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FISCAL IMPACT REPORT

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|--|---|
| SPONSOR <u>HHHC</u> | LAST UPDATED <u>2/27/23</u> |
| SHORT TITLE <u>Public Assistance Benefit Amount</u> | ORIGINAL DATE <u>2/11/23</u> |
| | BILL NUMBER <u>CS/House Bill 244/HHHCS</u> |
| | ANALYST <u>Esquibel</u> |

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

| | FY23 | FY24 | FY25 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--|------|------------------|------------------|-------------------|---------------------------|---------------------|
| General Assistance rate increase cost | | \$8,828.3 | \$8,828.3 | \$17,656.6 | Recurring | General Fund |
| ISD staff costs | | \$235.2 | \$235.2 | \$470.4 | Recurring | General Fund |
| Total | | \$9,063.5 | \$9,063.5 | \$18,127.0 | Recurring | General Fund |

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

Relates to appropriation in the General Appropriation Act

Sources of Information

LFC Files

Responses Received From

Attorney General’s Office (NMAG)
 Department of Health (DOH)
 Human Services Department (HSD)

SUMMARY

Synopsis of HHC Substitute for House Bill 244

The House Health and Human Services Committee substitute for House Bill 244 proposes to change the benefit for general assistance from a previously proposed fixed amount to a formula to arrive at the maximum benefit amount with a floor set at no less than 50 percent of the federal poverty level. The standard of need would be updated annually.

The effective date of the changes would be January 1, 2024.

FISCAL IMPLICATIONS

The bill does not include an appropriation to fund the proposed increased benefit.

The Human Services Department Income Support Division (ISD) reports to implement the proposed increase in the general assistance (GA) program benefit proposed in HB244/HHHCS it would cost up to an additional \$8,828,284.

| GA Case Count | Total Expense | Average Benefit per Case | Average Benefit if Minimum Benefit is \$537 | New Estimated Average Monthly Expense | Estimated Annual Cost If Each Case Received \$256.05 | Estimated Annual Cost If Each Case Received \$640.02 | Annual Cost Difference |
|---------------|---------------|--------------------------|---|---------------------------------------|--|--|------------------------|
| 1,916 | \$490,588 | \$256.05 | \$640.02 | \$1,226,278 | \$5,887,056 | \$14,715,340 | \$8,828,284 |

To implement the changes to the GA program would cost ISD an estimated \$235,200. ISD projects it would need to add three management analyst positions to ensure the timely processing of disability determinations which are required to be completed within 90 days from application for general assistance programs.

SIGNIFICANT ISSUES

HB244/HHHCS is proposing an annual review of monthly benefits based on 50 percent of the federal poverty level. HSD does not have sufficient budget to fund the benefits in HB244/HHHCS as proposed and the bill does not contain an appropriation to the agency. It is unclear how HB244/HHHCS would be financed.

The current general assistance statute at Section 27-2-7(C) NMSA 1978, requires HSD to increase the general assistance standard of need commensurate with the New Mexico Works Act standard, based on the availability of state funds. HB244 proposes to separate the New Mexico Works Act from the general assistance benefit and create a benefit amount based on the federal poverty level to be updated annually.

RELATIONSHIP

Senate Bill 267 seeks to amend the application process for public assistance.

OTHER SUBSTANTIVE ISSUES

HSD reports the proposed benefit increase amount in HB244 would be counted towards other benefits such as SNAP and may cause an effect of SNAP benefits being decreased or closed.

RAE/ne/rl