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FISCAL IMPACT REPORT

SPONSOR: Lopez DATE TYPED: 3/7/01 HB _____
 SHORT TITLE: Employment & Life Skills for Teen Parents SB 780
 ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 625.0			Rec	TANF Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 02 and SB 98 HB 145 and SB 459

SOURCES OF INFORMATION

Human Services Department
 State Department of Public Education(SDPE)

SUMMARY

Synopsis of Bill

Senate Bill 780 (SB780) would appropriate \$625.0 in Temporary Assistance to Needy Families (TANF) maintenance of effort (MOE) funds to the Human Services Department (HSD) in FY 2002 to provide employment and life skills training, emotional support and self-esteem building, and to enable teen parents to complete high school statewide. The funds appropriated under SB 780 are intended to support the Graduation Reality and Dual-Role Skills (GRADS) program administered by the State Department of Education (SDE).

Significant Issues

GRADS provides academic intervention and employability skill training to enable teen parents to become self-sufficient adults. It contains an abstinence-based pregnancy prevention component for middle school and high school youth, enabling them to develop goal-setting, responsible decision-making, and effective strategies for dealing with negative peer pressure. Professional development resources and technical assistance are also provided through this program. Currently, 30 public school districts, with six containing multiple sites, are implementing the GRADS system.

FISCAL IMPLICATIONS

SB780 appropriates \$625.0 in Temporary Assistance to Needy Families (TANF) maintenance of effort (MOE) funds to the Human Services Department (HSD) in FY 2002. The amount is recurring and any unexpended or unencumbered balance remaining at the end of the fiscal year 2002 shall not revert to TANF maintenance of effort funding.

HB 02 contains \$625,000 in federal TANF funds to HSD to support the GRADS program.

The state can use federal TANF funds to provide the type of service specified in SB 780 without regard to whether the individual is a recipient of New Mexico Works (NMW). State funds spent on the types of services provided by the GRADS program are countable as TANF MOE funds only if provided to NMW recipients. Under the current GRADS program, only about six to seven per cent of those participating in the program are actually receiving NMW. In other words, if state funds are used for this program for MOE purposes the program will be limited to the 6% or 7% of the GRADS enrollees. If the purpose of the legislation is to provide services for this limited population, the amount recommended should be reduced.

ADMINISTRATIVE IMPLICATIONS

To make state funds used in the GRADS program countable as MOE, schools participating in the GRADS program would have to identify whether students participating in the program were NMW recipients and track them on an ongoing basis. To make program expenditures fully countable as MOE, program participation would have to be limited to NMW recipients.

Funds appropriated to HSD would be transferred to SDE through a Joint Powers Agreement (JPA) for distribution to local school districts.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

SB 780 relates to HB 145 and SB 459 that would appropriate \$625,000 in general fund to SDE for the GRADS program.

SB 780 relates to HB 02 and SB 98 that would appropriate \$625,000 in federal TANF funds to HSD for SDE GRADS program.

TECHNICAL ISSUES

SB 780 uses the term “temporary assistance for needy families maintenance of effort funding.” This is not standard appropriations language and makes it unclear as to whether SB 780 would appropriate state general fund or federal TANF funds. State general funds are used to support maintenance of effort requirements. TANF funds are considered federal funds and do not support maintenance of effort requirements.

HSD believes that the intention of the legislation is to limit the program to NMW participants and suggest that bill language be modified to state that it is a general fund appropriation and that a separate sentence be added requiring HSD to assure that the funds are expended in a manner which will make them countable as MOE.

In contrast, the State Department of Education expresses concern that the funds could be limited to NMW participants and would prefer to serve a larger population with the TANF federal funds.

OTHER SUBSTANTIVE ISSUES

During the current fiscal year, 2001, the GRADS system is funded at \$625.0 with federal funds from the Temporary Assistance to Needy Families (TANF) Act. The funds are administered through a Joint Powers Agreement between the Human Services Department, the Department of Education and the Socorro Consolidated Schools. Coordination with the Department of Children, Youth, and Families facilitates the establishment of school-based, licensed child-care facilities. If approved by the 2001 Legislature, the \$625,000.00 will develop GRADS sites in almost every county.

According to the State Department of Education, New Mexico has the fifth highest teen pregnancy rate in the nation, relating directly to poverty and other social problems. The following facts substantiate the proven success of the GRADS system:

- An average of 222 pregnancy related dropouts have been recruited annually each year for the past five years;
- 5,951 teenage parents have participated in the GRADS program;
- Currently 84% of the GRADS students have been retained, which has increased since 1989 when the program began;
- Repeat pregnancies for GRADS students have been reduced to 4%, a national record from the typical 32%; and
- 25% of the GRADS students are employed while attending school

The State Department of Public Education raised an issue regarding the funding going to the Human Services Department. Historically, the funds for the GRADS program have been administered by the State Department of Education. SDE indicates that by changing the administration to the Human Services Department could hurt the program, in that school districts are used to working with the Department of Education when administering the GRADS program.

AMENDMENTS

Amend the bill to clarify that funds are either general funds to be used for MOE purposes or TANF federal funds.

BT/njw