

LFC Requester:

Eric Chenier

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/30/25

Check all that apply:

Bill Number: SB189

Original Correction

Amendment Substitute

Agency Name

and Code

HCA-630

Number:

Sponsor: Sen Stefanics

Expand Eligibility for Public Assistance

Person Writing

Analysis:

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Short

Title:

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	None	None	None

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
None	None	None	None	None

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	Year 1*	Year 2	Year 3	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
System Enhancements	\$3,645.0	\$0.0	\$0.0	\$3,645.0	Nonrecurring	SGF
Program Costs	\$9,995.7	\$9,995.7	\$9,995.7	\$29,987.1	Recurring	FF (TANF Block Grant)
Staffing FAA	\$107.2	\$212.6	\$212.6	\$532.4	Recurring	SGF
Staffing FAA	\$202.6	\$401.9	\$401.9	\$1,006.4	Recurring	FF
Staffing Career Development Specialist	\$538.3	\$538.3	\$538.3	\$1,614.3	Recurring	FF (TANF Block Grant)
Total	\$14,488.8	\$11,148.5	\$11,148.5	\$36,785.8		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Appropriation in the General Appropriation Act

*Until sufficient funds are identified to launch the program, no costs will be incurred. If the bill is enacted, the HCA may consider requesting funding in future FYs through the annual budget request cycle.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 189 (SB 189) is an act relating to Public Assistance which expands eligibility in three key ways, including a “clean up” which replaces language that refers to “food stamps” and also gives the agency the flexibility to set the federal poverty guideline should the agency be directed (as it was in FY24) to expand services to people at higher or lower poverty levels. SB 189 specifically expands eligibility to the New Mexico Works (NMW) Program and Education Works Program (EWP), providing more eligible families pathways out of poverty and into work.

The bill aims to improve program accessibility for eligible applicants and reduce the cliff effect. Changes will allow more families to:

1. Comply with federal guidelines without losing financial support for their children while parents work through non-compliance.
2. Increase their savings from \$3,500 to \$30,000, enhancing their ability to transition successfully from the program into stable employment.
3. Access expanded educational opportunities that are flexible and tailored to their needs.

The bill also updates language that refers to “food stamps” to “Supplemental Nutrition Assistance Program (SNAP)” and adds language that allows HCA flexibility to set the federal poverty guideline for program, which is currently restricted to 85%.

FISCAL IMPLICATIONS

SB 189 is designed to allow for future funding allocations but has no fiscal impact unless funding is appropriated. (If the bill is enacted this year, the HCA may consider requesting implementation funding in future FYs through the annual budget request cycle).

Increased program costs and staffing would need to be appropriated in the future to accommodate additional customers resulting from the expanded eligibility. Future costs are estimated as follows:

IT System Enhancement Costs

ASPEN and Work Path will require one-time enhancements to implement this bill. The changes occur in sprints. A sprint takes 7 weeks as this includes Discovery, Development, Testing and Implementation of each change. Each sprint costs \$405.0. SB 189 requires a total of 9 sprints, totaling \$3,645.0. Below are the necessary enhancements:

Description	One-time IT System Cost
Sanction Updates	\$1,620.0 (SGF)
Expand EWP to include High School Diploma/Equivalent	\$810.0 (SGF)
Increase Asset Limits to \$30,000	\$405.0 (SGF)
Change to Federal Poverty Level	\$810.0 (SGF)
Totals	\$3,645.0 (SGF)

Program Costs

SB 189 proposes changes that will expand eligibility, likely leading to higher participation rates and an increase in benefit issuance. Below are the details of the proposed changes, resulting in an increase of participation, and the anticipated increase in benefit amounts.

Description	New Individuals Served	Benefit Recurring
Sanction Updates	2,026 Individuals	\$9,797.7 (FF TANF Block Grant)
Increase Asset Limits to \$30,000	13,000 Individuals	\$198.0 (FF TANF Block Grant)
Totals	15,026 Individuals	\$9,995.7 (FF TANF Block Grant)

EWP is currently funded at \$1,180.0, which can support a total of 300 individuals. ISD has been maintaining an EWP caseload of approximately 120 individuals with the existing appropriation. With the eligibility expansion proposed in the bill, ISD will serve a total of 300 individuals initially, hence no additional program funding is being requested for year 1. Increased participation will be monitored in subsequent years in order to accurately calculate future budget requests.

Staffing

SB 189 will ultimately lead to an increase in Temporary Assistance for Needy Families (TANF) and EWP caseloads. Additional staff will be needed to handle eligibility determinations and provide ongoing case management for individuals, helping them meet work requirements and access necessary support services. It is estimated that to fully implement, ISD will require the following positions:

ISD Family Assistance Analysts (FAA):

Each case worker is responsible for determining eligibility and managing an estimated 1,000 cases annually. These positions will be funded with 34.6% State General Fund (SGF) and 65.4 % Federal Funds (FF).

For the first year of implementation, ISD projects the need for 4 full-time FAAs to determine eligibility and manage ongoing cases. This staffing requirement is based on an anticipated increase of 2,000 TANF cases during the initial year.

In the second year of implementation and ongoing, ISD anticipates that a total of 8 full-time FAAs will be required to handle the projected increase of 4,000 TANF cases.

The first year of implementation the cost for the 4 FAA's will be \$107.2 in SFG and \$202.6 in FF.

# of FTE	Division	Description	Range	Hourly rate	Salaries	Bi-weekly	Insurance	PERA	FICA	RHC	Total Benefits	TOTAL Cost	FFP	GF Need	FF Need	Notes
4	ISD	FAMILY ASSISTANCE ANALYST I	60	25.76	215,147.52	190.95	4,983.80	38,167.17	15,458.79	4,302.95	63,912.70	279,060.22	65.4%	96,554.84	182,505.38	
TOTAL Personnel / Benefits 215,147.52 190.95 4,983.80 38,167.17 15,458.79 4,302.95 63,912.70 279,060.22 65.4% 96,554.84 182,505.38																
FTE																
Other Operating Costs:																
542100 - Instate M & F 137.00 628.00 217.29 410.71																
542200 - Instate M & L 210.00 840.00 290.64 549.36																
544100 - Office Supplies 600.00 2,400.00 830.40 1,569.60																
544900 - Invent Exempt 5,000.00 20,000.00 6,920.00 13,080.00																
546600 - Telecomm 1,700.00 6,800.00 2,352.00 4,447.20																
546400 - Rent/Land & Building 45.00 180.00 62.28 117.72																
7,667.00 30,668.00 10,611.13 20,056.87																
TOTAL (whole numbers) 309,700.00 107,165.96 202,562.26																
TOTAL (thousandths for LFC) 309.7 107.2 202.6																

For second year and ongoing the total cost of the 8 FAA's will be \$212.6 in SGF and \$401.9 in FF.

# of FTE	Division	Description	Range	Hourly rate	Annual Salaries	Insurance Rate Bi-weekly	Group Insurance	PERA	FICA	RHC	Total Benefits	TOTAL Cost	FFP	GF Need	FF Need	Notes
8	ISD	FAMILY ASSISTANCE ANALYST I	60	25.76	430,295.04	190.95	4,983.80	76,334.34	32,917.57	8,605.90	122,841.61	553,136.65	65.4%	191,385.28	361,751.37	
TOTAL Personnel / Benefits 430,295.04 190.95 4,983.80 76,334.34 32,917.57 8,605.90 122,841.61 553,136.65 65.4% 191,385.28 361,751.37																
FTE																
Other Operating Costs:																
542100 - Instate M & F 137.00 1,256.00 434.58 821.42																
542200 - Instate M & L 210.00 1,680.00 581.28 1,098.72																
544100 - Office Supplies 600.00 4,800.00 1,660.80 3,139.20																
544900 - Invent Exempt 5,000.00 40,000.00 13,840.00 26,160.00																
546600 - Telecomm 1,700.00 13,500.00 4,705.60 8,894.40																
546400 - Rent/Land & Building 45.00 360.00 124.56 235.44																
7,667.00 61,336.00 21,222.26 40,113.74																
TOTAL (whole numbers) 614,500.00 212,607.54 401,892.46																
TOTAL (thousandths for LFC) 614.5 212.6 401.9																

Career Development Specialists:

Seven Career Development Specialist FTE's will be needed to provide case management. This need is based on the current caseload size, the ratio of customers per Specialist and the projected increase in caseload resulting from the proposed changes. The cost of the seven Career Development Specialists will be \$538.3, using 100% Federal TANF Block grant.

# of FTE	Division	Description	Range	Hourly rate	520300 Annual Salaries	Insurance Rate Bi-weekly	521100 Group Insurance	521200 PERA	521300 FICA	521700 RHC	Total Benefits	TOTAL Cost	FFP	GF Need	FF Need	Notes
7	ISD (TANF Block Grant Funded)	EMP RECR & PLMT SP III	60	25.76	376,508.16	190.95	4,983.80	66,792.55	28,802.87	7,530.16	108,109.38	484,617.54	100.0%	-	484,617.54	
TOTAL Personnel / Benefits 376,508.16 190.95 4,983.80 66,792.55 28,802.87 7,530.16 108,109.38 484,617.54 100.0% - 484,617.54																
FTE																
Other Operating Costs:																
542100 - Instate M & F 137.00 1,099.00 1,099.00 1,099.00																
542200 - Instate M & L 210.00 1,470.00 - 1,470.00																
544100 - Office Supplies 600.00 4,200.00 - 4,200.00																
544900 - Invent Exempt 5,000.00 35,000.00 - 35,000.00																
546600 - Telecomm 1,700.00 11,900.00 - 11,900.00																
546400 - Rent/Land & Building 45.00 315.00 - 315.00																
7,667.00 53,669.00 - 53,669.00																
TOTAL (whole numbers) 538,300.00 - 538,286.54																
TOTAL (thousandths for LFC) 538.3 - 538.3																

In addition, to meet expanded caseloads, DWS will need additional case worker FTE's, which can be 100% fully funded from the TANF block grant.

SIGNIFICANT ISSUES

N/A for ISD

N/A for CSSD

PERFORMANCE IMPLICATIONS

Each state is required to meet a federally established Work Participation Rate (WPR). The federally required WPR for TANF participants is a measure set by the federal government to track the involvement of TANF recipients in work-related activities. The goal is to encourage self-sufficiency by requiring recipients to engage in work, training, or other activities that will help them eventually transition from public assistance.

States are held accountable for meeting the WPR, with penalties for failing to meet the required participation rates. If a state doesn't meet the required WPR, it may face a reduction in federal funding. Proposed changes set participants up for greater success with participating in work and work activities, and HCA expects to see performance measures improve.

CSSD: N/A to performance. (CSSD has updated its closure policy and procedures to allow for the case closure process to begin if the custodial parent fails to cooperate with CSSD timely without impacting the TANF case, therefore reducing federal and state performance risk for obligated case percentage).

ADMINISTRATIVE IMPLICATIONS

To implement the proposed changes in SB 189, updates are required to the New Mexico Administrative Code (NMAC), ASPEN (eligibility system), and Work Path (case management system).

SB 189 is contingent upon appropriation for expanding eligibility for public assistance in the General Appropriation Act of 2025, 2026, or 2027.

CSSD: CSSD may see an increase in caseloads to accommodate an increase in TANF cases due to increased eligibility. This may increase TANF recoveries.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

Amendments to page 7, line 17 and page 22 line 1, from “Child Support Enforcement Division” to “Child Support Services Division”.

CSSD: CSES system will continue to rely on the ASPEN interface to communicate cooperation status to ensure that TANF monies expended for minor children are correctly captured when a CP (or head of household) is sanctioned.

OTHER SUBSTANTIVE ISSUES

NM receives \$109,919.8 annually in federal TANF Block Grant. The TANF Block grant is appropriated in House Bill 2 (HB2) and the outlined expenditures are \$139,100.0 annually. HB2 allocates HCA a total of \$86,108.2 and the remaining \$52,991.8 is appropriated to sister agencies to administer TANF purpose eligible programs, resulting in an excess annual utilization of

\$29,100.0 from the fund balance. If the expenditure rate persists, the fund balance is projected to be in a deficit by FY 28.

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The consequences of not enacting this bill would be that 15,000 plus New Mexico parents and young children would be denied access to the ability to participate and:

- save for emergencies without losing benefits, promoting financial stability and empowering them to build a safety net for the future and long-term economic resilience.
- have the flexibility to pursue high-demand jobs requiring vocational training and certifications. This also allows them to obtain a high school diploma which increases earnings and employment opportunities.
- safeguard children's access to essential support and prevents them from being unfairly affected by parents' challenges.

The changes offer a significant financial return on investment by reducing reliance on safety-net programs, increasing workforce participation, and ultimately bolstering economic productivity through the empowerment of individuals to achieve self-sufficiency. Each state has flexibility to administer their TANF program. NM has reviewed similar TANF policies enacted in IL, NY, VT, DC & MI which show promise for increased participation of eligible families, mitigation of the cliff effect, better employment outcomes, and increased financial stability.

AMENDMENTS

None