 program.

7 "Commissioner" means the Commissioner of Human Services.

8 "County agency" means the county agency that was
9 administering the aid to families with dependent children program
10 at the time the federal "Personal Responsibility and Work
11 Opportunity Reconciliation Act of 1996," Pub.L.104-193, was
12 enacted and which, upon the enactment of P.L.1997, c.14 (C.44:10-
13 44 et al.) shall also administer the Work First New Jersey program
14 in that county.

15 "Dependent child" means a child:

16 a. under the age of 18;

17 b. under the age of 19 and a full-time student in a secondary
18 school or an equivalent level of vocational or technical training, if,
19 before the student attains age 19, the student may reasonably be
20 expected to complete the student's program of secondary school or
21 training; or

22 c. under the age of 21 and enrolled in a special education
23 program,

24 who is living in New Jersey with the child's natural or adoptive
25 parent or legal guardian, or with a relative designated by the
26 commissioner in a place of residence maintained by the relative as
27 the relative's home.

28 "Eligible alien" means one of the following:

29 a. a qualified alien admitted to the United States prior to August
30 22, 1996, who is eligible for means-tested, federally funded public
31 benefits pursuant to federal law;

32 b. a refugee, asylee, victim of human trafficking, or person
33 granted withholding of deportation under federal law for the
34 person's first five years after receiving that classification in the
35 United States pursuant to federal law;

36 c. a qualified alien who is a veteran of, or on active duty in, the
37 armed forces of the United States, or the spouse or dependent child
38 of that person pursuant to federal law;

39 d. a recipient of refugee and entrant assistance activities or a
40 Cuban or Haitian entrant pursuant to federal law;

41 e. a legal permanent resident alien who has worked 40
42 qualifying quarters of coverage as defined under Title II of the
43 federal Social Security Act; except that, for any period after
44 December 31, 1996, a quarter during which an individual received
45 means-tested, federally funded public benefits shall not count
46 toward the total number of quarters;

47 f. a qualified alien admitted to the United States on or after
48 August 22, 1996, who has lived in the United States for at least five

1 years and is eligible for means-tested, federally funded public
2 benefits pursuant to federal law; or

3 g. a qualified alien who has been battered or subjected to
4 extreme cruelty in the United States by a spouse, parent or a
5 member of the spouse or parent's family residing in the same
6 household as the alien, or a qualified alien whose child has been
7 battered or subjected to extreme cruelty in the United States by a
8 spouse or parent of the alien, without the active participation of the
9 alien, or by a member of the spouse or parent's family residing in
10 the same household as the alien. In either case, the spouse or parent
11 shall have consented or acquiesced to the battery or cruelty and
12 there shall be a substantial connection between the battery or
13 cruelty and the need for benefits to be provided. The provisions of
14 this subsection shall not apply to an alien during any period in
15 which the individual responsible for the battery or cruelty resides in
16 the same household or assistance unit as the individual subjected to
17 the battery or cruelty. Benefits shall be provided to the extent and
18 for the period of time that the alien or alien's child is eligible for the
19 program.

20 For the purposes of this section, "qualified alien" is defined
21 pursuant to the provisions of section 431 of Title IV of Pub.L.104-
22 193.

23 "Income" means, but is not limited to, commissions, salaries,
24 self-employed earnings, child support and alimony payments,
25 interest and dividend earnings, wages, receipts, unemployment
26 compensation, any legal or equitable interest or entitlement owed
27 that was acquired by a cause of action, suit, claim or counterclaim,
28 insurance benefits, temporary disability claims, estate income,
29 trusts, federal income tax refunds, State income tax refunds,
30 homestead rebates, lottery prizes, casino and racetrack winnings,
31 annuities, retirement benefits, veterans' benefits, union benefits, or
32 other sources that may be defined as income by the commissioner;
33 except that in the event that individual development accounts for
34 recipients are established by regulation of the commissioner, any
35 interest or dividend earnings from such an account shall not be
36 considered income.

37 "Income eligibility standard" means the income eligibility
38 threshold based on assistance unit size established by regulation of
39 the commissioner for benefits provided within the limit of funds
40 appropriated by the Legislature.

41 "Legal guardian" means a person who exercises continuing
42 control over the person or property, or both, of a child, including
43 any specific right of control over an aspect of the child's
44 upbringing, pursuant to a court order.

45 "Non-needy caretaker" means a relative caring for a dependent
46 child, or a legal guardian of a minor child who, in the absence of a
47 natural or adoptive parent, assumes parental responsibility and has

1 income which exceeds the income eligibility standard but is less
2 than 150% of the State median income adjusted for household size.

3 "Recipient" means a recipient of benefits under the Work First
4 New Jersey program.

5 "Resources" means all real and personal property as defined by
6 the commissioner; except that in the event that individual
7 development accounts for recipients are established by regulation of
8 the commissioner, all funds in such an account, up to the limit
9 determined by the commissioner, including any interest or dividend
10 earnings from such an account, shall not be considered to be a
11 resource.

12 "Services" means any Work First New Jersey benefits that are
13 not provided in the form of cash assistance.

14 "Title IV-D" means the provisions of Title IV-D of the federal
15 Social Security Act governing paternity establishment and child
16 support enforcement activities and requirements.

17 "Work First New Jersey program" or "program" means the
18 program established pursuant to P.L.1997, c.38 (C.44:10-55 et
19 seq.).

20 (cf: P.L.1997, c.14, s.1)

21

22 4. Section 9 of P.L.1997, c.38 (C.44:10-63) is repealed.

23

24 5. The Commissioner of Human Services, pursuant to the
25 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
26 seq.), shall adopt rules and regulations to effectuate the purposes of
27 this act; except that, notwithstanding any provision of P.L.1968,
28 c.410 to the contrary, the commissioner may adopt, immediately
29 upon filing with the Office of Administrative Law, such regulations
30 as the commissioner deems necessary to implement the provisions
31 of this act.

32

33 6. This act shall take effect on the 45th day following
34 enactment, but the Commissioner of Human Services may take such
35 anticipatory administrative action in advance thereof as shall be
36 necessary for the implementation of the act.

37

38

39

STATEMENT

40

41 This bill revises earned income disregard allowances and the
42 sanction policy for noncompliance with work participation
43 requirements under the Work First New Jersey (WFNJ) program.
44 The changes in this bill will help the State to meet the federally-
45 mandated 50% work participation rate of the Temporary Assistance
46 to Needy Families program, which was established under the
47 federal Personal Responsibility and Work Opportunity
48 Reconciliation Act of 1996. Under federal regulations, if the State

1 does not come into compliance with the work participation rate by
2 October 1, 2007, the State may lose up to \$20 million in federal
3 funds, which will have to be replaced with State funds.

4 Specifically, the bill amends N.J.S.A.44:10-37 to increase the
5 earned income disregard to keep working families on assistance
6 longer while they are transitioning off public assistance, thus
7 increasing the likelihood that the family will remain off assistance
8 when the public assistance case is closed. Under current law, 100%
9 of earned income is disregarded for the first month of employment
10 and 50% for each month thereafter. This bill revises the disregard
11 to provide that:

- 12 • In the case of a recipient who is employed an average of 20 hours
13 or more a week:
 - 14 -- 100% of the earned income shall be disregarded for the first
15 full month in which the earned income would be counted;
 - 16 -- 75% of the earned income shall be disregarded for six
17 consecutive months of employment; and
 - 18 -- 50% of the earned income shall be disregarded for each
19 continuous month of employment thereafter.
- 20 • In the case of a recipient who is employed for an average of less
21 than 20 hours a week:
 - 22 -- 100% of the earned income shall be disregarded for the first
23 full month in which the earned income would be counted; and
 - 24 -- 50% of the earned income shall be disregarded for each
25 continuous month of employment thereafter.
- 26 • If an employable recipient has a documented disability, as defined
27 by the commissioner by regulation, that limits the person from
28 accepting more than 20 hours of employment per week, the
29 commissioner may waive the 20 hours or more requirement and
30 provide that the recipient shall be entitled to the 75% earned
31 income disregard for six consecutive months of employment, and
32 the 50% earned income disregard for each continuous month of
33 employment thereafter.

34 The bill also streamlines the current procedures for sanctioning a
35 recipient of WFNJ who does not comply with the work activities
36 requirements of the program. These changes will eliminate the
37 complicated, multi-tiered sanction system currently used, and
38 replace it with a more simple sanction. The goal of the sanction
39 policy is to motivate and encourage WFNJ recipients to participate
40 in programs and services aimed at moving them toward self
41 sufficiency and, thus, helping them leave the State's welfare
42 system. The proposed changes in the sanction policy will allow a
43 WFNJ recipient to end a sanction in one month, and will allow the
44 WFNJ administering agencies to enforce sanction policy without
45 delay, when needed as a compliance tool to bring recipients back
46 into full participation in the WFNJ program.

47 Specifically, the revised sanction policy provides that:

1 • In an assistance unit with a single adult or couple without
2 dependent children or a single adult or couple with dependent
3 children, prior to the imposition of a sanction, prior to the
4 imposition of a sanction, the county or municipal welfare agency
5 shall ensure that, in consultation with the recipient, an assessment
6 has been given in accordance with N.J.S.A.44:10-62.f, and a
7 determination has been made that barriers do not exist which are
8 likely to prevent the recipient from complying with the work
9 requirements or other activities specified in the individual
10 responsibility plan. The county or municipal welfare agency shall
11 determine if a sanctionable offense has occurred and whether
12 good cause exists by: (1) reviewing the case record to determine
13 whether a comprehensive assessment or other information in the
14 file indicates that good cause for noncompliance exists, and (2)
15 outreaching to the recipient, to attempt, in consultation with the
16 recipient, to determine the reason for noncompliance and whether
17 it constitutes good cause.

18 If good cause requires that services be provided in order for
19 the recipient to comply, then services shall be provided prior to
20 any reassignment of work activities, as appropriate. The recipient
21 shall be provided with reasonable accommodations in work
22 activities for identified disabilities and, when necessary given the
23 condition, deferred from participation. The recipient shall be
24 advised of the right to contest the sanction if he disagrees with the
25 agency determination to impose the sanction.

26 • In an assistance unit with one adult, if the adult fails to actively
27 cooperate with the program or participate in work activities
28 without good cause, the cash assistance benefit provided to the
29 assistance unit shall be reduced by the pro-rata share of the
30 noncompliant adult for one month.

31 If the adult fails to actively cooperate with the program or
32 participate in work activities by the end of the first-month pro-
33 rata sanction, without good cause, the assistance unit's cash
34 assistance case shall be suspended for one month. If the
35 participant complies by the end of the suspension month, the
36 suspension shall be lifted.

37 If the adult fails to actively cooperate with the program or
38 participate in work activities by the end of the suspension month,
39 without good cause, the assistance unit's cash assistance case
40 shall be closed for a minimum one-month period, and the
41 assistance unit shall be required to reapply in order to receive
42 further cash assistance benefits.

43 • In an assistance unit with two adults, if one adult fails to actively
44 cooperate with the program or participate in work activities
45 without good cause, the cash assistance benefit provided to the
46 assistance unit shall be reduced by the pro-rata share of the
47 noncompliant adult for one month. If the adult fails to comply by

1 the end of the sanction month, the pro-rata reduction shall
2 continue until the recipient demonstrates an intent to comply.

3 If both adults fail to actively cooperate with the program or
4 participate in work activities without good cause, the cash
5 assistance benefit provided to the assistance unit shall be reduced
6 by the pro-rata share of the noncompliant adults for one month.
7 If both adults fail to actively cooperate with the program or
8 participate in work activities by the end of the sanction month,
9 without good cause, the assistance unit's cash assistance case
10 shall be closed for a minimum one-month period, and the
11 assistance unit shall be required to reapply in order to receive
12 further cash assistance benefits.

- 13 • If a dependent child 16 years of age or older fails to comply with
14 the requirement for school attendance or other work activity
15 participation, without good cause, the dependent child shall be
16 subject to a pro-rata reduction of cash assistance benefits for one
17 month. If the dependent child fails to comply by the end of the
18 sanction month, the pro-rata reduction shall continue until the
19 dependent child demonstrates an intent to comply.
- 20 • If a cash assistance case is closed due to a sanction, and the
21 recipient is receiving emergency assistance benefits, then the
22 household shall continue to receive emergency assistance benefits
23 for one month immediately following the case closure. If the
24 recipient comes into compliance and reapplies for cash assistance
25 benefits, the emergency assistance benefits shall be reinstated if
26 the emergency still exists.
- 27 • If a recipient who is less than 18 years of age is living in a Work
28 First New Jersey-funded appropriate living arrangement because
29 the recipient is unable to live with a parent, guardian, or other
30 adult relative, funding for the living arrangement shall continue
31 for one month immediately following the case closure.
- 32 • An adult recipient who voluntarily quits a job without good
33 cause, as defined by regulation of the commissioner, shall render
34 the entire assistance unit ineligible for cash assistance benefits for
35 a period of two months from the date the county agency or
36 municipal welfare agency, as appropriate, makes the
37 determination that the recipient quit the job.

38 The bill also amends N.J.S.A.44:10-44 to include victims of
39 human trafficking, along with refugees and asylees, in the category
40 of "eligible aliens" under the WFNJ program. Victims of human
41 trafficking were given legal status under federal law in 2000 (the
42 Trafficking Victims Protection Act of 2000), and are authorized to
43 receive assistance under WFNJ.

44 Finally, the bill repeals N.J.S.A..44:10-63, which established the
45 current sanction policy, because the new sanction provisions in this
46 bill replace the current policy.

47 The bill takes effect 45 days after the date of enactment.

ASSEMBLY HUMAN SERVICES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4078

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 14, 2007

The Assembly Human Services Committee reports favorably and with committee amendments, Assembly Bill No. 4078.

As amended by committee, this bill revises earned income disregard allowances and the sanction policy for noncompliance with work participation requirements under the Work First New Jersey (WFNJ) program. The changes in this bill will help the State to meet the federally-mandated 50% work participation rate of the Temporary Assistance to Needy Families program, which was established under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under federal regulations, if the State does not come into compliance with the work participation rate by October 1, 2007, the State may lose up to \$20 million in federal funds, which will have to be replaced with State funds.

Specifically, the bill amends N.J.S.A.44:10-37 to increase the earned income disregard to keep working families on assistance longer while they are transitioning off public assistance, thus increasing the likelihood that the family will remain off assistance when the public assistance case is closed. Under current law, 100% of earned income is disregarded for the first month of employment and 50% for each month thereafter. This bill revises the disregard to provide that:

- In the case of a recipient who is employed an average of 20 hours or more a week:
 - 100% of the earned income shall be disregarded for the first full month in which the earned income would be counted;
 - 75% of the earned income shall be disregarded for six consecutive months of employment; and
 - 50% of the earned income shall be disregarded for each continuous month of employment thereafter.
- In the case of a recipient who is employed for an average of less than 20 hours a week:
 - 100% of the earned income shall be disregarded for the first full month in which the earned income would be counted; and
 - 50% of the earned income shall be disregarded for each continuous month of employment thereafter.

- If an employable recipient has a documented disability, as defined by the commissioner by regulation, that limits the person from accepting more than 20 hours of employment per week, the commissioner may waive the 20 hours or more requirement and provide that the recipient shall be entitled to the 75% earned income disregard for six consecutive months of employment, and the 50% earned income disregard for each continuous month of employment thereafter.

The bill also streamlines the current procedures for sanctioning a recipient of WFNJ who does not comply with the work activities requirements of the program. These changes will eliminate the complicated, multi-tiered sanction system currently used, and replace it with a more simple sanction. The goal of the sanction policy is to motivate and encourage WFNJ recipients to participate in programs and services aimed at moving them toward self sufficiency and, thus, helping them leave the State's welfare system. The proposed changes in the sanction policy will allow a WFNJ recipient to end a sanction in one month, and will allow the WFNJ administering agencies to enforce sanction policy without delay, when needed as a compliance tool to bring recipients back into full participation in the WFNJ program.

Specifically, the revised sanction policy provides that:

- In an assistance unit with a single adult or couple without dependent children or a single adult or couple with dependent children, prior to the imposition of a sanction, the county or municipal welfare agency shall ensure that, in consultation with the recipient, an assessment has been given in accordance with N.J.S.A.44:10-62.f, and a determination has been made that barriers do not exist which are likely to prevent the recipient from complying with the work requirements or other activities specified in the individual responsibility plan. However, this prerequisite to the imposition of a sanction shall not apply if the recipient, without good cause, has refused to cooperate with the conduct of the assessment. The county or municipal welfare agency shall determine if a sanctionable offense has occurred and whether good cause exists by: (1) reviewing the case record to determine whether a comprehensive assessment or other information in the file indicates that good cause for noncompliance exists, and (2) outreaching to the recipient, to attempt, in consultation with the recipient, to determine the reason for noncompliance and whether it constitutes good cause.

If good cause requires that services be provided in order for the recipient to comply, then services shall be provided prior to any reassignment of work activities, as appropriate. The recipient shall be provided with reasonable accommodations in work activities for identified disabilities and, when necessary given the condition, deferred from participation. The recipient shall be advised of the

right to contest the sanction if he disagrees with the agency determination to impose the sanction.

- In an assistance unit with one adult, if the adult fails to actively cooperate with the program or participate in work activities without good cause, the cash assistance benefit provided to the assistance unit shall be reduced by the pro-rata share of the noncompliant adult for one month.

If the adult fails to actively cooperate with the program or participate in work activities by the end of the first-month pro-rata sanction, without good cause, the assistance unit's cash assistance case shall be suspended for one month. If the participant complies by the end of the suspension month, the suspension shall be lifted.

If the adult fails to actively cooperate with the program or participate in work activities by the end of the suspension month, without good cause, the assistance unit's cash assistance case shall be closed for a minimum one-month period, and the assistance unit shall be required to reapply in order to receive further cash assistance benefits.

- In an assistance unit with two adults, if one adult fails to actively cooperate with the program or participate in work activities without good cause, the cash assistance benefit provided to the assistance unit shall be reduced by the pro-rata share of the noncompliant adult for one month. If the adult fails to comply by the end of the sanction month, the pro-rata reduction shall continue until the recipient demonstrates an intent to comply.

If both adults fail to actively cooperate with the program or participate in work activities without good cause, the cash assistance benefit provided to the assistance unit shall be reduced by the pro-rata share of the noncompliant adults for one month. If both adults fail to actively cooperate with the program or participate in work activities by the end of the sanction month, without good cause, the assistance unit's cash assistance case shall be closed for a minimum one-month period, and the assistance unit shall be required to reapply in order to receive further cash assistance benefits.

- If a dependent child 16 years of age or older fails to comply with the requirement for school attendance or other work activity participation, without good cause, the dependent child shall be subject to a pro-rata reduction of cash assistance benefits for one month. If the dependent child fails to comply by the end of the sanction month, the pro-rata reduction shall continue until the dependent child demonstrates an intent to comply.
- If a cash assistance case is closed due to a sanction, and the recipient is receiving emergency assistance benefits, then the household shall continue to receive emergency assistance benefits for one month immediately following the case closure. If the recipient comes into compliance and reapplies for cash assistance benefits, the

emergency assistance benefits shall be reinstated if the emergency still exists.

- If a recipient who is less than 18 years of age is living in a Work First New Jersey-funded appropriate living arrangement because the recipient is unable to live with a parent, guardian, or other adult relative, funding for the living arrangement shall continue for one month immediately following the case closure.
- An adult recipient who voluntarily quits a job without good cause, as defined by regulation of the commissioner, shall render the entire assistance unit ineligible for cash assistance benefits for a period of two months from the date the county agency or municipal welfare agency, as appropriate, makes the determination that the recipient quit the job.

The bill also amends N.J.S.A.44:10-44 to include victims of human trafficking, along with refugees and asylees, in the category of “eligible aliens” under the WFNJ program. Victims of human trafficking were given legal status under federal law in 2000 (the Trafficking Victims Protection Act of 2000), and are authorized to receive assistance under WFNJ.

Finally, the bill repeals N.J.S.A.44:10-63, which established the current sanction policy, because the new sanction provisions in this bill replace the current policy.

The bill takes effect 45 days after the date of enactment, and is identical to S-2706 (2R) (Vitale/Rice) which is on second reading in the Senate.

COMMITTEE AMENDMENTS:

The committee adopted an amendment that the prerequisite in the bill for the imposition of sanctions (that, prior to the imposition of a sanction, the county or municipal agency ensure that, in consultation with the recipient, an assessment has been given and a determination has been made that barriers do not exist which are likely to prevent compliance with work requirements or other activities in the individual responsibility plan) shall not apply if the recipient, without good cause, has refused to cooperate with the conduct of the assessment.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4078

STATE OF NEW JERSEY 212th LEGISLATURE

DATED: JULY 9, 2007

SUMMARY

- Synopsis:** Revises Work First New Jersey earned income disregards and sanction policy for noncompliance with work activity requirements.
- Type of Impact:** Unable to determine, although the FY 2008 recommended budget for the Division of Family Development in the Department of Human Services provided \$3.3 million to enable earned income disregards to be increased for persons who work at least 30 hours a week.
- Agencies Affected:** Department of Human Services; county and municipal welfare offices.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1-3</u>
State and Local Costs	Unable to determine, although the FY 2008 recommended budget for the Division of Family Development in the Department of Human Services provided \$3.3 million to enable earned income disregards to be increased for persons who work at least 30 hours a week.

- Approximately 4,100 Work First New Jersey (WFNJ) recipients currently work and receive WFNJ benefits. The Office of Legislative Services has no information as to the breakdown of the number of recipients that currently work more than 20 hours per week or less than 20 hours per week.
- The proposed earned income disregard changes are an effort by the State to meet the 50% work participation requirements of the federal Temporary Aid to Needy Families (TANF) program mandated by the Deficit Reduction Act of 2005 (2005 DRA). Failure to meet the 50% standard, subject to caseload reduction adjustments, may result in a loss of federal TANF funds and a mandatory increase in State appropriations to offset the reduction. At present, the State's work participation rate is below federal requirements and might subject the State to a reduction in federal funds and a mandatory increase in State spending for TANF related programs.

BILL DESCRIPTION

Assembly Bill No. 4078 (1R) of 2007 revises earned income disregard allowances and the sanction policy for noncompliance with work participation requirements under the WFNJ program. Specifically, for recipients who are employed an average of 20 hours or more per week:

- 100 percent of the earned income will be disregarded for the first full month in which the earned income would be counted;
- 75 percent of the earned income will be disregarded for six consecutive months of employment; and
- 50 percent of the earned income will be disregarded for each continuous month of employment thereafter.

For recipients who are employed for an average of less than 20 hours per week and whose work participation requirement is not waived by the Commissioner of Human Services:

- 100 percent of the earned income shall be disregarded for the first full month in which the earned income would be counted; and
- 50 percent of the earned income shall be disregarded for each continuous month of employment thereafter.

The legislation also streamlines the current procedures for sanctioning a WFNJ recipient who does not comply with the program's work activities requirements. Specifically, it would allow a WFNJ recipient to end a sanction in one month. Further, county welfare agencies would be able to enforce the sanction policy without delay, when needed as a compliance tool to bring recipients back into full participation with WFNJ requirements.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The FY 2008 recommended budget included approximately \$3.3 million for costs associated with allowing WFNJ recipients who work 30 hours or more per week to retain more of their earned income and continue to receive WFNJ benefits. Regulations implementing this change were adopted on May 21, 2007, (39 N.J.R. 2113).

The Office of Legislative Services is unable to determine the additional costs associated with an enhanced earned income disregard to persons who work (a) between 20 and 30 hours per week and (b) work less than 20 hours per week. The Office of Legislative Services has no information as to the number of hours worked by the 4,100 WFNJ recipients who are currently working or the average number of weeks such recipients work before their earnings disqualify them from WFNJ benefits.

At present, over 4,100 WFNJ recipients are employed and earn about \$9.00 per hour.

Pursuant to the 2005 DRA, which amended the TANF program, the TANF work participation requirement was increased to 50% less any caseload reduction credit. The State's current work participation rate does not meet federal requirements and might result in a reduction in federal TANF funds plus mandatory increase in State appropriations to support the TANF

program. Providing additional financial incentives through the earned income disregard, as proposed in this legislation, may increase the State's work participation rate to prevent federal TANF funds from being reduced and increasing State appropriations.

Section: Human Services.

*Analyst: Jay A. Hershberg
Principal Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67.

SENATE, No. 2706

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED MAY 14, 2007

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator RONALD L. RICE

District 28 (Essex)

Co-Sponsored by:

Senator Bryant

SYNOPSIS

Revises Work First New Jersey earned income disregards and sanction policy for noncompliance with work activity requirements.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/22/2007)

S2706 VITALE, RICE

2

1 AN ACT concerning the Work First New Jersey program, amending
2 P.L.1997, c.13 and P.L.1997, c.14, supplementing P.L.1997,
3 c.38, and repealing section 9 of P.L.1997, c.38.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 4 of P.L.1997, c.13 (C.44:10-37) is amended to read
9 as follows:

10 4. In computing the cash assistance benefit provided to
11 recipients, the following disregards shall be applied to the earned
12 income of each person in the assistance unit:

13 a. **[100% for the first month of employment; and]** In the case of
14 a recipient who is employed an average of 30 hours or more a week:

15 (1) 100% of the earned income shall be disregarded for the first
16 full month in which the earned income would be counted:

17 (2) 75% of the earned income shall be disregarded for six
18 consecutive months of employment; and

19 (3) 50% of the earned income shall be disregarded for each
20 continuous month of employment thereafter.

21 b. **[50% for each month thereafter]** In the case of a recipient
22 who is employed for an average of less than 30 hours a week:

23 (1) 100% of the earned income shall be disregarded for the first
24 full month in which the earned income would be counted; and

25 (2) 50% of the earned income shall be disregarded for each
26 continuous month of employment thereafter.

27 c. If an employable recipient has a documented disability, as
28 defined by the commissioner by regulation, that limits the person
29 from accepting more than 30 hours of employment per week, the
30 commissioner may waive the 30 hours or more requirement in
31 subsection a. of this section and provide that the recipient shall be
32 entitled to the 75% earned income disregard for six consecutive
33 months of employment, and the 50% earned income disregard for
34 each continuous month of employment thereafter.

35 (cf: P.L.1997, c.13, s.4)

36
37 2. (New section) In an assistance unit with a single adult or
38 couple without dependent children or a single adult or couple with
39 dependent children, the failure of a recipient to actively cooperate
40 with the Work First New Jersey program, established pursuant to
41 P.L.1997, c.38 (C.44:10-55 et seq.), or participate in work activities
42 under the program, without good cause as determined by the
43 commissioner, shall result in a loss of cash assistance benefits in
44 accordance with the provisions of this section. Good cause shall

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 include, but is not limited to, disability or other circumstances, as
2 defined by the commissioner, which effectively impair a recipient's
3 ability to actively cooperate with the Work First New Jersey
4 program or participate in work activities under the program.

5 a. Prior to the imposition of a sanction, the county or municipal
6 welfare agency shall review the case to ascertain if a screening or
7 assessment has been carried out within the prior six months. If a
8 screening or assessment has not been carried out within the prior six
9 months, the county or municipal welfare agency, in conjunction
10 with the recipient, shall determine if an updated screening or
11 assessment is needed. The results of the assessment or screening
12 shall be used to determine if good cause for not actively
13 cooperating with the program or participating in a work activity
14 exists.

15 The recipient shall be provided with reasonable accommodations
16 in work activities for identified disabilities and, when necessary
17 given the condition, deferred from participation.

18 The recipient shall be advised of the right to contest the sanction
19 if he disagrees with the agency determination to impose the
20 sanction.

21 b. In an assistance unit with one adult, if the adult fails to
22 actively cooperate with the program or participate in work activities
23 without good cause, the cash assistance benefit provided to the
24 assistance unit shall be reduced by the pro-rata share of the
25 noncompliant adult for one month. If the adult fails to actively
26 cooperate with the program or participate in work activities by the
27 end of the sanction month, without good cause, the assistance unit's
28 cash assistance case shall be closed for a minimum one-month
29 period, and the assistance unit shall be required to reapply in order
30 to receive further cash assistance benefits.

31 c. In an assistance unit with two adults, if one adult fails to
32 actively cooperate with the program or participate in work activities
33 without good cause, the cash assistance benefit provided to the
34 assistance unit shall be reduced by the pro-rata share of the
35 noncompliant adult for one month. If the adult fails to comply by
36 the end of the sanction month, the pro-rata reduction shall continue
37 until the recipient demonstrates an intent to comply.

38 If both adults fail to actively cooperate with the program or
39 participate in work activities without good cause, the cash
40 assistance benefit provided to the assistance unit shall be reduced
41 by the pro-rata share of the noncompliant adults for one month. If
42 both adults fail to actively cooperate with the program or participate
43 in work activities by the end of the sanction month, without good
44 cause, the assistance unit's cash assistance case shall be closed for a
45 minimum one-month period, and the assistance unit shall be
46 required to reapply in order to receive further cash assistance
47 benefits.

S2706 VITALE, RICE

1 d. If a dependent child 16 years of age or older fails to comply
2 with the requirement for school attendance or other work activity
3 participation, without good cause, the dependent child shall be
4 subject to a pro-rata reduction of cash assistance benefits for one
5 month. If the dependent child fails to comply by the end of the
6 sanction month, the pro-rata reduction shall continue until the
7 dependent child demonstrates an intent to comply.

8 e. If a cash assistance case is closed due to a sanction, and the
9 recipient is receiving emergency assistance benefits, then the
10 household shall continue to receive emergency assistance benefits
11 for one month immediately following the case closure.

12 If the recipient comes into compliance and reapplies for cash
13 assistance benefits, the emergency assistance benefits shall be
14 reinstated in accordance with department regulations concerning
15 emergency assistance.

16 f. If a recipient who is less than 18 years of age is living in a
17 Work First New Jersey-funded appropriate living arrangement
18 because the recipient is unable to live with a parent, guardian, or
19 other adult relative, funding for the living arrangement shall
20 continue for one month immediately following the case closure.

21 g. An adult recipient who voluntarily quits a job without good
22 cause, as defined by regulation of the commissioner, shall render
23 the entire assistance unit ineligible for cash assistance benefits for a
24 period of two months from the date the county agency or municipal
25 welfare agency, as appropriate, makes the determination that the
26 recipient quit the job.

27

28 3. Section 1 of P.L.1997, c.14 (C.44:10-44) is amended to read
29 as follows:

30 1. As used in this act:

31 "Applicant" means an applicant for benefits provided by the
32 Work First New Jersey program.

33 "Assistance unit" means: a single person without dependent
34 children; a couple without dependent children; dependent children
35 only; or a person or couple with one or more dependent children
36 who are legally or blood-related, or who is their legal guardian, and
37 who live together as a household unit.

38 "Benefits" means any assistance provided to needy persons and
39 their dependent children and needy single persons and couples
40 without dependent children under the Work First New Jersey
41 program.

42 "Commissioner" means the Commissioner of Human Services.

43 "County agency" means the county agency that was
44 administering the aid to families with dependent children program
45 at the time the federal "Personal Responsibility and Work
46 Opportunity Reconciliation Act of 1996," Pub.L.104-193, was
47 enacted and which, upon the enactment of P.L.1997, c.14 (C.44:10-

1 44 et al.) shall also administer the Work First New Jersey program
2 in that county.

3 "Dependent child" means a child:

4 a. under the age of 18;

5 b. under the age of 19 and a full-time student in a secondary
6 school or an equivalent level of vocational or technical training, if,
7 before the student attains age 19, the student may reasonably be
8 expected to complete the student's program of secondary school or
9 training; or

10 c. under the age of 21 and enrolled in a special education
11 program,

12 who is living in New Jersey with the child's natural or adoptive
13 parent or legal guardian, or with a relative designated by the
14 commissioner in a place of residence maintained by the relative as
15 the relative's home.

16 "Eligible alien" means one of the following:

17 a. a qualified alien admitted to the United States prior to August
18 22, 1996, who is eligible for means-tested, federally funded public
19 benefits pursuant to federal law;

20 b. a refugee, asylee, victim of human trafficking, or person
21 granted withholding of deportation under federal law for the
22 person's first five years after receiving that classification in the
23 United States pursuant to federal law;

24 c. a qualified alien who is a veteran of, or on active duty in, the
25 armed forces of the United States, or the spouse or dependent child
26 of that person pursuant to federal law;

27 d. a recipient of refugee and entrant assistance activities or a
28 Cuban or Haitian entrant pursuant to federal law;

29 e. a legal permanent resident alien who has worked 40
30 qualifying quarters of coverage as defined under Title II of the
31 federal Social Security Act; except that, for any period after
32 December 31, 1996, a quarter during which an individual received
33 means-tested, federally funded public benefits shall not count
34 toward the total number of quarters;

35 f. a qualified alien admitted to the United States on or after
36 August 22, 1996, who has lived in the United States for at least five
37 years and is eligible for means-tested, federally funded public
38 benefits pursuant to federal law; or

39 g. a qualified alien who has been battered or subjected to
40 extreme cruelty in the United States by a spouse, parent or a
41 member of the spouse or parent's family residing in the same
42 household as the alien, or a qualified alien whose child has been
43 battered or subjected to extreme cruelty in the United States by a
44 spouse or parent of the alien, without the active participation of the
45 alien, or by a member of the spouse or parent's family residing in
46 the same household as the alien. In either case, the spouse or parent
47 shall have consented or acquiesced to the battery or cruelty and
48 there shall be a substantial connection between the battery or

1 cruelty and the need for benefits to be provided. The provisions of
2 this subsection shall not apply to an alien during any period in
3 which the individual responsible for the battery or cruelty resides in
4 the same household or assistance unit as the individual subjected to
5 the battery or cruelty. Benefits shall be provided to the extent and
6 for the period of time that the alien or alien's child is eligible for the
7 program.

8 For the purposes of this section, "qualified alien" is defined
9 pursuant to the provisions of section 431 of Title IV of Pub.L.104-
10 193.

11 "Income" means, but is not limited to, commissions, salaries,
12 self-employed earnings, child support and alimony payments,
13 interest and dividend earnings, wages, receipts, unemployment
14 compensation, any legal or equitable interest or entitlement owed
15 that was acquired by a cause of action, suit, claim or counterclaim,
16 insurance benefits, temporary disability claims, estate income,
17 trusts, federal income tax refunds, State income tax refunds,
18 homestead rebates, lottery prizes, casino and racetrack winnings,
19 annuities, retirement benefits, veterans' benefits, union benefits, or
20 other sources that may be defined as income by the commissioner;
21 except that in the event that individual development accounts for
22 recipients are established by regulation of the commissioner, any
23 interest or dividend earnings from such an account shall not be
24 considered income.

25 "Income eligibility standard" means the income eligibility
26 threshold based on assistance unit size established by regulation of
27 the commissioner for benefits provided within the limit of funds
28 appropriated by the Legislature.

29 "Legal guardian" means a person who exercises continuing
30 control over the person or property, or both, of a child, including
31 any specific right of control over an aspect of the child's
32 upbringing, pursuant to a court order.

33 "Non-needy caretaker" means a relative caring for a dependent
34 child, or a legal guardian of a minor child who, in the absence of a
35 natural or adoptive parent, assumes parental responsibility and has
36 income which exceeds the income eligibility standard but is less
37 than 150% of the State median income adjusted for household size.

38 "Recipient" means a recipient of benefits under the Work First
39 New Jersey program.

40 "Resources" means all real and personal property as defined by
41 the commissioner; except that in the event that individual
42 development accounts for recipients are established by regulation of
43 the commissioner, all funds in such an account, up to the limit
44 determined by the commissioner, including any interest or dividend
45 earnings from such an account, shall not be considered to be a
46 resource.

47 "Services" means any Work First New Jersey benefits that are
48 not provided in the form of cash assistance.

1 "Title IV-D" means the provisions of Title IV-D of the federal
2 Social Security Act governing paternity establishment and child
3 support enforcement activities and requirements.

4 "Work First New Jersey program" or "program" means the
5 program established pursuant to P.L.1997, c.38 (C.44:10-55 et
6 seq.).
7 (cf: P.L.1997, c.14, s.1)

8
9 4. Section 9 of P.L.1997, c.38 (C.44:10-63) is repealed.
10

11 5. The Commissioner of Human Services, pursuant to the
12 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
13 seq.), shall adopt rules and regulations to effectuate the purposes of
14 this act; except that, notwithstanding any provision of P.L.1968,
15 c.410 to the contrary, the commissioner may adopt, immediately
16 upon filing with the Office of Administrative Law, such regulations
17 as the commissioner deems necessary to implement the provisions
18 of this act.

19
20 6. This act shall take effect on the 30th day following enactment,
21 but the Commissioner of Human Services may take such
22 anticipatory administrative action in advance thereof as shall be
23 necessary for the implementation of the act.

24
25

26 STATEMENT

27

28 This bill revises earned income disregard allowances and the
29 sanction policy for noncompliance with work participation
30 requirements under the Work First New Jersey (WFNJ) program.
31 The changes in this bill will help the State to meet the federally-
32 mandated 50% work participation rate of the Temporary Assistance
33 to Needy Families program, which was established under the
34 federal Personal Responsibility and Work Opportunity
35 Reconciliation Act of 1996. Under federal regulations, if the State
36 does not come into compliance with the work participation rate by
37 October 1, 2007, the State may lose up to \$20 million in federal
38 funds, which will have to be replaced with State funds.

39 Specifically, the bill amends section 4 of P.L.1997, c.13
40 (C.44:10-37) to increase the earned income disregard to keep
41 working families on assistance longer while they are transitioning
42 off public assistance, thus increasing the likelihood that the family
43 will remain off assistance when the public assistance case is closed.
44 Under current law, 100% of earned income is disregarded for the
45 first month of employment and 50% for each month thereafter.
46 This bill revises the disregard to provide that:

- 47 • In the case of a recipient who is employed an average of 30 hours
48 or more a week:

- 1 -- 100% of the earned income shall be disregarded for the
2 first full month in which the earned income would be counted;
- 3 -- 75% of the earned income shall be disregarded for six
4 consecutive months of employment; and
- 5 -- 50% of the earned income shall be disregarded for each
6 continuous month of employment thereafter.
- 7 • In the case of a recipient who is employed for an average of less
8 than 30 hours a week:
- 9 -- 100% of the earned income shall be disregarded for the
10 first full month in which the earned income would be counted;
11 and
- 12 -- 50% of the earned income shall be disregarded for each
13 continuous month of employment thereafter.
- 14 • If an employable recipient has a documented disability, as defined
15 by the commissioner by regulation, that limits the person from
16 accepting more than 30 hours of employment per week, the
17 commissioner may waive the 30 hours or more requirement and
18 provide that the recipient shall be entitled to the 75% earned
19 income disregard for six consecutive months of employment, and
20 the 50% earned income disregard for each continuous month of
21 employment thereafter.
- 22 The bill also streamlines the current procedures for sanctioning a
23 recipient of WFNJ who does not comply with the work activities
24 requirements of the program. These changes will eliminate the
25 complicated, multi-tiered sanction system currently used, and
26 replace it with a simple one-month sanction. The goal of the
27 sanction policy is to motivate and encourage WFNJ recipients to
28 participate in programs and services aimed at moving them toward
29 self sufficiency and, thus, helping them leave the State's welfare
30 system. The proposed changes in the sanction policy will allow a
31 WFNJ recipient to end a sanction in one month, and will allow the
32 WFNJ administering agencies to enforce sanction policy without
33 delay, when needed as a compliance tool to bring recipients back
34 into full participation in the WFNJ program.
- 35 Specifically, the revised sanction policy provides that:
- 36 • In an assistance unit with a single adult or couple without
37 dependent children or a single adult or couple with dependent
38 children, prior to the imposition of a sanction, the county or
39 municipal welfare agency shall review the case to ascertain if a
40 screening or assessment has been carried out within the prior six
41 months. If a screening or assessment has not been carried out
42 within the last six months, the county or municipal welfare
43 agency, in conjunction with the recipient, shall determine if an
44 updated screening or assessment is needed. The results of the
45 assessment or screening shall be used to determine if good cause
46 for not actively cooperating with the program or participating in a
47 work activity exists. The recipient shall be provided with
48 reasonable accommodations in work activities for identified

1 disabilities and, when necessary given the condition, deferred
2 from participation. The recipient shall be advised of the right to
3 contest the sanction if he disagrees with the agency determination
4 to impose the sanction.

5 • In an assistance unit with one adult, if the adult fails to actively
6 cooperate with the program or participate in work activities
7 without good cause, the cash assistance benefit provided to the
8 assistance unit shall be reduced by the pro-rata share of the
9 noncompliant adult for one month. If the adult fails to actively
10 cooperate with the program or participate in work activities by
11 the end of the sanction month, without good cause, the assistance
12 unit's cash assistance case shall be closed for a minimum one-
13 month period, and the assistance unit shall be required to reapply
14 in order to receive further cash assistance benefits.

15 • In an assistance unit with two adults, if one adult fails to actively
16 cooperate with the program or participate in work activities
17 without good cause, the cash assistance benefit provided to the
18 assistance unit shall be reduced by the pro-rata share of the
19 noncompliant adult for one month. If the adult fails to comply by
20 the end of the sanction month, the pro-rata reduction shall
21 continue until the recipient demonstrates an intent to comply.

22 If both adults fail to actively cooperate with the program or
23 participate in work activities without good cause, the cash
24 assistance benefit provided to the assistance unit shall be reduced
25 by the pro-rata share of the noncompliant adults for one month.
26 If both adults fail to actively cooperate with the program or
27 participate in work activities by the end of the sanction month,
28 without good cause, the assistance unit's cash assistance case
29 shall be closed for a minimum one-month period, and the
30 assistance unit shall be required to reapply in order to receive
31 further cash assistance benefits.

32 • If a dependent child 16 years of age or older fails to comply with
33 the requirement for school attendance or other work activity
34 participation, without good cause, the dependent child shall be
35 subject to a pro-rata reduction of cash assistance benefits for one
36 month. If the dependent child fails to comply by the end of the
37 sanction month, the pro-rata reduction shall continue until the
38 dependent child demonstrates an intent to comply.

39 • If a cash assistance case is closed due to a sanction, and the
40 recipient is receiving emergency assistance benefits, then the
41 household shall continue to receive emergency assistance benefits
42 for one month immediately following the case closure. If the
43 recipient comes into compliance and reapplies for cash assistance
44 benefits, the emergency assistance benefits shall be reinstated in
45 accordance with department regulations concerning emergency
46 assistance.

47 • If a recipient who is less than 18 years of age is living in a Work
48 First New Jersey-funded appropriate living arrangement because

1 the recipient is unable to live with a parent, guardian, or other
2 adult relative, funding for the living arrangement shall continue
3 for one month immediately following the case closure.

4 • An adult recipient who voluntarily quits a job without good
5 cause, as defined by regulation of the commissioner, shall render
6 the entire assistance unit ineligible for cash assistance benefits for
7 a period of two months from the date the county agency or
8 municipal welfare agency, as appropriate, makes the
9 determination that the recipient quit the job.

10 The bill also amends N.J.S.A.44:10-44 to include victims of
11 human trafficking, along with refugees and asylees, in the category
12 of “eligible aliens” under the WFNJ program. Victims of human
13 trafficking were given legal status under federal law in 2000 (the
14 Trafficking Victims Protection Act of 2000), and are authorized to
15 receive assistance under WFNJ.

16 Finally, the bill repeals section 9 of P.L.1997, c.38 (C.44:10-63),
17 which established the current sanction policy, because the new
18 sanction provisions in this bill replace the current policy.

SENATE HEALTH, HUMAN SERVICES AND SENIOR
CITIZENS COMMITTEE

STATEMENT TO

SENATE, No. 2706

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 7, 2007

The Senate Health, Human Services and Senior Citizens Committee reports favorably and with committee amendments Senate Bill No. 2706.

As amended by committee, this bill revises earned income disregard allowances and the sanction policy for noncompliance with work participation requirements under the Work First New Jersey (WFNJ) program. The changes in this bill will help the State to meet the federally-mandated 50% work participation rate of the Temporary Assistance to Needy Families program, which was established under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under federal regulations, if the State does not come into compliance with the work participation rate by October 1, 2007, the State may lose up to \$20 million in federal funds, which will have to be replaced with State funds.

Specifically, the bill amends N.J.S.A.44:10-37 to increase the earned income disregard to keep working families on assistance longer while they are transitioning off public assistance, thus increasing the likelihood that the family will remain off assistance when the public assistance case is closed. Under current law, 100% of earned income is disregarded for the first month of employment and 50% for each month thereafter. This bill revises the disregard to provide that:

- In the case of a recipient who is employed an average of 20 hours or more a week:
 - 100% of the earned income shall be disregarded for the first full month in which the earned income would be counted;
 - 75% of the earned income shall be disregarded for six consecutive months of employment; and
 - 50% of the earned income shall be disregarded for each continuous month of employment thereafter.
- In the case of a recipient who is employed for an average of less than 20 hours a week:
 - 100% of the earned income shall be disregarded for the first full month in which the earned income would be counted; and

-- 50% of the earned income shall be disregarded for each continuous month of employment thereafter.

- If an employable recipient has a documented disability, as defined by the commissioner by regulation, that limits the person from accepting more than 20 hours of employment per week, the commissioner may waive the 20 hours or more requirement and provide that the recipient shall be entitled to the 75% earned income disregard for six consecutive months of employment, and the 50% earned income disregard for each continuous month of employment thereafter.

The bill also streamlines the current procedures for sanctioning a recipient of WFNJ who does not comply with the work activities requirements of the program. These changes will eliminate the complicated, multi-tiered sanction system currently used, and replace it with a more simple sanction. The goal of the sanction policy is to motivate and encourage WFNJ recipients to participate in programs and services aimed at moving them toward self sufficiency and, thus, helping them leave the State's welfare system. The proposed changes in the sanction policy will allow a WFNJ recipient to end a sanction in one month, and will allow the WFNJ administering agencies to enforce sanction policy without delay, when needed as a compliance tool to bring recipients back into full participation in the WFNJ program.

Specifically, the revised sanction policy provides that:

- In an assistance unit with a single adult or couple without dependent children or a single adult or couple with dependent children, prior to the imposition of a sanction, prior to the imposition of a sanction, the county or municipal welfare agency shall ensure that, in consultation with the recipient, an assessment has been given in accordance with N.J.S.A.44:10-62.f, and a determination has been made that barriers do not exist which are likely to prevent the recipient from complying with the work requirements or other activities specified in the individual responsibility plan. The county or municipal welfare agency shall determine if a sanctionable offense has occurred and whether good cause exists by: (1) reviewing the case record to determine whether a comprehensive assessment or other information in the file indicates that good cause for noncompliance exists, and (2) outreaching to the recipient, to attempt, in consultation with the recipient, to determine the reason for noncompliance and whether it constitutes good cause.

If good cause requires that services be provided in order for the recipient to comply, then services shall be provided prior to any reassignment of work activities, as appropriate. The recipient shall be provided with reasonable accommodations in work activities for identified disabilities and, when necessary given the condition, deferred from participation. The recipient shall be advised of the

right to contest the sanction if he disagrees with the agency determination to impose the sanction.

- In an assistance unit with one adult, if the adult fails to actively cooperate with the program or participate in work activities without good cause, the cash assistance benefit provided to the assistance unit shall be reduced by the pro-rata share of the noncompliant adult for one month.

If the adult fails to actively cooperate with the program or participate in work activities by the end of the first-month pro-rata sanction, without good cause, the assistance unit's cash assistance case shall be suspended for one month. If the participant complies by the end of the suspension month, the suspension shall be lifted.

If the adult fails to actively cooperate with the program or participate in work activities by the end of the suspension month, without good cause, the assistance unit's cash assistance case shall be closed for a minimum one-month period, and the assistance unit shall be required to reapply in order to receive further cash assistance benefits.

- In an assistance unit with two adults, if one adult fails to actively cooperate with the program or participate in work activities without good cause, the cash assistance benefit provided to the assistance unit shall be reduced by the pro-rata share of the noncompliant adult for one month. If the adult fails to comply by the end of the sanction month, the pro-rata reduction shall continue until the recipient demonstrates an intent to comply.

If both adults fail to actively cooperate with the program or participate in work activities without good cause, the cash assistance benefit provided to the assistance unit shall be reduced by the pro-rata share of the noncompliant adults for one month. If both adults fail to actively cooperate with the program or participate in work activities by the end of the sanction month, without good cause, the assistance unit's cash assistance case shall be closed for a minimum one-month period, and the assistance unit shall be required to reapply in order to receive further cash assistance benefits.

- If a dependent child 16 years of age or older fails to comply with the requirement for school attendance or other work activity participation, without good cause, the dependent child shall be subject to a pro-rata reduction of cash assistance benefits for one month. If the dependent child fails to comply by the end of the sanction month, the pro-rata reduction shall continue until the dependent child demonstrates an intent to comply.
- If a cash assistance case is closed due to a sanction, and the recipient is receiving emergency assistance benefits, then the household shall continue to receive emergency assistance benefits for one month immediately following the case closure. If the recipient comes into compliance and reapplies for cash assistance benefits, the

emergency assistance benefits shall be reinstated if the emergency still exists.

- If a recipient who is less than 18 years of age is living in a Work First New Jersey-funded appropriate living arrangement because the recipient is unable to live with a parent, guardian, or other adult relative, funding for the living arrangement shall continue for one month immediately following the case closure.
- An adult recipient who voluntarily quits a job without good cause, as defined by regulation of the commissioner, shall render the entire assistance unit ineligible for cash assistance benefits for a period of two months from the date the county agency or municipal welfare agency, as appropriate, makes the determination that the recipient quit the job.

The bill also amends N.J.S.A.44:10-44 to include victims of human trafficking, along with refugees and asylees, in the category of “eligible aliens” under the WFNJ program. Victims of human trafficking were given legal status under federal law in 2000 (the Trafficking Victims Protection Act of 2000), and are authorized to receive assistance under WFNJ.

Finally, the bill repeals N.J.S.A..44:10-63, which established the current sanction policy, because the new sanction provisions in this bill replace the current policy.

The bill takes effect 45 days after the date of enactment.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

-- revise the earned income disregard to provide that a recipient who is employed an average of 20 hours or more a week, rather than 30 hours or more, shall be entitled to the 75% of earned income disregard for six consecutive months;

-- specify that prior to the imposition of a sanction, the county or municipal welfare agency shall determine whether good cause for noncompliance exists;

-- revise the procedures for implementation of a sanction in subsection a. of section 2 of the bill by specifying that the welfare agency: prior to imposing a sanction, ensure that an assessment has been given; and determine if a sanctionable offense has occurred and whether good cause for noncompliance exists;

-- revise the sanction period to include a first-month pro-rata share benefit reduction (of the noncompliant adult’s cash assistance benefit) sanction period, and then a one-month suspension of the cash assistance case (if noncompliance continues), before a case is closed for noncompliance;

--clarify that in the case of a recipient who is receiving emergency assistance, if the recipient comes into compliance and reapplies for cash assistance benefits, the emergency assistance shall be reinstated if the emergency still exists; and

-- extend the effective date from 30 days to 45 days after enactment.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2706

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 14, 2007

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2706 (1R) with committee amendments.

Senate Bill No. 2706 (1R), with committee amendments, revises earned income disregard allowances and the sanction policy for noncompliance with work participation requirements under the Work First New Jersey (WFNJ) program. The changes in this bill will help the State to meet the federally-mandated 50% work participation rate of the Temporary Assistance to Needy Families program, which was established under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under federal regulations, if the State does not come into compliance with the work participation rate by October 1, 2007, the State may lose up to \$20 million in federal funds, which will have to be replaced with State funds.

The bill also streamlines the current procedures for sanctioning a recipient of WFNJ who does not comply with the work activities requirements of the program. These changes will eliminate the complicated, multi-tiered sanction system currently used, and replace it with a more simple sanction. The goal of the sanction policy is to motivate and encourage WFNJ recipients to participate in programs and services aimed at moving them toward self sufficiency and, thus, helping them leave the State's welfare system. The proposed changes in the sanction policy will allow a WFNJ recipient to end a sanction in one month, and will allow the WFNJ administering agencies to enforce sanction policy without delay, when needed as a compliance tool to bring recipients back into full participation in the WFNJ program.

The bill also includes victims of human trafficking, along with refugees and asylees, in the category of "eligible aliens" under the WFNJ program. Victims of human trafficking were given legal status under federal law in 2000 (the Trafficking Victims Protection Act of 2000), and are authorized to receive assistance under WFNJ.

Finally, the bill repeals N.J.S.A.44:10-63, which established the current sanction policy, because the new sanction provisions in this bill replace the current policy.

COMMITTEE AMENDMENTS:

The committee amendment provides an exception to the requirement that prior to imposing a sanction, a county or municipal welfare agency must conduct an assessment of the welfare recipient as to whether barriers exist that would prevent a recipient from complying with the program's work requirements, if the recipient, without good cause, has refused to cooperate with the conduct of the assessment.

FISCAL IMPACT:

The FY 2008 Budget Recommendations for the Division of Family Development included approximately \$3.3 million for the additional costs associated with providing an enhanced earned income disregard to TANF recipients who work 30 hours or more per week. There are approximately 4,100 TANF recipients that are employed.

As this bill extends the earned income disregard to all TANF recipients that are employed, an additional cost will be incurred. No information has been received from the Department of Human Services from which to estimate the fiscal impact of the bill and the Office of Legislative Services does not have access to departmental or other independent data from which to ascertain a fiscal impact.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2706

STATE OF NEW JERSEY 212th LEGISLATURE

DATED: JULY 2, 2007

SUMMARY

- Synopsis:** Revises Work First New Jersey earned income disregards and sanction policy for noncompliance with work activity requirements.
- Type of Impact:** Unable to determine, although the FY 2008 recommended budget for the Division of Family Development in the Department of Human Services provided \$3.3 million to enable earned income disregards to be increased for persons who work at least 30 hours a week.
- Agencies Affected:** Department of Human Services; county and municipal welfare offices.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1-3</u>
State and Local Costs	Unable to determine, although the FY 2008 recommended budget for the Division of Family Development in the Department of Human Services provided \$3.3 million to enable earned income disregards to be increased for persons who work at least 30 hours a week.

- Approximately 4,100 Work First New Jersey (WFNJ) recipients currently work and receive WFNJ benefits. The Office of Legislative Services has no information as to the breakdown of the number of recipients that currently work more than 20 hours per week or less than 20 hours per week.
- The proposed earned income disregard changes are an effort by the State to meet the 50 percent work participation requirements of the federal Temporary Aid to Needy Families (TANF) program mandated by the Deficit Reduction Act of 2005 (2005 DRA). Failure to meet the 50 percent standard, subject to caseload reduction adjustments, may result in a loss of federal TANF funds and a mandatory increase in State appropriations to offset the reduction in federal TANF funds. At present, the State's work participation rate is below federal requirements and might subject the State to a reduction in federal funds and a mandatory increase in State spending for TANF related programs.

BILL DESCRIPTION

Senate Bill No. 2706 (1R) of 2006 revises earned income disregard allowances and the sanction policy for noncompliance with work participation requirements under the WFNJ program. Specifically, for recipients who are employed an average of 20 hours or more per week:

- 100 percent of the earned income will be disregarded for the first full month in which the earned income would be counted;
- 75 percent of the earned income will be disregarded for six consecutive months of employment; and
- 50 percent of the earned income will be disregarded for each continuous month of employment thereafter.

For recipients who are employed for an average of less than 20 hours per week and whose work participation requirement is not waived by the Commissioner of Human Services:

- 100 percent of the earned income shall be disregarded for the first full month in which the earned income would be counted; and
- 50 percent of the earned income shall be disregarded for each continuous month of employment thereafter.

The legislation also streamlines the current procedures for sanctioning a WFNJ recipient who does not comply with the program's work activities requirements. Specifically, it would allow a WFNJ recipient to end a sanction in one month. Further, county welfare agencies would be able to enforce the sanction policy without delay, when needed as a compliance tool to bring recipients back into full participation with WFNJ requirements.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The FY 2008 recommended budget included approximately \$3.3 million for costs associated with allowing WFNJ recipients who work 30 hours or more per week to retain more of their earned income and continue to receive WFNJ benefits. Regulations implementing this change were adopted on May 21, 2007, (39 N.J.R. 2113).

The Office of Legislative Services is unable to determine the additional costs associated with an enhanced earned income disregard to persons who work (a) between 20 and 30 hours per week and (b) work less than 20 hours per week. The Office of Legislative Services has no information as to the number of hours worked by the 4,100 WFNJ recipients who are currently working or the average number of weeks such recipients work before their earnings disqualify them from WFNJ benefits.

At present, over 4,100 WFNJ recipients are employed and earn about \$9.00 per hour.

Pursuant to the 2005 DRA, which amended the TANF program, the TANF work participation requirement was increased to 50 percent less any caseload reduction credit. The State's current work participation rate does not meet federal requirements and might result in a reduction in federal TANF funds plus an mandatory increase in State appropriations to support the TANF program. Providing additional financial incentives through the earned income

disregard, as proposed in this legislation, may increase the State's work participation rate to prevent federal TANF funds from being reduced and increasing State appropriations.

Section: Human Services.

*Analyst: Jay A. Hershberg
Principal Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67.