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FISCAL IMPACT REPORT

ORIGINAL DATE 02/17/09

SPONSOR Garcia, M.P. LAST UPDATED _____ HB 617

SHORT TITLE TANF Money for Rail Runner Service SB _____

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	None, but see Fiscal Implications Section		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
 Department of Transportation (DOT)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 617 enacts a new section of the New Mexico Works Act to establish a program to pay for train fares of participants in the Temporary Assistance for Working Families (TANF) program who can use the New Mexico rail runner for transportation to an eligible work activity.

FISCAL IMPLICATIONS

Unlike most federal funds, all federal TANF funds are subject to state appropriation. While this bill directs the establishment of a new program, the 2008 GAA appropriated \$800 thousand for transportation purposes. Both LFC and the executive recommended the same appropriation for FY10. Because the new program would be “subject to the availability of state and federal funds,” HSD may have to limit the program if the need exceeds available appropriations.

HSD estimated the cost of providing Rail Runner tickets to all adults on public assistance within the Rail Runner corridor. Because it is unlikely that all participants would use the train, this estimate should be viewed as a maximum need for appropriation from the block grant for transportation.

Six Month Cost of providing free Rail Runner tickets to TANF recipients

County	Total Adult Participants	Full Fare	Reduce Fare	Total
Valencia	12,819	8973 x \$150= \$1.34 million	3846 x \$42= \$161,532	\$1,507,482
Bernalillo	84,675	59,273 x \$150 = \$8,890,950	25,402 x \$42 = \$1,066,884	\$9,957,835
Sandoval	13,303	9,311 x \$150 = \$1,396,650	3,990 x \$42 = \$167,593	\$1,564,243
Santa Fe	22,028	15,420 x \$150 = \$2,313,000	6,608 x \$42 = \$277,553	\$2,590,553
Total Cost				\$15,620,113

Assumptions: 6 months fare = \$150; 6 month Reduced fare for individuals with disabilities, students, and over age 65 = \$42; Children under 10 are free. Also:

1. 47% of total participants are children under the age of 10 are therefore can ride for free
2. One-third of participants older than age 10 are either (a) over the age of 65, (b) individuals with disabilities, or (c) enrolled in school. These individuals are eligible for the reduced fare.
3. HSD could purchase the fares at the lower “on-line” rate
4. Monthly fares would be purchases and participants would be issued 6 months worth of fares, which is the average time for which benefits are issued.
5. Fares are for travel in only 1 zone. Prices increase if fares are purchased for travel across multiple zones.
6. Above numbers based on recipients of TANF, Food Stamps, Medicaid, General Assistance, Education Works and LIHEAP.

HSD noted that if the Rail Runner tickets were provided for free by the NM Department of Transportation then HSD could provide tickets to people receiving public assistance.

NMDOT indicated that while the bill would bring in more fare revenue to Rail Runner, the impact is not significant. Rail Runner fares make up part of NMDOT’s committed \$7.5 million annual contribution to Rail Runner operations. To the extent that HB 617 generates more fare revenue to pay for Rail Runner, it assists the department in that commitment.

SIGNIFICANT ISSUES

For FY09, \$800 thousand of the TANF block grant is appropriated for transportation purposes. HSD allocated \$670,000 of those funds to the Mid-Region Council of Governments (MRCOG) via a Government Services Agreement (GSA) to provide transportation services to TANF

recipients to assist them in becoming more employable. The balance of \$130,000 was allocated by HSD to the NM Works (NMW) contractors to assist participants in the NMW program with transportation costs, such as, bus passes, bus tokens, gas cards and car repairs.

In addition, HSD already has the authority to subsidize or purchase rail tickets for TANF participants. DFA reports there is nothing in current state or federal law that would prevent the purchase of train fares or passes for TANF participants engaged in travel for eligible work activities; however, HSD contracts/agreements with MRCOG and NMW may need to be revised to include rail travel as an allowable expense.

BE/svb