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FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/13

SPONSOR Candelaria LAST UPDATED _____ HB _____

SHORT TITLE Maximize Access to Federal Grant Funding SM 33

ANALYST Crespin-Trujillo

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
Unknown	Unknown	Unknown	Depends on Grant Award	General Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$226.0	\$0.0	\$226.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Memorial 33 (SM 33) requests the Interagency Behavioral Health Purchasing Collaborative (Collaborative) and its constituent agencies to research and apply for any and all federal grants for the state's mental health, behavioral health, and substance abuse prevention and treatment services infrastructure and systems. The Collaborative is requested to work with the New Mexico Human Services Department's (HSD) Office of Health Care Reform (OHCR) to poll the state agencies that belong to the Collaborative to learn which of those agencies has applied for federal grants for mental health, behavioral health and substance abuse prevention

and treatment services infrastructure and systems. The Collaborative must report on measures listed in SM 33 to the governor, the Legislative Finance Committee (LFC), and the interim Legislative Health and Human Services Committee (LHHS) by November 1, 2014.

FISCAL IMPLICATIONS

Federal grants can require matching funds for which there may not be any state general fund dollars available and might deter a state agency from making an application.

The HSD reports that the requirements of SM 33 will have a significant impact on the Collaborative and member agencies. The department states at least two FTE will be necessary at a cost of \$63 thousand per FTE plus \$100 thousand in funding to the Consortium for Behavioral Health Training and Research (CBHTR). The entire amount, \$226 thousand, would need to come from the General Fund. The Children, Youth and Families Department (CYFD) indicates the agency could apply for two SAMSHA grants in fiscal years 2014 through 2016 for an estimated average award of \$350 thousand. These grants are specific to underage drinking and system of care expansion planning.

SIGNIFICANT ISSUES

The Substance Abuse and Mental Health Services Administration (SAMHSA), a branch of the United States Department of Health and Human Services, administers a combination of competitive, formula, and block grant programs within states. In FY13, SAMHSA reported a total of more than \$32 million in formula and discretionary funding to New Mexico. Recipients of this funding include executive agencies, behavioral health providers, community organizations, American Indian pueblos, public school districts and universities, among other recipients. While New Mexico's population continues to demonstrate a need for substance abuse and mental health services through epidemiological data and statistics, the HSD and the Department of Health (DOH) report the number of grant opportunities for which state departments were eligible to apply has decreased under the Affordable Care Act.

The HSD, responding on behalf of the Collaborative, states there are many variables that comprise the Collaborative and executive agency decision making about whether and when to submit grant applications. The Collaborative and its member agencies carefully evaluate the rate of implementation of these multi-year and multi-million dollar grants so as to balance the staff resources required to administer grants with sustaining ongoing priorities.

The DOH states that federal grants are increasingly competitive and not given to all applicants or all states. In addition, grant announcements often carry very specific requirements for eligibility, for which state agencies in New Mexico may not qualify.

The CYFD reports the agency routinely identifies, researches, and applies for competitive federal grants considered appropriate to its mission, services, and constituency population, regardless of funding sources. The CYFD has historically applied for SAMHSA grants directly, but there are also Bureau of Justice assistance grants which fund behavioral health initiatives specific to juvenile justice, which the CYFD has applied for and been awarded.

PERFORMANCE IMPLICATIONS

Provisions of SM 33 suggest New Mexico has availed itself of very little of federal money to support the states' behavioral health services. Examples are provided, such as the lack of grants to New Mexico from SAMHSA's Center for Substance Use Prevention and the Center for Substance Abuse Treatment and the award of three out of 15 grants from SAMHSA's Center for Mental Health Services. It is possible that federal grants were applied for, but not received or that state agencies within in New Mexico were ineligible to apply for these grants.

The HSD reports that New Mexico has been very successful in obtaining federal grants for behavioral health. To maximize grant funding, the Collaborative created a strategic partnership with the CBHTR and the statewide behavioral health entity, OptumHealth New Mexico. One goal was to more effectively and efficiently pursue grant opportunities and enhance the evaluation of grant funded activities. In addition to grants written and managed by state agencies, the Collaborative also supports the grant applications of community based agencies and tribal entities.

ADMINISTRATIVE IMPLICATIONS

SM 33 requests for the OHCR to poll the state agencies that belong to the Collaborative to learn which of those agencies has applied for federal grants for mental health, behavioral health and substance abuse and treatment services infrastructure and systems and report on:

- Any applications that these state agencies have made for federal grants;
- Any allocations that the federal government has made to state agencies;
- Which federal grant applications were denied and the reasons for the denials; and
- State agencies' explanations for not applying for federal grants for which they are eligible.

The DOH states the OHCR routinely tracks grants that are issued under the provisions of the Affordable Care Act and notifies eligible state agencies. Although the OHCR requests to be notified if an agency intends to apply for a grant or not, it does not always receive that information.

The CYFD states that the effort to report on all federal grant opportunities, justify any failure to apply, and report on all proposal submissions, awards, and denials would require additional administrative effort beyond the effort already expended in applying for federal grants, which would be absorbed through existing resources.

TECHNICAL ISSUES

One of the items the Collaborative must report on, as directed by the memorial, is the federal grant applications that were denied and the reasons for denials. There may be difficulty in obtaining the requested information about the reasons for denial of a grant award from a federal agency, as applicants are usually only notified when they are awarded the grant.

OTHER SUBSTANTIVE ISSUES

New Mexico's behavioral health funding across the Collaborative agencies is reported annually as a Funding Table amendment of the Collaborative's professional services contract with OptumHealth New Mexico. This information includes both federal and state funding sources by agency and could be used to report the allocations from the federal government to state agencies, as requested by SM 33.

Not all federal funding for behavioral health is received and administered by a state agency. Limiting the reporting requirements of SM 33 to applications for federal funding made by state agencies and allocations to state agencies does not capture the actions of all behavioral health grant recipients within New Mexico. The Collaborative may already have better accounting of the federal funding to state agencies than of other applicants and recipients outside of the Collaborative.

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