

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/18/2025 *Check all that apply:*
Bill Number: Senate Bill 356 Original Correction
 Amendment Substitute

Sponsor: Shannon D. Pinto, Linda M. López, Antoinette Sedillo Lopez, and Harold Pope **Agency Name and Code:** Economic Development Department
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$250.0	Nonrecurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 356, also known as the "Diversity Act," aims to establish a structured approach to diversity, equity, equality, inclusion and accessibility (DEEIA) within New Mexico state agencies. The bill creates the position of Chief Diversity Officer (CDO) within the State Personnel Office, mandates the appointment of Diversity and Inclusion Liaisons in all state agencies, and establishes the Workforce Diversity and Inclusion Council. The bill also requires agencies to implement policies to address institutional racism and report on their progress annually. This bill appropriates \$250,000 (GF) to the State Personnel Office (SPO) for use in FY2026 to implement the act.

More specifically,

Sections 1 and 2 provide a title and definitions.

Section 3 creates the "chief diversity officer" (CDO) tasked with creating a culture of equity, equality, and inclusion, and collaborating with agencies in assessing barriers and developing strategies to: recruit and retain a diverse workforce; increase awareness of and support for equity, equality and inclusive values; establish and maintain agency-specific strategic plans and best practices for leading diverse groups; create strategies to recruit from underserved communities; and conduct evaluations to track progress against the required provisions in the bill.

On or before December 31 each year, the CDO will develop policies to prevent inequities in hiring, pay, and promotion; develop anti-institutional racism trainings; and track progress toward ending institutional racism. Such trainings will include strategies to eliminate cultural prejudices and discrimination; improve engagement with employees, customers or clients from different backgrounds; and counteract unconscious bias to foster a climate of diversity and inclusion.

Section 4 requires the CDO to convene the "workforce diversity and inclusion council" composed of liaisons from agencies. The liaisons will implement recommendations proposed by agencies and CDO. The CDO will ensure job advertisements and personnel reviews reflect commitments to eliminating institutional racism, and ensure employees receive anti-institutional racism training.

Section 5 requires by July 1 each year, agencies to submit a report that includes an assessment of anti-institutional racism in hiring, promoting and pay equity, including for contractors and nongovernmental and other organizations that win bids or obtain contracts; accommodations for employees with disabilities; and data-driven approaches to address solutions for the problems identified, including proactive measures to address equity and inclusion in the workforce.

This section also requires the CDO to submit an annual report each year to the governor and Legislature and for it to be part of the annual budget request and request for proposals submissions for each agency. In addition to posting on the SPO website, copies are to be

maintained in the Legislative Council Service library, state library, as well as in the State Records and Archives.

Section 6 requires each agency to maintain a diversity, equity, and inclusion strategic plan.

FISCAL IMPLICATIONS

The bill contains a \$250 thousand appropriation from the general fund to the State Personnel Office. This is a non-recurring appropriation and any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund. Although the appropriation in this bill is a nonrecurring expense to the general fund, and does not specify future appropriations, this new act creates a CDO, a workforce diversity and inclusion council, and requires agency-specific diversity initiatives. There is an expectation that these efforts will continue in future years; therefore, costs will become recurring after FY26.

SIGNIFICANT ISSUES

The Economic Development Department (EDD) currently operates a Justice, Equity, Diversity, and Inclusion (JEDI) Office that addresses systemic inequities and barriers for New Mexican business owners and entrepreneurs. This office focuses on external programming and business support rather than internal diversity initiatives. Given EDD's experience with JEDI programming, the department recognizes the importance of a SPO-led DEEIA initiative to ensure that accessibility and equity efforts are implemented consistently across all state agencies. This bill supports existing JEDI Office initiatives and priorities.

Enacting this bill would enhance the representation of underrepresented communities in state government as it provides a structured approach to recruiting and retaining diverse talent in state agencies. This would ensure government agencies reflect the diversity of the population they serve, strengthening engagement between state agencies and historically underrepresented communities. The bill would also result in the reduction of institutional barriers as the policy measures outlined aim to dismantle systemic inequities and foster a more inclusive work environment. It would also enhance public trust in government institutions by ensuring fair hiring and retention practices.

Furthermore, the bill would improve opportunities for minority-owned businesses through equitable contracting. The annual reporting requirements in this bill could help ensure agencies remain accountable for their DEEIA efforts.

SB356 represents a significant step toward institutionalizing DEEIA in New Mexico's state government. Overall, the Diversity Act aligns with national best practices in public sector DEI initiatives and has the potential to create a more equitable state workforce, benefiting both employees and the broader New Mexico community.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

EDD has two FTEs managing external JEDI initiatives, with limited internal focus. Their current internal initiatives are capped at providing annual JEDI training for staff covering unconscious

bias, institutional racism, and targeted universalism. The responsibilities outlined in the bill including data collection, annual reporting, strategic planning, policy implementation, and training development would require at least one full-time staff to be effective.

Executive Order 2021-048 Sexual Orientation and Gender Identity Data mandates that all New Mexico state agencies begin collecting voluntary information on sexual-orientation and gender identity.

Section 5 of SB 356 requires agencies to submit reports. However, it does not specify how agencies will acquire and protect confidential and personally identifiable information for the report. This information may be subject to Inspection of Public Records (IPRA) which further emphasizes the need for a dedicated position for data collection and coordination as stated before.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Executive Order 2021-048 Sexual Orientation and Gender Identity Data mandates that all New Mexico state agencies begin collecting voluntary information on sexual-orientation and gender identity.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS