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FISCAL IMPACT REPORT

SPONSOR <u>Sen. Soules/Rep. Gurrola</u>	LAST UPDATED <u>02/24/2025</u>	ORIGINAL DATE <u>02/14/2025</u>
SHORT TITLE <u>Study Universal Basic Income and Pregnant</u>	BILL NUMBER <u>Senate Bill 102/aSHPAC</u>	ANALYST <u>Chilton</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$80,000.0	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
DOH	No fiscal impact	\$261.0	\$261.0	\$522.0	Recurring	General Fund

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

Sources of Information

LFC Files

Agency Analysis Received From

Early Childhood Education and Care Department (ECECD)
Children Youth and Families Department (CYFD)
Public Education Department (PED)
Department of Health (DOH)

Agency Analysis was Solicited but Not Received From

Department of Workforce Solutions (DWS)

SUMMARY

Synopsis of SHPAC Amendment to Senate Bill 102

The Senate Health and Public Affairs Committee amendment replaces reference to the Department of Health with the Early Childhood Education and Care Department (ECECD) in choosing home visiting for participants in the study, as it is ECECD that supervises home visiting services in New Mexico for pregnant women and for infants.

Synopsis of Senate Bill 102

Senate Bill 102 (SB102) appropriates \$80 million from the general fund to the Department of Health (DOH) for the purpose of establishing a pilot program to study the effects of providing a \$1.5 thousand/month income to low-income pregnant families through the first year of the newborn's life.

DOH would select study participants from pregnant families with an income at or below one hundred fifty percent of the federal poverty level. They would then be divided into a test group, which would receive the monthly income supplement and a control group, which would not. Participants in the test group would receive home visiting services from an Early Childhood Education and Care Department-approved provider, would complete surveys and research forms throughout the program, and would attend scheduled prenatal visits with a health care provider. Those test group members noncompliant with these requirements would be moved to the control group (and presumably no longer receive the \$1.5 thousand per month).

DOH would report on the results of the study to the Legislative Education Study Committee on or before December 1, 2027.

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. If enacted, the program would begin on July 1, 2025, and end on June 30, 2027

FISCAL IMPLICATIONS

DOH estimates its costs in performing the study as follows:

Personnel would be required to design the study, recruit participation, and to seek research approvals through the New Mexico State University Institutional Review Board (IRB) to assure ethical human subjects protections. Time for hiring, study of protocol development, and IRB applications are estimated to take between 6 and 9 months.

Additional personnel would be needed to administer and maintain enrollment, verify compliance with pilot requirements, and to administer payments:

- An Epidemiologist-O FTE is calculated at the hourly midpoint and average fringe benefits...\$96.8 thousand;
- An Accountant-Auditor-B...\$67.4 thousand; and
- A Program Coordinator-I...\$96.8 thousand.

The appropriation of \$80 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall revert to the general fund.

SIGNIFICANT ISSUES

DOH makes note of the fact that about one half of all of the 20.6 thousand births which occurred 2023 in New Mexico were to families have annual incomes less than 150 percent of the federal poverty level and would therefore have qualified for the proposed study.

Poverty is one of the principal determinants of adverse childhood experiences, which in turn

contribute strongly to physical and mental health problems, school failure, substance abuse, and incarceration in later life. Provision of money to pregnant families to alleviate poverty could go a long way toward preventing these consequences; adequate prenatal care, childcare, and home visiting services would also support this very needed and positive outcome.

Public Education Department notes:

Reducing poverty reduces the number of adverse childhood events which cause toxic stress, affect brain development and learning, and can lead to other health problems including depression, asthma, heart disease, and obesity. The New Mexico Children’s Cabinet reports that 27.3 percent of students in the state have experienced more than two adverse childhood events compared to 17.4 percent of children nationwide.

DOH notes:

Early childhood is a critical period for development, and economic stability. Children in low-income families are more likely to experience developmental delays, chronic health issues, and lower educational attainment. By providing financial support during pregnancy and the first year of life, SB102 has the potential to improve long-term outcomes for children, reducing future healthcare costs and increasing economic productivity. Research indicates that every dollar invested in early childhood programs yields a return of \$4 to \$9 in long-term benefits (Invest in Early Childhood Development: Reduce Deficits, Strengthen the Economy - The Heckman Equation).

DOH also states that poverty rates are higher among Native American and Hispanic families than other families.

There is no guidance given as to how DOH is to select the participants in the control or test group. There are approximately 20.6 thousand births per year in New Mexico at this time, and 55 percent of them are covered by Medicaid (Kaiser Family Foundation data), approximately 11,330 per year. Most of these would be eligible for the study; supporting half of them at \$1,500 per month for twelve months would cost \$102 million and, for 24 months, \$204 million. The study is to last through two fiscal years; it is not clear whether those enrolled in the test group after July 1, 2026 would receive twelve months of benefits or less.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill duplicates Senate Bill 164 from the 2024 legislative session, except that the dates of beginning and end of the pilot program are changed and the following phrase is added: “the control group shall not be subject to these limitations [the limitations of having to receive home visitation, to complete surveys and research forms and to attend prescribed prenatal care appointments].”

This bill relates to House Memorial 22 from the 2022 legislative session, Study Low-Income Basic Income, which did not pass. This bill also relates to House Memorial 25 from the 2024 legislative session, reduce Cliff Effect and End Poverty, which urged the federal government to consider policies that raised income enough to make families receiving the additional income to “fall off the cliff” and be ineligible for other programs such as Medicaid and SNAP. It also did not pass.

TECHNICAL ISSUES

The bill states that test group participants will receive \$1.5 thousand per month “from pregnancy through the first year of life of the infant.” Does that begin at the date of conception, when the pregnancy is discovered, when the participant is enrolled in the study or at some other time?

A control group should be as much like the intervention group as possible. In this case it appears as if the difference to be studied is the \$1,500 monthly subsidy, so the control group should also receive home visiting and prenatal visits and fill out questionnaires. Placing non-compliant test group families in the control group makes their data non-useful. DOH echoes this point.

The bill includes no indication as to the outcome measures to be studied – potential outcomes could include prematurity rate, birth weight, compliance with prenatal visits, acceptance of home visiting, maternal post-partum depression, incidence of intimate partner violence, or first grade reading readiness.

Early Childhood Education and Care Department notes the following:

The bill does not clarify how the participants would be sorted into the control group and the test group, or what would happen if their income changed during the course of the project. Also, while prenatal care appointments are required, well child checks are not required even though the program continues for the first year of the child’s life.

LAC/S12/hj