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FISCAL IMPACT REPORT

SPONSOR J. Trujillo/Gonzales **ORIGINAL DATE** 2/6/2018
LAST UPDATED 2/9/2018 **HB** 290/aHAFC

SHORT TITLE Area Agencies on Aging Gap Fund **SB** _____

ANALYST Chenier

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minimal	Minimal	Minimal	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to a \$400 thousand Appropriation in the 2018 General Appropriation Act Section 5 for a reserve for emergency advancements.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Aging and Long-Term Services Department (ALTSD)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 290 removes the \$500 thousand appropriation.

Synopsis of Original Bill

House Bill 290 appropriates \$500 thousand from the general fund to a newly created “area agencies on aging gap fund” to provide temporary emergency funding to individual area agencies on aging statewide to cover gaps in agency funding that occur between area agencies’ on aging regular funding allocations. The newly created fund would consist of appropriations and transfers made to the fund and payments to the fund that area agencies on aging make to the fund to reimburse previous temporary emergency appropriations that the agencies have received from the fund.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY19 shall not revert to the general fund.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

ALTSD stated that they would be required to develop policies and procedures for the administration of this fund and track the repayment of funds. Additional time to monitor and reconcile this fund would be moderate. Administration of this fund would likely cause additional burden to ALTSD by assigning the task to a staff member to monitor, reconcile, recoup any appropriations and ensure funds within the fund are being used in compliance with the intent of the appropriation.

SIGNIFICANT ISSUES

ALTSD stated that the bill would require area agencies on aging to reimburse the fund for any appropriations received from the fund, but the timeline for this is not clear. Newly developed policies and procedures will need to reference in detail the usage of these funds, which entities can request funds from this fund, the criteria for the usage of these funds, and the criteria and process to recoup any appropriations made from the fund.

Currently NM has four designated area agencies on aging: the Indian Area Agency on Aging is housed in ALTSD; the Navajo Area Agency on Aging is a unit of the Navajo Nation government; the Albuquerque/Bernalillo County Area Agency on Aging is operated by the City of Albuquerque under a joint powers agreement with other Bernalillo County governmental entities; and the Non-Metro Area Agency on Aging is operated by the North Central New Mexico Economic Development District, a quasi-governmental organization.

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