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FISCAL IMPACT REPORT

ORIGINAL DATE 02/26/11

SPONSOR Boitano LAST UPDATED _____ HB _____

SHORT TITLE Devote Funds to Family Formation Programs SB 470

ANALYST Earnest

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	(\$1,106.0)	(\$1,106.0)	Recurring	Federal TANF Block Grant

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 470 requires the Human Services Department to spend at least 1 percent of the federal Temporary Assistance for Needy Families (TANF) block grant (about \$1.1 million) on family formation and responsible fatherhood programs.

FISCAL IMPLICATIONS

This bill provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in statutory provisions, as earmarking reduces the ability of the legislature to establish spending priorities.

Assuming the federal block is maintained at \$110.6 million, at least \$1.1 million would be dedicated to these new programs. Depleted cash balances and ending stimulus funds have required HSD to reduce cash benefits and support services, such as those included in this bill. In FY10, appropriations from the TANF block grant for support services – such as a strengthening families program, childcare programs, Pre-K programs, and domestic violence programs, among others – totaled \$62.7 million. A little more than half that amount will be available in FY12,

most of which will be transferred to the Children, Youth and Families Department for childcare programs. In the current version of the General Appropriation Act (HAFC Substitute for HBs 2, 3, 4, 5, 6 and 7), \$200 thousand is appropriated from TANF block grant for the Graduation, Reality and Dual-Role Skills (GRADS) program through the Public Education Department. In FY10, \$600 thousand was appropriated for a strengthening families program. The program was not funded in FY11. Earmarking a portion of the TANF block grant would require cuts to other programs.

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.

SIGNIFICANT ISSUES

Subsection D of the bill sets specific requirements for the contract administration of the program. Setting in statute such narrow criteria for selection of a contractor may undermine the purposes of the Procurement Code. New Mexico State University would be the only public post secondary institution that could meet the criteria set forth in the bill.

According to HSD, "Responsible fatherhood initiatives across the nation have demonstrated that there is no one program model that is appropriate for all individuals and communities. Activities to encourage and support responsible fatherhood efforts are emerging out of many professional disciplines and in many different program contexts. For example, Head Start targeted parents of poor children, but other programs that emphasize father involvement have been developed and implemented under various public and private funding arrangements. The Department of Health and Human Services (DHHS) maintains a website on fatherhood that contains information on DHHS fatherhood activities and links to related program and resources. The website address is fatherhood.hhs.gov."

According to the Public Education Department:

- PED annually funds 27 Graduation Reality and Dual-role Skills (GRADS) programs in high schools that: 1) facilitate parenting teens' graduation and economic independence; and 2) promote healthy families and reduce risk-taking behaviors among all served youth (<http://www.nmgrads.org/>). The program does not address marriage issues, but does the following:
 - Helps its students learn how to balance work and family roles.
 - Helps prepare its students for work and careers (economic independence).
 - Focuses on recruiting school-age dropouts.
 - Retains students through graduation.
 - Reduces repeat pregnancies.
 - Develops positive parenting skills.
 - Develops skills for healthy relationships.
 - Fosters a balance of work & family roles.
 - Prepares students for work and careers.

- NM Alliance for Fathers and Families is less than a year old. DOH has provided programmatic support to build a statewide coalition of organizations to “create a culture of vibrant father engagement by advocating for needed policy changes, promoting effective programs, and attracting new resources to New Mexico”. Focus areas for this organization are:
 - Education and early childhood
 - Health and human services
 - Judicial issues
 - Workforce and economic development.

DUPLICATION

Senate Bill 470 is a duplicate of House Bill 483.

OTHER SUBSTANTIVE ISSUES

HSD provided the following background information on the TANF program:

In 1996, Congress replaced the Aid to Families with Dependent Children Program (AFDC) with the Temporary Assistance for Needy Families (TANF) program. The Deficit Reduction Act (DRA) of 2005 reauthorized the TANF program through FFY 2010 with a focus on work, more stringent reporting standards, and strengthening families through healthy marriage promotion and responsible fatherhood. TANF provides States with a block grant to provide cash assistance to needy families and educational and training programs which meet any of the four goals of TANF:

1. To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
2. To end the dependency of needy parents on government benefits by promoting job preparation, work and marriage.

3. To prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of out-of-wedlock pregnancies.
4. To encourage the formation and maintenance of two-parent families.

For State expenditures to count towards the State's Maintenance of Effort (MOE) requirements, program expenditures must be for "eligible families". However, The DRA provides that expenditures for programs that meet goals 3 and 4 do not require an eligibility determination and can count towards the State's MOE.

Goal 3 allows family formation support services (which may include relationship or marriage education); youth-based services that encourage health relationships and build a foundation for future health marriages, such as, abstinence and pregnancy prevention programs.

Goal 4 can be used to provide any service that will assist in the maintenance and formation of two-parent families. Activities under this goal may include marriage education.

While welfare reform goals specifically direct states to engage in efforts related to goals three and four, state programs have not been extensive. Some states have explored intensive programs and policies on family formation activities.