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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/18

SPONSOR Woods/Stefanics LAST UPDATED _____ HB _____

SHORT TITLE Public Assistance Work Requirements SB 37

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$50.0	\$100.0	\$0.0	\$150.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Indian Affairs Department (IAD)

Workforce Solutions Department (WSD)

SUMMARY

Synopsis of Bill

Senate Bill 37 proposes amending the New Mexico Works Act (NMWA).

Section 1 would limit the type of alternative participation requirements that HSD may impose on participants who are exempt from the NMWA work requirements to those specific to participants' conditions or circumstances.

Section 2 proposes re-implementing excess income disregards and the employment retention and advancement bonus program that expired in 2008.

Section 3 would add a new section requiring the Human Services Department (HSD) to:

- (1) promulgate specified performance measures for use in evaluating program participation outcomes including recording adult recipients deemed exempt and non-exempt from work participation requirements;
- (2) publish evaluations of these outcomes on the state sunshine portal;
- (3) establish rules to measure the effectiveness of any “supports and services” that contractor participants must “achieve,” such as job placement and child care assistance; and
- (4) establish by rule sanctions to impose on contractor participants that fail to meet HSD’s outcome requirements.

SB37 would appropriate \$1 million from the general fund to fund the Act’s employment retention and advancement bonus incentive program in FY19.

FISCAL IMPLICATIONS

SB37 would appropriate \$1 million from the general fund for expenditure in FY19 by HSD to fund the employment retention and advancement bonus incentive program for Temporary Assistance for Needy Families (TANF) recipients. Any unexpended or unencumbered balances at the end of FY19 will revert to the general fund.

The Human Services Department indicates under the provisions of the bill it would require administrative costs of \$150 thousand to re-program the ASPEN eligibility system to determine eligibility for the employment and advancement bonus incentive program or reimplementation of required notices. HSD also notes the costs associated with implementing the Work Participation Performance measures and NMW Service Provider outcomes are not included in the appropriation.

SIGNIFICANT ISSUES

The Human Services Department (HSD) indicates SB37 proposes to reintroduce the excess hours disregard for Temporary Assistance for Needy Families (TANF) participants who have received less than 24 months of their 60 month lifetime limit who have employment. The reimplementation of the excess hours disregard reduces the individual’s countable income and will increase the number of individuals eligible for TANF and potentially increase the individual’s benefit amount.

The bill proposes to limit the activities an individual, who is exempt from the federal work requirement, can complete to meet their work activity responsibilities to the following:

1. Unpaid internships with private and government entities;
2. Refurbishing publicly assisted housing;
3. Volunteering at head start programs or a school;
4. Weatherizing low-income housing; and
5. Restoring public sites and buildings, including monuments, parks, fire stations, police building, jails, libraries, museums, auditoriums, convention halls.

HSD reports the Code of Federal Regulations (CFR) for TANF (45 CFR 261.2) states,

“Job search and job readiness assistance means the act of seeking or obtaining employment, preparation to seek or obtain employment, including life skills training, and substance abuse treatment, mental health treatment, or rehabilitation activities. Such treatment or therapy must be determined to be necessary and documented by a qualified medical, substance abuse, or mental health professional. Job search and job readiness assistance activities must be supervised by the TANF agency or other responsible party on an ongoing basis no less frequently than once each day in which the individual is scheduled to participate.”

SB37 would establish performance measures and participant measure outcomes to be implemented by December 31, 2018, with the HSD secretary promulgating rules to establish the performance measures and outcomes.

PERFORMANCE IMPLICATIONS

The Human Services Department (HSD) reports the bill proposes to implement the employment retention and advancement bonus incentive with general fund revenue, and this proposed change would remove individuals from the federal New Mexico TANF work participation rate, decreasing the percentage of individuals meeting federally-monitored work participation rates. When the employment retention and advancement bonus incentive program was originally implemented, the TANF caseload increased by 614 cases on average. HSD anticipates the bill would have a similar effect on the TANF caseload in FY19 should the incentive program be re-implemented.

ADMINISTRATIVE IMPLICATIONS

The Human Services Department (HSD) indicates the bill proposes the reimplementation of two programmatic changes: the employment retention and advancement bonus incentive and the excess hours disregard. These two changes will require the promulgation of rule, implementation of notices and forms, and updates to the ASPEN eligibility system.

The Indian Affairs Department indicates to participate with HSD and WSD to implement the provisions of the bill, it may need to expand staff time and responsibilities, provide for travel, and other associated costs.

TECHNICAL ISSUES

The Human Services Department suggests that language on page 4, lines 19 through 20 conflicts with page 5, lines 7 through 8, and that page 4, lines 19 through 20 should read “temporary or permanent disability...” rather than “temporary or complete”, unless what was meant was “partial or complete disability...”, and on page 6, line 16, the semi-colon should be removed.

HSD notes Section 3 is not clear as to whether the performance measures are for the entire New

Mexico Works program or only those participants in the employment retention and advancement bonus incentive program.

OTHER SUBSTANTIVE ISSUES

The Workforce Solutions Department (WSD) indicates it is responsible for coordinating core partners including the Human Services Department (HSD) to foster shared understanding of the workforce needs across the state, and to foster development of more comprehensive and integrated approaches for job seekers and employers. HSD is actively participating as a DWS partner to implement the strategies outlined in the “combined state plan.” HSD and WSD entered into a partnership to implement a targeted work program for individuals receiving public assistance beginning in FY16. Individuals receive assistance with career counseling and job placement in health-related fields.

The Workforce Solutions Department reports it currently maintains the necessary case management system needed to track participants referred by HSD including the services provided and maintains the all the wage data for the state.

RAE/sb/al