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FISCAL IMPACT REPORT

ORIGINAL DATE 2/17/07

SPONSOR McCoy LAST UPDATED _____ HB 743

SHORT TITLE Income For Public Assistance Eligibility SB _____

ANALYST Weber

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Indeterminate			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 743 amends Section 27-2-1 NMSA 1978 of the Public Assistance Act to delete extraneous numerical sections and citations included in the act.

In addition, the bill proposes to exclude the income of biological grandparents in determining eligibility for public benefits. As placed in Section 27-2-1 NMSA 1978 of the Public Assistance Act would impact all public assistance programs under the act.

FISCAL IMPLICATIONS

HSD notes that the bill makes no appropriation for additional program funding, administration costs or services.

The result will be an increase in eligible households above of the federal poverty level for some Human Services Department (HSD) programs. Because no appropriation is included this would have a significant impact on the Temporary Assistance for Needy Families (TANF) block grant. The TANF program is targeted to households with gross income less than 85% of the poverty level (FPL). By excluding income of certain individuals whose income is above the 85% FPL would have a significant impact on the appropriation targeted for low income households. This may require additional program funding or require a reduction in benefits for households below the 85% FPL eligibility level.

2000 census data shows there are over 40,000 children living with grandparents and identifies 22,974 grandparents in New Mexico caring for their grandchildren. By excluding the income of the biological grandparents this would increase the TANF caseload above the current level of approximately 15,000 cases. The current monthly cash assistance payment per individual is approximately \$120. If half of the 40,000 were eligible at this level of payment the monthly cost totals \$2.4 million, \$28.8 million annually. This compares to a current annual cash assistance projection of approximately \$60 million.

As an alternative to reducing cash assistance payments or increasing funding there could be a reduction in services offered under the TANF program. As an example, over \$32 million is allocated for child care for TANF eligible participants. This relatively large allocation could be reduced to accommodate the new cash assistance cases. This is only one example as there are also transportation services, domestic violence services and substance abuse among others that could be reduced.

HSD adds the automated eligibility system (ISD2) will require an estimated \$80,000 (693 programming hours) to meet this statutory change recommended in HB 743.

SIGNIFICANT ISSUES

HSD notes potential conflict with a variety of federal and state programs. HB 743 would be in violation of federal requirements of the Food Stamp Program CFR 7.273.1(iii) provides a child under 18 years of age who lives with and is under the parental control of a household member other than their parent must be considered to be under the parental control for purposes of this provision. The biological grandparent if the legal guardian would be considered to have parental control of the child and be financially responsible for the care of that child.

HB 743 is also in direct conflict with the Sections 27-2B.3 A & J NMSA 1978 of the New Mexico Works Act and Section 27-2D.2 A & J NMSA of the Education Works Act that define the parent as the natural parent, adoptive parent, stepparent or legal guardian and define benefit groups as a pregnant woman or a group of people that includes a dependent child, all of that dependent child's full, half, step- or adopted siblings living with the dependent child's parent or relative within the fifth degree of consanguinity and the parent with whom the children live. The conflict will produce confusion to the continued implementation of the programs.

ADMINISTRATIVE IMPLICATIONS

The additional caseload would require more FTE. HSD does not offer an estimated cost.

TECHNICAL ISSUES

It should be noted that grandparents may also be defined as parent based on adoption, resulting in additional conflict. The legal parent in certain situations where adoption has occurred by the biological grandparent would require the exclusion the income for eligibility, services and benefit levels.