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FISCAL IMPACT REPORT

ORIGINAL DATE 1/21/06

SPONSOR Begaye LAST UPDATED _____ HB 10

SHORT TITLE Tribal Lands TANF Programs SB _____

ANALYST Weber

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|-----------|-------------------------|------------------|
| FY06 | FY07 | | |
| | \$1,500.0 | Recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 8
Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
Indian Affairs Department (IAD)

SUMMARY

Synopsis of Bill

House Bill 10 appropriates \$1.5 million from the general fund to the Human Services Department for the purpose of augmenting the temporary assistance for needy families programs on the Navajo and Zuni tribal lands. \$1 million is appropriated to the Navajo nation and \$500 thousand to Zuni pueblo.

FISCAL IMPLICATIONS

The appropriation of \$1.5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

Human Services reports the following:

Both the Navajo Nation and the Zuni Tribe operate a Tribal TANF program on their respective tribal lands, which is approved and directly funded by the federal government. The bill would supplement federal dollars by authorizing HSD to provide the Navajo Nation and the Zuni Tribe with general fund monies to spend on their tribal TANF Programs.

The use of general fund monies to fund the Tribal TANF expenditures will avoid the legal problems created by a 2003 appropriation of federal TANF monies associated with New Mexico's state TANF program for the tribes.

The appropriation language from HB 2 for FY 06 reads as follows:

Under the federal law relating to the state TANF program, the state is required to expend a specific amount of state general funds (so-called Maintenance of Effort, or MOE, funds) in association with the State TANF program. States are authorized to use MOE funds or state funds that are not MOE funds to supplement the funding for the Tribal TANF programs that comes from the federal government requirement. HSD recommends that any tribal TANF funding not be part of the state Maintenance of Effort (MOE) funds because several additional requirements the tribes may have difficulty meeting (such as reporting, timing and reimbursement requirements) may apply to the funding. Moreover, although the general fund dollars may be credited toward the TANF MOE requirement, the legislature should be aware that complications may arise under the federal TANF reauthorization bill, which is likely to pass this spring and become effective 10/1/2006. Under the federal bill, if state MOE funds are used for cash assistance, families must meet the federal work participation rates of 50% all families and 90% 2-parent families. This would be difficult for both the tribes/pueblos and HSD to track and report. HSD may opt to exclude these general fund dollars from the MOE requirement, because fewer legal restrictions apply if the state funds are not MOE funds and HSD recommends, in fact, that any Tribal TANF funding not be part of the state MOE funds.

Since the Navajo Nation is located in New Mexico, Utah and Arizona and its tribal TANF program operates in all three states, the bill should specify that the funding can be used only for the New Mexico service population of the Navajo tribal TANF program.

The Indian Affairs Department contributes:

The Pueblo of Zuni has administered the TANF program since July 2002 to address the high concentration of poverty and unemployment on Pueblo lands. The TANF program helps clients with getting an education or for seeking employment. (Testimony of Michelle Walela, Director of the Zuni Education and Career Development Center, Pueblo of Zuni, 11/7/05, Minutes of the Indian Affairs Committee, State Legislature)

The Navajo Nation TANF program has addressed the high rate of poverty and unemployment in the Navajo Nation and developed a FY 2007 Service Plan. This service plan addresses the Navajo Nation's goal to assist those most in need to achieve self-reliance through the TANF program for employment and educational pursuits. (Testimony of Roxanne Gorman, Navajo Nation TANF Director, 11/7/05 Minutes of the Indian Affairs Committee, State Legislature).

Both tribes have submitted their plans to increase services to the State as required in HB 2, 2005 Regular Session General Appropriations Act.

TECHNICAL ISSUES

These funds would not be related to the New Mexico state TANF program. To avoid confusion consideration may be given to appropriating the funds to the Indian Affairs Department. Since TANF programs are so varied consideration may be given to defining how the funds should be used such as cash assistance, child care, work training program, education or administration.

ANA/yr