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FISCAL IMPACT REPORT

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| SPONSOR <u>Soules</u> | LAST UPDATED _____ |
| | ORIGINAL DATE <u>02/14/2024</u> |
| SHORT TITLE <u>Universal Basic Income and Pregnancy</u> | BILL NUMBER <u>Senate Bill 164</u> |
| | ANALYST <u>Chilton</u> |

APPROPRIATION* (dollars in thousands)

| FY24 | FY25 | Recurring or Nonrecurring | Fund Affected |
|------|------------|---------------------------|---------------|
| | \$80,000.0 | Nonrecurring | General Fund |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

| Agency/Program | FY24 | FY25 | FY26 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|----------------|------|---------|---------|-------------------|---------------------------|---------------|
| DOH | | \$261.0 | \$261.0 | \$523.0 | Nonrecurring | General Fund |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Early Childhood Education and Care Department (ECECD)

Department of Health (DOH)

Agency Analysis was Solicited but Not Received From

Health Care Authority (HCA)

SUMMARY

Synopsis of Senate Bill 164

Senate Bill 164 (SB164) appropriates \$80 million from the general fund to the Department of Health for the purpose of establishing a two-year pilot program to evaluate the financial impact on a pregnant person and provide universal basic income and other services from pregnancy through the year first year of life of an infant.

The program would be available to families with a pregnancy and an annual income at or below one hundred fifty percent of poverty. Participants would receive \$1.5 thousand per month

throughout the program. They would also be recipients of a certified home visiting program, would fill out surveys throughout the program, and attend prenatal care appointments at a prescribed frequency. Participants not complying with home visiting, surveys and prenatal care appointments would be placed in a “control group.”

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

The appropriation of \$80 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund/other fund.

DOH indicates its costs for administering the program as

Additional personnel would be needed to administer and maintain enrollment, verify compliance with pilot requirements, and to administer payments.

- An Epidemiologist-O FTE is calculated at the hourly midpoint and average fringe benefits at 40%: Payband 70- $\$33.23/\text{hr} \times 2080 \text{ hours} = \$69,118 + 40\% \text{ fringe} = \$96,765.00$
- For an Accountant-Auditor-B, Payband 55- $\$23.14/\text{hr} \times 2080 \text{ hours} = \$48,131 + 40\% \text{ fringe} = \$67,383.00$
- For a Program Coordinator-I, Payband 70- $\$33.23/\text{hr} \times 2080 \text{ hours} = \$69,118 + 40\% \text{ fringe} = \$96,765.00$

In addition, based on the 21,393 births per year (2021 figure), DOH estimates that fifty percent of families would qualify for the study by income, resulting in a calculated cost of \$192.6 million over the two years of the program. However, perhaps those who applied could be randomly assigned to the program up to the budget of \$80 million, the remaining being part of the control group.

SIGNIFICANT ISSUES

Noting the importance of poverty in association with Basic Needs Stipend Pilot Project verse outcomes for children, DOH summarizes some of the data regarding the 118 US basic income projects, noting that unemployment plays an independent role on top of lack of adequate income. Three of those projects have taken place in New Mexico: Family Prosperity in Las Cruces, Santa Fe Learn, Earn and Achieve (SF LEAP) and Students Experiencing Homelessness Basic Needs Stipend Pilot in Albuquerque and Las Cruces. A pamphlet from the Basic Income Institute at Stanford University, describes some of the research that has been until now on the provision of a basic income to families of various sorts, and makes suggestions as to how research on the subject might be carried out in future.

According to a study of multiple basic income projects done by the Poverty Center at Columbia University ([Cash-payments-during-pregnancy-CPSP-2023 \(squarespace.com\)](https://squarespace.com)), “Research shows that experiences in pregnancy can impact eventual infant, child, and adult health and well-being. The evidence indicates that it is also a period in which family resources matter and that cash payments that arrive during pregnancy, in addition to cash support available throughout childhood, can have positive long-term effects. Many countries provide income support during pregnancy, in addition to later providing cash throughout childhood. The United States has long been an outlier both in terms of delivering cash during pregnancy and throughout childhood, but starting cash during pregnancy is a common policy approach internationally and one that the

evidence indicates can deliver both short- and long-term benefits.”

ECECD gives some specifics of two of the programs, designed to decrease high maternal mortality – in Colorado and in New York City – which have allotted a monthly payment to pregnant patients: “Colorado's Healthy Beginnings Project provided twenty (20) pregnant participants with a guaranteed income of \$750.00 per month for fifteen (15) months. The Bridge Project in New York City provides \$1,000.00 a month for three (3) years; to be eligible, women must live in the specified region, be at least 18 years old, 23 weeks pregnant or less with their first child, and have an annual household income under \$52,000.00.”

ECECD also cites child poverty in New Mexico as requiring remediation: “New Mexico has one of the highest rates of child poverty in the nation, with 105,030 (24%) of our children living at or below the Federal Poverty Level in 2022. Income supplementation for parents, such as with a child tax credit, has been shown to decrease disparities and improve health equity. During the COVID-19 pandemic, Congress expanded the federal Child Tax Credit (CTC). Not only did child poverty dramatically decline, but the gaps between the poverty rates for children of color and those for white children also narrowed.”

TECHNICAL ISSUES

On page 2, lines 13-14, it is stated that participants would receive the \$1.5 thousand/month throughout the program. On page 1, lines 23 and 24, it is stated that the universal basic income would be “throughout the first year of life of an infant.” The two statements are discrepant, and, as noted by ECECD, may not take into account the ending of the pilot program at the end of FY26, before some participants may have completed 12 or 24 months of eligibility for basic income payments.

It is not stated when the home visiting program would begin – at the time of enrollment, or at the birth of the baby.

As noted by DOH, “The bill does not address the implications for participation if a pregnancy does not result in a living infant.”

The degree of non-compliance with home visiting, surveys and prenatal care that would result in being placed in the “control group” is not specified, and it is not specified what the consequences of such a placement would be – loss of the \$1.5 thousand/month? Loss of home visiting services?

It is likely that non-compliant patients would differ in multiple ways from the compliant group, thus invalidating their use as a true control group to assess the value of the program. It is therefore likely that engaging a public health researcher in designing the study would result in more useful information.

LAC/al/cf