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FISCAL IMPACT REPORT

SPONSOR: Lopez DATE TYPED: 2/19/03 HB _____

SHORT TITLE: Continue Welfare Reform Oversight Committee SB 289

ANALYST: Maloy

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative-Significant		

(Parenthesis () Indicate Expenditure Decreases)

Relates to (combines elements of) HB 122 with HB 131.

SOURCES OF INFORMATION

Responses Received From
Human Services Department

SUMMARY

Synopsis of Bill

Senate Bill 289 seeks to revise statutory requirements under several sections of the New Mexico Works Act (NMWA) which guide the state's Temporary Assistance for Needy Families (TANF) cash assistance program. SB 289 provides for emergency enactment of these amendments.

The amendments in SB 289 contain the following provisions:

- 1) Reauthorize the Welfare Reform Oversight Committee, an interim legislative committee, for an additional three years, until the December 15th prior to the first session of the 49th Legislature (page 1, line 23), or for five additional years.

- 2) Allow a child age eighteen through age twenty-one to continue to receive NMW/TANF cash assistance as long as the child is enrolled in school and is

receiving special education services regulated by the state board of education (page 2, lines 23-25).

- 3) Add a definition of "vehicle" (page 4, lines 14-18) for the purpose of excluding certain vehicles from consideration as a resource subject to the non-liquid resource limit in the NMWA.
- 4) Exclude any vehicle used for transportation of the family to or from employment, or other daily living activities, from consideration as a resource when determining the non-liquid resources held by the family (page 8, lines 8-12). Recreational vehicles are not excluded from consideration as a resource held by the family.
- 5) Add a statutory requirement that vehicles, as defined, owned by the benefit group cannot be considered in determining the resources attributed to the \$2,000 non-liquid resource limit (page 8, lines 13-15).
- 6) Continue NMW/TANF cash assistance based on hardship definitions after the 60-month time limit if the adult or minor head of household has an application for supplemental security income (SSI) pending or on appeal, and adds conditions for continued cash assistance based on this hardship factor (page 6, lines 19-25 through page 7, line 1).

The additional conditions for the SSI hardship extension include a determination that the individual is either temporarily or completely disabled and unable to engage in work activities or because the individual was granted a waiver from work requirements of the TANF/NMW cash assistance program in the 24-month period preceding the month in which the individual reaches his or her 60-month time limit.

- 7) Allow the Human Services Department (HSD) the flexibility to further define conditions, in addition to those required by the NMWA, for determining who qualifies for cash assistance based on hardship after the 60-month time limit is reached (page 6, lines 24-25 through page 7, line 1).
- 8) Prohibit sanctioning, and reducing the NMW/TANF cash assistance payment, of adult members in the benefit group for their failure to report that a dependent child is not attending school (page 10, lines 3-5).

Significant Issues

HSD reports having found the Welfare Reform Oversight Committee to be an important vehicle for the Department to communicate and educate Committee members about agency performance, programs, policies, and proposals.

The amendments in SB 289 are based on on-going discussion with representatives of the New Mexico Center on Law and Poverty and the New Mexico Lutheran Office of Governmental Ministry (the advocates). The advocates presented the amendments in SB 289 to the Welfare Reform Oversight Committee (WROC) in late 2002. At that time, HSD did not oppose, or otherwise object to, the amendments proposed to the WROC.

TANF/NMW regulations will be simplified by conforming cash assistance regulations with Food Stamp Program regulations where vehicles are concerned.

The amendments will expand eligibility for some families or individuals, but will limit eligibility for others, particularly those seeking a hardship extension for other families.

FISCAL IMPLICATIONS

Welfare Reform Oversight Committee: The fiscal impact is estimated at \$200.0 over the five-year period. The expenditures for the last committee were approximately \$40.0 annually.

NMWA/TANF: These changes can likely be accomplished within the budget. However, funds must be shifted by legislative appropriation to the appropriate TANF budget categories. The costs to be covered within existing budgets are as follows:

- a) The provision to allow a child age 18-21 to continue to receive TANF cash assistance as long as the child is enrolled in school and is receiving special education services is expected to affect 170 cases at a cost of approximately \$285.9 to the general fund.
- b) The provision to expand eligibility for TANF/NMW cash assistance by excluding the value of vehicles used for transportation of the family from consideration as a resource when determining non-liquid resources is expected to result in 250 additional eligible families at a projected cost of \$975.0 to the TANF block grant.
- c) The provision to place additional conditions for extension of the SSI hardship definition to reduce the number of cases extended for hardship by an estimated 25 would result in a savings to the program of \$97.5.
- d) The cost for computer enhancement of ISD2 to facilitate implementation of these provisions is expected to be \$50.0 in non-recurring costs to the general fund.

Initially, there will be a administrative costs relating to the promulgation of rules and in employee and public education. These costs are included in the base staff and budget resources.

ADMINISTRATIVE IMPLICATIONS

HSD employees spend time preparing presentations, written reports and correspondences for the Welfare Reform Oversight Committee. HSD employees also spend time attending hearings and giving testimony before the Welfare Reform Oversight Committee.

If enacted, the amendments in SB 289 would require the HSD to promulgate regulations to implement the statutory changes on an emergency basis. The state regulations become effective upon publication in the New Mexico Register.

The amendments will require an accelerated training initiative by regional trainers of Income Support Division (ISD) field staff who determine eligibility for participation of families in the NMW/TANF cash assistance program.

The amendment addressing special education students would require the expenditure of State funds only since the federal definition of “dependent” does not allow for individuals above the age of nineteen. Therefore, a separate cost center would need to be created so that the Department can track these expenditures separately and ensure that only State funds are being spent on this program.

The amendments related to vehicles will simplify the eligibility process for ISD caseworkers because the TANF/NMW rules will align more closely with those in the Food Stamp Program.

The amendment addressing SSI hardship would require some additional review by the Incapacity Review Unit within ISD to determine whether these individuals were previously found to be either temporarily or completely disabled.

RELATIONSHIP

SB 289 essentially combines the major elements of HB 122 and HB 131.

OTHER SUBSTANTIVE ISSUES

- 1) The bill ensures that children with special needs are not excluded from the benefit group upon reaching age eighteen (18) because they have not graduated from high school. Children with special-needs will be able to continue to receive NMW/TANF cash assistance through 21 years of age. It is estimated that there about 170 special needs children statewide who receive NMW/TANF cash assistance and will be able to continue to participate in the NMW Program.
- 2) The bill expands eligibility for TANF/NMW cash assistance for families who own vehicles and use their vehicle for transportation to and from work, or for participation in work activities. Families that have been denied due to the value of a vehicle will be able to reapply and, if otherwise eligible, participate in the NMW/TANF cash assistance program. This will align NMW/TANF regulations to the Food Stamp Program regulations for considering vehicles. This will also simplify regulations and will address a concern expressed by advocates that there are too many confusing regulations for both eligibility staff and clients to understand.
- 3) The bill amendment will limit eligibility for an extension of NMW/TANF cash assistance based on hardship when an adult has made application for SSI with the Social Security Administration. The bill requires a finding of a disability, either current or at some point within the last twenty-four months, to be used in combination with an application for SSI as a deciding factor for extending NMW/TANF cash assistance based on hardship. The intent is to discourage excessive SSI applications by benefit group members in the 60th month of receipt of NMW/TANF cash assistance, for the sole purpose of continuing NMW/TANF cash assistance under hardship provisions. HSD records clearly demonstrate that adults apply for SSI in the 60th month when there is no indication of a disability, for the sole purpose of continuing NMW/TANF cash assistance.
- 4) The bill allows HSD to consider additional reasons for extending NMW/TANF cash assistance based on hardship once an adult in the benefit group reaches 60 months of

receipt of cash assistance. This meets the requirements for extending hardship found in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Title I, Section 103(a), which amended Part A of Title IV of the Social Security Act by adding Section 408(a)(7)(C). Some of the hardship reasons suggested by advocates over the years include: 1) those TANF recipients engaged in education or training programs upon reaching the 60-month term limit; or 2) those TANF recipients who have "played by the rules" and never been sanctioned but cannot find a job or do not earn enough money such that NMW/TANF cash assistance is no longer needed.

- 5) The NMWA requires a parent of a dependent child in the benefit group to report when that child has three unexcused absences from school. The parent has fourteen days to report the child's absences to HSD. The NMWA also allows HSD to sanction and reduce benefits when a benefit group member fails to comply with reporting requirements. However, it is understood that there are situations where a parent does not know the child has three unexcused absences or is not in school. This bill ensures that a parent is not sanctioned for failing to report when the parent does not know in the first place; the child's needs continue to be removed from the benefit group's payment amount and all other school attendance requirements for the child and parent continue to apply.

SJM/yr:pr