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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 137
SHORT TITLE: SNAP Eligibility Based on TANF Eligibility

SPONSOR: Brantley/Townsend
LAST UPDATE: _____ **ORIGINAL DATE:** 2/3/2026 **ANALYST:** Chenier

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Choose an item.	\$1,059.6	Choose an item.	\$1,059.6	Nonrecurring	General Fund
		\$353.2		\$353.2	Nonrecurring	Federal Funds
Total	Choose an item.	\$1,412.7	Choose an item.	\$1,412.7	Nonrecurring	Choose an item.

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Health Care Authority (HCA)

SUMMARY

Synopsis of Senate Bill 137

Senate Bill 137 (SB137) would restrict New Mexico's use of broad-based categorical eligibility for the Supplemental Nutrition Assistance Program (SNAP). Currently, households qualify for SNAP if they receive any TANF-funded benefit, including non-cash assistance. The bill would eliminate that approach and limit SNAP categorical eligibility only to households in which every member receives one of the following: (1) cash assistance, (2) Social Security benefits, or (3) general assistance. The bill would prohibit granting SNAP eligibility based on non-cash TANF benefits, such as goods, services, referrals, informational materials, or digital resources. New Mexico currently uses broad-based categorical eligibility (BBCE) with an income limit below 200 percent of the federal poverty guidelines (FPG).

The effective date of this bill is January 1, 2027.

FISCAL IMPLICATIONS

The Health Care Authority (HCA) stated that this bill would require significant modifications to the Automated System Program and Eligibility Network (ASPEN), as well as updates to the customer application portal, customer notices, and eligibility worker training, to ensure accurate eligibility determinations and proper program administration. The bill does not include any appropriation to cover these costs.

Required system changes would include enhancements designed to reduce the likelihood of caseworker error and to minimize potential impacts on the SNAP Payment Error Rate.

The authority stated that it would cost \$1.1 million in state general funds and \$353.2 thousand in federal funds to update ASPEN.

SIGNIFICANT ISSUES

HCA provided the following:

Eliminating BBCE would significantly increase workload and administrative burden by requiring additional income and asset verifications that are not currently required. These added verification requirements would lengthen application and recertification processing times, strain eligibility staff capacity, and increase the risk of processing delays and SNAP payment errors. At the same time, HCA is actively working to reduce the SNAP Payment Error Rate by enhancing the eligibility system, increasing caseworker and supervisory oversight and accountability, and investing in tools that allow staff to track and understand their individual payment error rates.

In New Mexico, the state option allowed per 7 CFR 273.2(j)(2)(ii) for BBCE currently allows households above 130% of the FPG to qualify for SNAP if they receive a TANF or Maintenance of Effort (MOE). By eliminating or narrowing TANF/MOE benefits, SB 137 would end BBCE eligibility and would reduce SNAP participation. The FPG would be reduced to 130%.

December 2025 SNAP data shows: 33,421 households or 100,086 individuals received SNAP benefits with gross income above 130% of FPG, which equates to 13.7 percent of households and 21 percent of individuals in New Mexico would lose SNAP eligibility if BBCE were eliminated.

Eliminating BBCE reinstates SNAP resource and asset limits, requiring both liquid and certain non-liquid assets to be considered in eligibility determinations. This increases administrative complexity and burden and could exclude households with modest savings.

In addition, removal of BBCE would lower the FPG threshold for SNAP eligibility, resulting in fewer households qualifying for SNAP and, in turn, reducing the number of students eligible for Summer EBT benefits and for free or reduced-price meals through the National School Lunch Program (NSLP).

PERFORMANCE IMPLICATIONS

The additional work described in the “Fiscal Implications” section could increase demands on the ASPEN technical team at a time when HR1 is already creating significant resource pressures. Careful prioritization of workload and available capacity may be necessary to ensure that the most critical issues are addressed within existing constraints.

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