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FISCAL IMPACT REPORT

ORIGINAL DATE 02/13/07

SPONSOR Arnold-Jones LAST UPDATED _____ HB 960

SHORT TITLE Family Opportunity Fund SB _____

ANALYST Hanika Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$1,500.0	Recurring	Family Opportunity Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 960 appropriates \$1.5 million from the General Fund to the Family Opportunity Fund currently administered by the Office of Workforce Training and Development (OWTD) for the purpose of carrying out the provisions of the Family Opportunity Accounts Act. The bill also provides language that will maintain the appropriation for the same purpose if the Fund or Act is renamed by the forty-eighth legislature.

Governor Bill Richardson strongly endorsed Think New Mexico's Family Opportunity Accounts legislation during his State of the State Address on January 17, 2006.

FISCAL IMPLICATIONS

The appropriation of \$1.5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall not revert to the general fund. The Executive operating budget recommendation for FY08 contains \$500 thousand for the same purpose.

SIGNIFICANT ISSUES

House Bill 960 continues to fund a FY07 appropriation of \$1.5 million included in Laws 2006, Chapter 109, Section 5(73). The Family Opportunity Fund provides monies to match the savings of eligible low income participants, up to \$3,000 per individual, for allowable goals including the purchase of post-secondary educational/vocational training; purchase or remodel of homes; purchase of a vehicle to get to work; or to establish or expand a small business. The program is currently in its infancy at OWTD and the agency reports early progress in assisting low income individuals to set goals and begin to strive for financial freedom. Currently 30 individuals are participating and 18 additional have been deemed eligible for participation. As the original appropriation has not been fully expended due to delays in initial start-up, the annual funding level to administer the program has not been fully established.

PERFORMANCE IMPLICATIONS

OWTD currently administers the program through contract providers, and no additional agency resources will be required.

OTHER SUBSTANTIVE ISSUES

Federal Opportunity Accounts (FOA) are interest-bearing bank savings accounts, in which every deposit an individual or family makes is matched with state and private dollars. In order to receive the matching funds, FOA account holders must successfully complete financial literacy classes, where they learn how to reduce debt, budget, manage a checking account, save, invest and avoid financial pitfalls like predatory lending.

AHO/nt