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FISCAL IMPACT REPORT

SPONSOR: Papen DATE TYPED: 02/11/01 HB
 SHORT TITLE: Statewide Programs for Homeless SB 351
 ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 1,150.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 208
 Relates to HB 2

SOURCES OF INFORMATION

Department of Health (DOH)
 Human Services Department (HSD)
 Children, Youth and Families Department (CYFD)

No Response
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

SB 351 appropriates \$1,150.0 from the general fund for expenditure in FY 2002 to the Department of Finance and Administration (DFA) for statewide programs and services for homeless families and individuals. These services include: emergency shelter, meals, transitional housing, emergency and permanent housing for the homeless who are disabled and mentally ill, therapeutic child care for homeless children, special health care programs for the homeless, and homelessness prevention assistance to avoid eviction and foreclosure.

Significant Issues

SB 351 does not specify how the funds are to be distributed by DFA. The legislation implies that DFA would contract for homeless services. However, homeless services as described in the legislation are available in the Human Services Department, Department of Health and the Children Youth and Families Department. Each of these agencies currently administers housing, medi-

cal/psychological and preventive service programs for people with disabilities, mental illness, and/or other similar populations.

FISCAL IMPLICATIONS

SB 351 appropriates \$1,150.0 from the general fund to DFA. Any unexpended or unencumbered balance remaining at the end of FY 2002 would revert to the general fund. It may be possible to leverage additional federal funding with this appropriation.

ADMINISTRATIVE IMPLICATIONS

If DFA becomes the agency responsible for contracting services, DFA may need to create an infrastructure to manage these services, thereby taking some of \$1,150,000 from direct services. On the other hand DOH, CYFD and HSD already have the administrative infrastructure to administer the services specified in SB 351.

DUPLICATION/RELATIONSHIP

Duplicates HB 208

HB 2 contains a recurring general fund appropriation to HSD of \$500,000 for the Homeless Meals Program and the Homeless Shelter Program. These funds are distributed to local service providers.

In federal fiscal year 2000, the Behavioral Health Services Division of DOH (BHSD), through the Federal Path Program (Program to Assist the Transition from Homelessness), received \$300,000 which was administered by four provider agencies statewide who provided services to 2,721 homeless mentally ill clients in New Mexico. This federal funding is ongoing but has proven to be significantly less than needed to provide the level of care and housing necessary for this population to break the cycle of homelessness and poverty.

AMENDMENTS

The following amendments are suggested for consideration:

Amend SB 351 to appropriate the funding proportionately to one or more of the following State Agencies: Department of Health, Human Services Department, and/or Children, Youth and Families Department.

Amend SB 351 to reflect that the funding to DFA be used statewide and allocated to departments and/or programs and/or contractors proportionally based on the latest population statistics for each New Mexico county, or on the latest valid survey of homelessness in each New Mexico county.

OTHER SUBSTANTIVE ISSUES

DOH provided the following data:

The New Mexico Coalition to End Homelessness estimates that there are as many as 3,000 homeless people in Albuquerque and 8,000 who are homeless in New Mexico on any given night. Over the course of a year, there are as many as 20,000 people who are without homes in New Mexico. Nationally, 39% of the homeless population reports a mental health problem and 26% report a drug/alcohol problem. This represents a very large number of persons

needing or utilizing DOH services. The appropriation in SB 351 would enhance the options for this population greatly.

According to a 1999 HUD study entitled: "*The Forgotten Americans: Homeless Programs and the People They Serve*", when homeless people get housing assistance and needed services such as health care, substance abuse treatment, mental health services, education and job training, 76% of those living in families and 60% of those living alone end their homeless status and move to an improved living situation after completion of the assistance programs. This bill would provide funding for these services so badly needed in New Mexico.

A study published in the New England Journal of Medicine documents a higher than average utilization of inpatient services by persons who are homeless (including the homeless mentally ill) than persons of similar diagnostic categories who are very poor but housed. These costs average approximately \$75,000 per client.

BD/ar/njw