

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/26/11
 SPONSOR SPAC LAST UPDATED 03/01/11 HB _____
 SHORT TITLE Phase In Household Resources Test Exclusions SB 97/SPACS
 ANALYST _____

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
TANF Benefits		\$1,980.0	\$1,980.0	\$3,960.0	Recurring	TANF Block Grant
IT		\$23.0	\$0.0	\$23.0	Nonrecurring	General and Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

The Senate Public Affairs Committee Substitute for Senate Bill 97 amends the Public Assistance Act to raise the cap on liquid resources to \$4 thousand from \$1.5 thousand to determine eligibility for cash assistance and other services in the Temporary Assistance for Needy Families (TANF) program.

FISCAL IMPLICATIONS

HSD estimates that an additional 377 households would become eligible for TANF due to this change. With an average monthly benefit of \$424, the monthly cash assistance payments would increase by \$160.1 thousand; the annual cost would be \$1.93 million. Another \$50.8 thousand would be spent through the clothing allowance for school aged children, for a total of \$1.98 million increase.

The HSD IT division will be required to make adjustments to the programming in the Integrated Service Delivery automatic eligibility system (ISD2) to increase the liquid resource limit to \$4 thousand. This programming will cost approximately \$23.0 to revise the eligibility requirements for cash assistance.

SIGNIFICANT ISSUES

The TANF program has experienced significant enrollment increases, which has consumed almost all cash balances, while additional federal revenue is ending. The number of TANF cases has grown more than 47 percent since June 2008 to 21,091 in September 2010. Federal stimulus funding and cash balances have largely been depleted. For FY11, the department cut cash benefits by 15 percent (beginning January 1, 2011) and reduced support services at the Children, Youth and Families Department, the Public Education Department and others. Based on the appropriation contained in House Appropriations and Finance Committee (HAFC) substitute for House Bills 2, 3, 4, 5, and 6 (the General Appropriation Act), the department will have to continue these and perhaps make other reductions in FY12.

More specifically, according to HSD, these cuts included:

- \$13.5 million from CYFD Child Care and elimination of certain support payments to TANF recipients.
- A decrease in funding to the New Mexico Works (NMW) service providers, New Mexico State University (NMSU) and Commission on the Status of Women (CSW).
- The suspension of the Transition Bonus Program, resulting in the closure of 584 households.
- A 15 percent budgetary adjustment to decrease TANF recipient's monthly cash assistance benefits with as of January 1, 2011 resulting in a household of three receiving \$68 less per month.

According to HSD, the reduction in funding to the NMW service providers correspondingly reduced the number of NM Works contract staff who provide case management to TANF recipients required to participate in approved work activities. This increase in TANF participation will increase the demands on contract staff responsible for insuring TANF participants meet the federal work participation rate (WPR) as well as the states costs for providing support services. Failure to meet the WPR translates to federal monetary sanctions.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) does not specify the total resource level that states are to use to determine eligibility for families. States have the flexibility to set the resource levels (including vehicles) to determine eligibility that best meets the needs of their residents. HSD reports that New Mexico's current resource caps are higher than the majority of states.

The SPAC substitute for SB 97 does not increase the resource limit for the Education Works Program (Section 27-2D-6 NMSA 1978). The Education Works Program is a state funded cash assistance program for individuals who are otherwise eligible for TANF, but are attending a two-year or four-year college. The current General Appropriation Act includes \$1 million from the general fund for this program.

ADMINISTRATIVE IMPLICATIONS

HSD reports that reduced NM Works contract staff cannot sustain the performance requirements as defined by the federal government if there is a significant increase in the caseload, without a corresponding increase in funding and staff. At this time, the average caseload for a NMW case manager is 132 individuals.

TECHNICAL ISSUES

The SPAC substitute for SB 97 does not increase the resource limit for the Education Works Program (Section 27-2D-6 NMSA 1978). The Education Works Program is a state funded cash assistance program for individuals who are otherwise eligible for TANF, but are attending a two-year or four-year college.

BE/mew:bym