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FISCAL IMPACT REPORT

SPONSOR Woods **ORIGINAL DATE** 1/28/19
LAST UPDATED 1/31/19 **HB** _____

SHORT TITLE New Mexico Works Act Changes **SB** 119/aSPAC

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$375.0	\$100.0	\$575.0	Nonrecurring IT, Recurring Administrative	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act for the TANF program.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Workforce Solutions Department (WSD)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 119 changes “complete” disability to “permanent” disability that would bar a TANF participant from engaging in a work activity.

Synopsis of Original Bill

Senate Bill 119 (SB119) proposes to amend the New Mexico Works Act to implement changes

to the Temporary Assistance for Needy Families (TANF) program.

The bill would require individualized participation activities for individuals exempt from standard work requirements such that certain individuals, including older and disabled participants and pregnant women, would be exempted from work requirements.

The bill would appropriate \$1 million to fund the Employment Retention and Advancement Bonus Incentive Program.

The bill proposes to implement income disregards for certain income earned by TANF participants to be disregarded in an eligibility calculation.

The bill also proposes to add a new section to the New Mexico Works Act requiring the Human Services Department (HSD) to institute performance measures to evaluate program outcomes. HSD would need to publish the outcomes on the Sunshine Portal, and establish sanctions for HSD contractors who fail to meet the required outcomes.

FISCAL IMPLICATIONS

SB119 would appropriate \$1 million from the general fund in FY20 to the Human Services Department to implement the Employment Retention and Advancement Bonus Incentive Program for eligible Temporary Assistance for Needy Families (TANF) recipients. The appropriation would be a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 would revert to the general fund.

The Human Services Department (HSD) notes SB119 does not include funding for administrative costs to revise the computer programming for the ASPEN IT system that would determine the eligibility for the proposed Employment and advancement Bonus Incentive Program. The IT systems would also need to be revised to produce required client notices and to implement the income disregards. HSD estimates to implement this provisions of the bill into the ASPEN IT eligibility system would cost \$375 thousand.

HSD notes the recurring administrative costs associated with implementing the work participation performances measures and New Mexico Works service provider outcomes are not included in the appropriation for SB119.

Also, funding would be needed to regularly update the Sunshine Portal with the performance outcomes specified in the bill.

HSD notes the proposed excess income disregards would reduce an individual's countable income which will increase the number of individuals eligible for TANF and potentially increase an individual's benefit amount. This change would impact HSD's TANF budget which is not reflected within this analysis pending additional data reports from HSD.

The proposed funding in the bill could count towards the state's "maintenance of effort" required as a condition of receiving federal TANF funds.

SIGNIFICANT ISSUES

HSD reports reinstating the Employment Retention and Advancement Bonus Program with state

general funds and limiting allowable activities for an individual with limited work participation may adversely affect the state’s federally-required work participation rates which include: 1) 50 percent of all families must meet their monthly work requirements; and 2) 90 percent of two-parent families must meet the monthly work requirements. Should the state not meet these participation rates, federal sanctions may be imposed to the state’s TANF block grant funding. In addition, limiting allowable activities may result in less individualized work options for participants.

PERFORMANCE IMPLICATIONS

Section 3 of the bill adds a new section to the New Mexico Works Act providing minimum performance measures that must be met by the New Mexico Works Act contractor. The performance outcomes would be made available on the Sunshine Portal. HSD would impose sanctions on the New Mexico Works act work participation contractor(s) that does not meet department-specified outcome requirements.

Example of performance measures include the number of families who transition off the TANF program after participating in the Employment Retention and Advancement Bonus Incentive Program, and the number of participants who remain employed after six months after transitioning off of TANF.

HSD indicates when the Employment Retention and Advancement Bonus Incentive Program was originally implemented, the TANF caseload increased by 614 cases on average. HSD anticipates SB119 would have a similar effect on the TANF caseload in FY20.

ADMINISTRATIVE IMPLICATIONS

HSD notes SB119 proposes the re-implementation of two programmatic changes, the Employment Retention and Advancement Bonus Incentive Program, and the excess income disregard. These two changes would require the promulgation of rules, implementation of notices and forms, and updates to the ASPEN eligibility system. HSD states these changes could not be implemented until the end of calendar year 2019.

TECHNICAL ISSUES

HSD notes Section 3 is not clear as to whether the proposed minimum performance measures would apply to the entire New Mexico Works program or only those participants in the Employment Retention and Advancement Bonus Incentive Program.

HSD suggests page 4, lines 19-20 should read “temporary or permanent disability...” rather than “temporary or complete”. On page 6, line 16, the semi-colon should be removed.

OTHER SUBSTANTIVE ISSUES

The New Mexico Works Act currently allows the state to assign mandatory activities to exempt individuals. Individuals exempt from work activities are instead assigned to activities that apply to recipients who are not exempt. SB119 would require HSD to ensure the participation activities for individuals meeting an exemption are strictly limited to activities that are individualized and specific to the participant’s condition.

The bill's proposed Employment Retention and Advancement Bonus Incentive Program would provide a monthly income supplement to help families for up to 18 months as they transition off of TANF and into full-time employment. To be eligible for the supplement, an individual would no longer be receiving cash assistance in the TANF program due to employment, would work a minimum of thirty hours per week, and have income at or below 150 percent of the federal poverty level.

The Department of Workforce Solutions reports, subject to the availability of funds, the Human Services Department in cooperation with other state agencies, may develop projects to provide for the placement of participants in work activities including:

1. Unpaid internships with private and government entities;
2. Refurbishing publicly assisted housing;
3. Volunteering at head start programs or a school;
4. Weatherizing low-income housing; and
5. Restoring public sites and buildings, including monuments, parks, fire stations, police building, jails, libraries, museums, auditoriums, convention halls.

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