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FISCAL IMPACT REPORT

SPONSOR: Begaye DATE TYPED: 03/01/01 HB 683
 SHORT TITLE: Motor Vehicle Insurance for Indigent SB _____
 ANALYST: Taylor

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------------|-----------------------------|-------------|----------------------|---------------|
| FY01 | FY02 | FY01 | FY02 | | |
| | \$ 5,000.0 | | Significant | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Human Services Department (HSD)
 Public Regulation Commission

SUMMARY

Synopsis of Bill

House Bill 683 appropriates \$5 million from the general fund to the Human Services Department to provide motor vehicle insurance for indigent persons. Program eligibility is defined to include persons who are eligible for the temporary assistance for needy families program (TANF), welfare-to-work program, workforce investment act, whose children qualify for free lunches or any other public assistance program based on income, whether or not the person is a program participant.

FISCAL IMPLICATIONS

The appropriation of \$5,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY02 shall revert to the general fund.

The Human Services Department estimates that 150,000 New Mexico families would be eligible for assistance under the eligibility guidelines provided for the program. The Public Regulation Commission reports that the average insurance cost as required in the Financial Responsibility Act is \$340 per car per year. Multiplying \$340 times 150,000, the result is \$51 million. This would be the cost of the program once it was fully implemented, assuming that all eligibles participated. In reality, participation will be less than 100 percent, but still the program would be expensive.

In addition to the cost of providing insurance, the Human Services Department reports that expected administrative costs would be about \$15 million per year. This cost estimate is based upon the

assumption that 429 new FTE would be needed to administer the program at a cost of \$36,500 per FTE (assumption of 400 clients per caseworker plus supervisory and support staff).

HSD also reports that they would need \$250.0 for reprogram their computer system.

ADMINISTRATIVE IMPLICATIONS

HSD would have to hire more caseworkers. Their estimate as to the number of staff needed may be high as it is based on an average number of cases per worker, assuming all cases are alike. In fact, some kinds of cases are easier to administer than others. Nonetheless, the administrative impact is expected to be significant.

BT/ar