

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2813
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: MARCH 19, 2024

SUMMARY

Synopsis: Enters NJ in Social Work Licensure Compact.

Type of Impact: Annual increase in State expenditures; Annual decrease in State revenues.

Agencies Affected: Department of Law and Public Safety.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
State Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) concludes that annual State expenditures will increase and State revenues may decrease by indeterminate amounts under the bill, which will enter the State into the interstate Social Work Licensure Compact.
- The OLS cannot quantify the net fiscal effects on New Jersey’s State Board of Social Work Examiners, given the lack of sufficient information regarding: 1) the increase in board operating expenses from joining the Social Workers Licensure Compact and regulating additional out-of-state social workers who practice in New Jersey; and 2) the decrease in license fee revenues from an unknown number of social workers practicing in this State who reside in other compact states who no longer will apply for a New Jersey license.
- The State’s participation in the Social Work Licensure Compact may result in ongoing operating costs for New Jersey’s State Board of Social Work Examiners, which licenses certified social workers, licensed social workers, and licensed clinical social workers. The OLS also notes there could be one-time expenditures from any modification that may have to be made to the existing social worker licensee data system to comply with compact requirements.
- As the State Board of Social Work Examiners is statutorily required to pay for its operating expenses out of its fee collections, the OLS notes that the board may adjust its license fee

amounts, if necessary, to account for any significant changes in its finances from joining this interstate compact.

BILL DESCRIPTION

This bill will enter New Jersey into the Social Work Licensure Compact. The compact establishes a multistate license system in which an individual licensed at the clinical, master's, or bachelor's level in social work needs only to obtain licensure in one state that is a party to the compact to practice as a social worker in another member state to the compact, so long as the individual meets certain requirements established under the compact.

Under the bill, provisions are established regarding, among other items, the authority of a member state's licensing authority; how an adverse action against a multistate licensee is managed; the set-up of the Social Work Licensure Compact Commission and its Executive Committee; the collection of data on member states; and how to withdraw from the compact, if sought by a member state.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that annual State expenditures will increase by an indeterminate amount under the bill, which will enter the State into the interstate Social Work Licensing Compact. The OLS cannot quantify the net fiscal impact of the bill, given a lack of sufficient information on the impact that the State's participation in the compact may have on operating costs for New Jersey's State Board of Social Work Examiners, within the Department of Law and Public Safety's Division of Consumer Affairs.

First, the bill may increase the State Board of Social Work Examiners' operating expenses due to regulating additional out-of-State social workers who are granted a privilege to practice in the State through the compact. The Division of Consumer Affairs does not have information on the number of certified social workers, licensed social workers, and licensed clinical social workers residing in compact member states who may apply for a privilege to practice in the State. As such, the extent to which the board's operational costs to process applications, monitor social workers practicing in the State, and provide compact member states with information regarding State licensed social workers cannot be determined.

The board also may incur one-time costs to align its existing data system for certified social workers, licensed social workers, and licensed clinical social workers with the requirements of the compact's data system. Without information regarding the extent to which the board's existing system aligns with the requirements of the compact's data system, the OLS cannot determine the costs associated with the data system requirements established under the bill.

The OLS notes that another factor affecting the State's costs to join the compact is the annual fee that the compact commission may assess from member states.

Finally, the bill may decrease State revenues from social worker licensing fees charged to a social worker currently living in a compact member remote state who may relinquish their existing New Jersey license. The OLS cannot determine with any certainty the number of licensed social workers living in a remote compact member state who may seek to convert a state license to a privilege to practice. The number could be reduced by the fact that neither New York nor Delaware have adopted the compact or have pending legislation to join the compact; Pennsylvania is the only state bordering New Jersey which has pending legislation to join the compact. However, the fact that the bill allows social workers, who reside in a compact member state, to practice via telehealth in a remote compact state could significantly reduce the number of out-of-State social workers seeking State licensure.

The revenue impact of such a shift by out-of-state social workers will be determined by the amount of the fee that the State may charge, as permitted under the bill. To the extent that the State's fee for a license matches or nears the \$120 to \$160 currently charged for an initial or renewal license, any impact on State revenues would likely be modest.

According to the FY 2025 Governor's Budget, the board regulated 25,576 social workers in FY 2023 and an estimated 24,500 in FY 2024. The OLS does not know how many of these licenses qualify for reciprocity to work in another State. According to *Profile of the Social Work Workforce*, a report from George Washington University issued in 2017, there were an estimated 650,000 to 672,000 active social workers in the United States, and the report noted that significantly fewer social workers were licensed.

Further, New Jersey currently participates in several interstate professional licensing compacts for health professionals: the Counseling Compact, the Nurse Licensure Compact, the Interstate Medical Licensure Compact, the Psychology Interjurisdictional Compact, and the Physical Therapy Licensure Compact. Moreover, additional bills that would enter the State into various health professional interstate licensure compacts have been introduced during the current legislative session.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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