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FISCAL IMPACT REPORT

SPONSOR SFL **ORIGINAL DATE** 8/18/08
LAST UPDATED 8/19/08 **HB** _____

SHORT TITLE Low Income Energy Assistance Programs **SB** 21/SFLS/aSFL#1

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
\$1,900.0		Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Senate Floor Substitute for SB21 is related to HB3 and SB7, SB10 and SB11.

SOURCES OF INFORMATION

LFC Files

Responses Received From
Human Services Department (HSD)

SUMMARY

Synopsis of Senate Floor Amendment

Senate Floor Amendment to Senate Floor Substitute for Senate Bill 21 would prevent the Human Services Department from expending any of the appropriation on an outside contractor.

Synopsis of Bill

Senate Floor Substitute for Senate Bill 21 appropriates \$1.9 million from the general fund to the Human Services Department for the low income home energy assistance program.

The bill declares an emergency.

FISCAL IMPLICATIONS

The appropriation of \$1.9 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

In FY08, the state paid more than \$8.3 million to households through LIHEAP, serving more than 61,392 households. HSD provided the following table:

Year	Served	Point Value	Average Benefit
2008	63,662 to date	\$19	\$140
2007	62,269	\$19	\$127
2006	71,794	\$65*	\$417
2005	55,685	\$20	\$128
2004	54,234	\$20	\$127
2003	50,699	\$20	\$125
2002	40,601	\$30	\$191
2001	47,018	\$40	\$250

* In July of 2006, point value was reduced to \$25 due to funding balances

During the 2008 session, \$2 million was appropriated to HSD for the LIHEAP program, of which no less than 15 percent and no more than 25 percent shall be used on weatherization programs. The federal base grant for 2008 is about \$9.5 million, bringing the total funding in 2008 to about \$11.5 million. Of this amount, \$1.4 million will be used for weatherization programs at MFA.

LIHEAP FUNDING

Year	Federal Base Grant (in millions)	State Funds (in millions)
2008	\$9.5	\$2.0
2007	\$9.4	\$6.0
2006	\$9.4	\$12.0
2005	\$8.9	\$0.0
2004	\$8.5	\$0.0
2003	\$8.5	\$0.0

HSD provided the following information:

LIHEAP is a grant from U.S. Department of Health and Human Services (HHS) that helps New Mexico low-income families meet the costs of home heating and cooling one time per year and increase energy self-sufficiency and reduce vulnerability resulting from energy needs. HSD is the recipient of the federal LIHEAP funds. Up to 15% of the grant may be used for weatherization, or 25% with an approved waiver. HSD and the Mortgage Finance Authority enter into an agreement each year to provide funding for weatherization from the LIHEAP grant.

Appropriating non-recurring funds for a program such as LIHEAP makes it difficult to

adjust the benefit levels in years where there is no general fund appropriation.

According to the 2006 Fisher, Sheehan & Colton publications, the Home Energy Affordability Gap for low-income households is \$600.00. Although only 62,269 New Mexico households received LIHEAP in FFY 2007, there are approximately 180,530 households that meet the LIHEAP income eligibility limit of 150% of Poverty (2000 Decennial Census 2/2005). Using the Home Energy Affordability Gap of \$600, the total approximate energy need for 180,530 households is \$108,318,000. Receiving this appropriation in HB 3 would help to reduce the un-met need.

In addition, HSD notes that general fund appropriations for this purpose may be credited toward the Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) when used to serve low-income households with dependent children. Over \$4 million in Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) was claimed in FFY 2207 using LIHEAP General Fund monies appropriated during the 2007 Legislative Session.

According to HSD, seven tribes in New Mexico that administer their own LIHEAP programs could receive \$318,446 of this appropriation, based on the federal funding formula. If HSD had to provide funding to Tribes/Pueblos, it would require Joint Powers Agreements with several Tribes and Pueblos, including Five Sandoval, Navajo Nation, Zuni, Jemez, Laguna, Nambe and Jicarilla.

ADMINISTRATIVE IMPLICATIONS

Senate Floor Substitute for Senate Bill 21 does not include administrative funds for HSD. HSD uses federal funds to administer the federal LIHEAP program. HSD will have to re-program the IT system to change the point value and add separate state funds to supplement the federal LIHEAP benefit. However, no additional administrative dollars are needed to do this. No additional staff is needed to administer the \$1.9 million appropriated by this bill because the number served by the additional appropriation would not increase significantly.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Floor Substitute for Senate Bill 21 is related to House Bill 3 and Senate Bills 7, 10 and 11.

BE/mt