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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/10

SPONSOR Gardner LAST UPDATED _____ HB 247

SHORT TITLE LFC Oversight of Certain Federal Funds SB _____

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		None				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 Energy, Minerals and Natural Resources Department (ENMRD)
 Public Education Department (PED)
 Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 247 would give the Legislative Finance Committee oversight of federal fund expenditures, but does not define what authority the oversight might include. It is the Attorney General's opinion that federal funds are not subject to appropriation by the legislature, with exception, which includes Federal Temporary Assistance for Needy Families and Unemployment Insurance funds.

The bill would further direct all agencies to cooperate with the LFC and provide information as requested.

FISCAL IMPLICATIONS

House Bill 247 makes no appropriation.

SIGNIFICANT ISSUES

The LFC currently has a program evaluation function under existing statutory authority (Section 2-5-3 NMSA 1978). The statute mandates cooperation from all state agencies and institutions. The legislature currently includes the amount of federal funds in each agency's budget in the appropriation act. House Bill 247 does not specify what federal funds are not subject to appropriation and if this includes federal funds that are listed in each agency budget in the appropriation act. If an agency receives additional federal funds, the agency's submits a budget adjustment request to the Department of Finance and Administration, which is also routed to the LFC.

According to information gleaned by the HED last year, concern has been expressed regarding oversight for the receipt of American Recovery and Reinvestment Act funds created by President Obama's Economic Stimulus Package. Since then, the New Mexico Office of Recovery and Reinvestment has been created and the office is tracking the expenditure of federal funds through its CertiClear quarterly reporting system.

Section 6-3-25 NMSA 1978 (Budget adjustment procedure) specifically states that the State Budget Division has the authority to approve budget adjustments for federal funds.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 247 is related to Senate Bill 42 "TRANSPARENCY IN GOVERNMENT ACT." Senate Bill 42 would require any state agency (using a broad definition) to account for the sources and uses of its funds on a searchable web site to be hosted by the Department of Information Technology. Accounting and reporting on the source and use of federal funds is one of many different reports that an agency would be required to report.

CH/mew