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FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/15

SPONSOR Candelaria **LAST UPDATED** _____ **HB** _____

SHORT TITLE Study Family-Work Support Programs **SM** 5

ANALYST Klundt

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)
 Legislative Finance Committee (LFC)
 Public Education Department (PED)
 Mortgage Finance Authority (MFA)

Responses Not Received From

Taxation and Revenue Department (TRD)
 Human Services Department (HSD)
 Workforce Solutions Department (WSD)
 Higher Education Department (HED)

SUMMARY

Senate Memorial 5 (SM5) requests that the Legislative Finance Committee (LFC) conduct a performance evaluation of the current state policies and practices within the Human Services Department, the Public Education Department, the Higher Education Department, the Department of Health, the Taxation and Revenue Department, the Workforce Solutions Department, and the New Mexico Mortgage Finance Authority which support economic opportunity and alleviate poverty for New Mexicans. A strategic, integrated, and comprehensive plan is to be presented to the appropriate legislative interim committee by December, 2015.

FISCAL IMPLICATIONS

There are no appropriations attached to this bill.

SIGNIFICANT ISSUES

SM 5 is an extensive and broad evaluation of several executive agencies and programs which are administered by these agencies. The memorial is concerned with the “cliff effect,” for potential working families with a minor increase in income to lose eligibility for programs that allow them to work, such as child care assistance, transportation, food stamps, and reduced lunch programs.

The mission of the Legislative Finance Committee (LFC) is to provide the Legislature with objective fiscal and public policy analyses, recommendations, and oversight of state agencies to improve performance and to ensure accountability through the effective allocation of resources for the benefit of all New Mexicans. The LFC consistently evaluates public policies impacting economic opportunity and reducing poverty. Several previous LFC evaluations published by staff are relevant to this memorial. The LFC Evaluation Unit maintains a work plan of evaluations approved by the LFC. This study is not currently on the work plan and would require a reprioritization of pending evaluations.

Although not named to be part of the study committee, nor identified as an agency from which LFC is expected to seek information, the Children, Youth and Families Department (CYFD) nevertheless sees the impact of poverty every day. Poverty is considered to be the most significant risk indicator when considering adverse childhood experiences. It is poverty that is often the root cause for juvenile incarceration, drug and alcohol abuse, child abuse and neglect, and children’s failure in school.

Programs within CYFD’s Early Childhood Services Division are research-based efforts to prevent adverse childhood experiences and promote child and family well-being. Home Visiting, Child Care, and NM PreK are designed to support children’s healthy growth, development, and learning while building family strengths. Although the memorial specifically identifies child care as a work support, it does not name CYFD as an involved agency, or an agency from which the LFC is expected to gather information.

TECHNICAL ISSUES

CYFD is not named as an agency from which information should be sought, but child care is identified as a work support to be considered in the study.

SM 5 anticipates developing a “coordinated effort among state agencies” to help reduce poverty and create incentives for self-sufficiency. Of the agencies named in SM 5, MFA is the only agency that is not a state agency. MFA was created by the New Mexico Legislature in 1975 by the Mortgage Finance Authority Act (Section 58-18-1 NMSA 1978) as a “public body corporate, separate and apart from the state.” In 1997, all of New Mexico’s state and federal housing programs were transferred to MFA. MFA is self-supporting and does not receive operating funds from the state. MFA currently administers more than 30 programs, including mortgages and down payment assistance for first-time homebuyers, construction and rehabilitation of affordable for-sale and rental homes, homelessness prevention and emergency shelter, weatherization services, rental assistance and housing for people with special needs. While MFA does operate some programs funded by the state or that include state funding, most programs utilize federal funds, bonds, tax credits, and other sources. Therefore, the MFA indicated it may be difficult to implement recommendations that conflict with federal or other non-state funding source requirements.

ALTERNATIVES

LFC staff could provide a synopsis of relevant previous evaluations, findings and recommendations to the sponsor and discuss potential additions to the LFC work plan related to the proposed study.

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