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## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_

**SPONSOR** De La Cruz **ORIGINAL DATE** 2/18/2025

**BILL**

**SHORT TITLE** Social Services Monetary Stipend Project **NUMBER** House Bill 404

**ANALYST** Jorgensen

### APPROPRIATION\* (dollars in thousands)

| FY25 | FY26      | Recurring or Nonrecurring | Fund Affected |
|------|-----------|---------------------------|---------------|
|      | \$3,000.0 | Nonrecurring              | General Fund  |

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

| Agency/Program | FY25                    | FY26                             | FY27                             | 3 Year Total Cost                | Recurring or Nonrecurring | Fund Affected       |
|----------------|-------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------|---------------------|
| <b>HED</b>     | <b>No fiscal impact</b> | <b>Indeterminate but minimal</b> | <b>Indeterminate but minimal</b> | <b>Indeterminate but minimal</b> | Recurring                 | <b>General Fund</b> |
| <b>Total</b>   | <b>No fiscal impact</b> | <b>Indeterminate but minimal</b> | <b>Indeterminate but minimal</b> | <b>Indeterminate but minimal</b> | Recurring                 | <b>General Fund</b> |

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Health Care Authority (HCA)  
 Higher Education Department (HED)  
 Independent Community Colleges (ICC)  
 Workforce Solutions Department (WSD)

## SUMMARY

### Synopsis of House Bill 404

House Bill 404 (HB404) creates a 3-year pilot program to pay monetary cost-of-living stipends not to exceed \$2 thousand to former foster children or children adjudicated under the Delinquency Act under the age of 26 who participated in and aged out of the fostering connections program. The bill requires the Higher Education Department (HED) to administer the program and determine stipends on an individual basis in consultation with the Health Care Authority. HED is required to report on program outcomes to the Legislative Health and Human Services Committee twice a year.

HB404 appropriates \$3 million from the general fund to HED to fund the program through FY28.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## **FISCAL IMPLICATIONS**

The appropriation of \$3 million contained in this bill is a nonrecurring expense to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services and those services perform well, create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

The appropriation does not state whether program administration at HED is an allowable cost. HED reports additional staff, or a third-party contractor will likely be required to fulfill the provisions of HB404 but did not provide a cost estimate. Therefore, the fiscal implication as shown in the estimated additional operating budget impact table is indeterminate but minimal.

## **SIGNIFICANT ISSUES**

According to the Annie E. Casey Foundation, only 56 percent of New Mexico foster youth have a high school diploma or equivalent by age 21. The bill requires a student to be enrolled in a post-secondary education program, apprenticeship, or workforce development program of WSD, or another employment support program to be eligible. It is unclear if enrollment in a post-secondary program would include noncredit workforce training programs offered through higher education institutions. Additionally, HED offers adult education to help individuals receive a high school equivalency degree. These individuals would currently be ineligible for participation.

Assuming participating individuals received the maximum stipend of \$24 thousand per year, the program could support approximately 42 awards each year. To properly evaluate the effect of the pilot program, HED would need to develop a common set of measures to benchmark and create a treatment group that receives the intervention and a control group which does not receive the intervention to compare outcomes requiring HED to make decisions on which individuals to accept into the pilot program.

HED reports:

To administer this program, NMHED would not only need to evaluate the initial eligibility of participants, but would also need to monitor continued eligibility for monthly stipend payments. And the stipend amount is to be individualized for each participant, depending on other income of the participant, so new data collection and evaluation procedures would need to be developed.

The final report isn't due until three years after the end of the pilot project, so NMHED would need to track the participants for up to three years after their participation in the program to be able to evaluate the long-term benefit to the participants. This would also require the participants to continue to provide income and other outcome data to NMHED on a regular basis.

## OTHER SUBSTANTIVE ISSUES

ICC notes: Santa Fe Community College recently piloted a guaranteed income program (a stipend) through the University of Pennsylvania. The data shows a statistically significant increase in student completion for those students who received the stipend.

CJ/hj/SR