

Legislative Council Service

Information Memorandum

DATE: August 22, 2016

DISCUSSION DRAFT

TO: Legislative Health and Human Services Committee Members

FROM: Jeff Eaton, Research and Fiscal Policy Analyst

SUBJECT: LOCAL DWI PROGRAM CHANGE ANALYSIS

Committee staff has requested a financial impact analysis of a proposal to move administration of the Local DWI (LDWI) Grant Program from the Local Government Division (LGD) of the Department of Finance and Administration (DFA) to the Human Services Department (HSD). The following information is submitted in compliance with that request and does not necessarily reflect the opinions of the author or the New Mexico Legislative Council or any other member of its staff.

This analysis is based primarily on *The Local DWI Program Fiscal Year 2015 Annual Report*, the DFA's *Financial Statements and Independent Auditor's Report, June 30, 2015* (financial audit), and the *FY17 DWI Grant Council Funding Recommendations, April 26, 2016*.

Administrative Impacts

The LDWI Bureau of the LGD is staffed by a bureau chief, an accountant and five LDWI account managers. Funding for the bureau comes from the LDWI Grant Fund. The fiscal year (FY) 2015 budget for the bureau has been approximated due to a lack of delineation in the FY 2015 financial audit in the "Other" cost category for these seven staff members. In this analysis, the cost of the seven staff members is estimated to be 20 percent of the "Personal Services and Benefits" category under "Expenditures" in the reporting for the LDWI Grant Program.

The following table outlines these costs.

Category	Budget
Personnel Services & Benefits	\$480,700
Contractual Services	\$89,800
Other (est.)	\$96,140
Total Operating Budget (est.)	\$666,640

Assuming that the HSD can administer the program using existing facility space, and assuming that the office equipment of the bureau would transfer to the HSD, the cost to move the management of the program to the HSD should be negligible, barring any need for new equipment or facility space, and recurring annual operating costs should be comparable at approximately \$666,640 per fiscal year.

LDWI Grant Fund — FY 2017

In FY 2015, the LDWI Grant Fund received 41.5 percent of the net receipts attributable to the liquor excise tax (\$18.5 million). Laws 2014, Chapter 54 (House Bill 16 (2014)) increased the distribution of liquor excise tax revenues to the LDWI Grant Fund to 46 percent for FY 2016 through FY 2018.

Laws 2016, Chapter 11 (House Bill 2 (2016)) specifies the following appropriations from the LDWI Grant Fund for FY 2017.

Category	Budget
Administrative Office of the Courts Magistrate Court Program	\$300,000
Administrative Office of the Courts Drug Court Program	\$1,300,000
DFA LGD LDWI Bureau	\$22,800,000
LDWI Bureau Operating Budget (est.)	\$675,000
LDWI Grant Program (est.)	\$22,125,000
FY 2017 Total	\$24,400,000

LDWI Grant Program Uses/Distribution — Detail

Money from the LDWI Grant Fund is allocated to all counties through competitive grant applications; direct grants to six counties and one city; and to all 33 counties by a formula specified in statute (see Section 11-6A-3 NMSA 1978).

The FY 2017 LDWI Grant Program uses/distribution analysis (not including Administrative Office of the Courts appropriations) is detailed in the following table.

LDWI Program Uses/Distribution

LDWI Grant Program (application process)	\$1,900,000
Alcohol Detox and Treatment (grants)	
Bernalillo County	\$1,700,000
San Juan County	\$300,000
Santa Fe County	\$300,000
Rio Arriba County	\$200,000
Sandoval County	\$150,000
Socorro County	\$150,000
County Distribution by Formula (est.)	\$15,400,000
FY 2017 Total (est.)	\$20,100,000