

**NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.**

**Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.**

### FISCAL IMPACT REPORT

SPONSOR:	Varela	DATE TYPED:	02/10/00	HB	315
SHORT TITLE:	Navajo Nation Matching Funds			SB	
				ANALYST:	Taylor

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	\$ 4,500.0			Recurring	General Fund

Duplicates/Conflicts with/Companion to/Relates to None

### SOURCES OF INFORMATION

Human Services Department

## SUMMARY

### Synopsis of Bill

House Bill 315 was introduced on behalf of the Welfare Reform Oversight Committee. It appropriates \$4.5 million from the general fund to the human services department for expenditure in FY00 and FY01 for the purpose of providing state matching funds to the Navajo nation for their TANF program.

The appropriation is contingent upon:

- the Navajo nation receiving either approval for their plan from the U.S. department of health and human services or approval of a Section 638 contract as provided for in the Indian Self-Determination Act; and
- certification by the human services department secretary to the secretary of the department of finance and administration that the Navajo nation has entered into an agreement with the human services department that provides for appropriate administrative and accounting procedures and oversight by the human services department.

The bill carries an emergency clause, making it effective upon passage.

## FISCAL IMPLICATIONS

The bill appropriates \$4.5 million in general fund dollars that can be counted by the state for purposes of maintenance of effort for the state TANF grant. It is not certain whether this should be additional maintenance of effort spending, or if state spending for maintenance of effort in other categories should be transferred to this purpose. The state is required to spend \$39.9 million per year as maintenance of effort for its TANF grant. The human services department reports that the Navajo share of FY94 state expenditures was approximately \$2 million. (FY94 is the baseline year used to determine maintenance of effort requirements.)

## ADMINISTRATIVE IMPLICATIONS

HSD will have to develop a contract with the Navajo nation and monitor it for compliance with the provisions of the bill.

### **SUBSTANTIVE ISSUES**

1. The human services department writes that once the Navajo TANF program is approved, the state will have to transfer an estimated \$14.7 million from the state TANF grant to the Navajo. The estimate is based upon FY94 expenditures to support Navajo families.
2. The human services department notes that the bill authorizes the appropriation beginning in FY00, but that the Navajo's filing date of their plan precludes approval of its grant before July 2000.
3. The human services department writes that there is legal opinion that the state cannot exclude persons included in a tribal area from receiving services from the state. They suggest that the appropriation to the Navajo be made contingent upon the Navajo nation assuming fiscal responsibility for all Navajo families counted in determining the federal grant. They suggest a joint powers' agreement between the state and the Navajo nation that would require the Navajo nation to reimburse the state for the cost of providing services to persons covered under the Navajo service area.

BT/njw