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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/07
 SPONSOR Varela LAST UPDATED 2/20/07 HB 227/aHJC/aHAFC
 SHORT TITLE Homeland Security & Emergency Management Act SB _____
 ANALYST Peery-Galon

STIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	NA	\$250.0	\$250.0	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
 New Mexico Corrections Department (NMCD)
 Department of Military Affairs (DMA)

No Responses Received From

Border Authority
 Department of Public Safety (DPS)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment strikes the House Judiciary Committee amendment 3 to remove “consists of” on page 11, line 9. Also, the amendment removes any language pertaining to an appropriation from the proposed legislation.

Synopsis of HJC Amendment

The House Judiciary Committee amendment removes language “the staff of the governor’s organized crime” on page 10, line 25, “prevention commission,” on page 11, line 1 and “consist of” on page 11, line 9. The amendment removes the staff of the governor’s organized crime prevention unit from the Special Investigation Unit and clarifies some wording.

Synopsis of Original Bill

House Bill 227 creates the Homeland Security and Emergency Management Department Act that would establish a department that is not a cabinet department. The purpose of the act is to establish a department to:

- consolidate and coordinate homeland security and emergency management functions to provide comprehensive and coordinated preparedness, mitigation, prevention, protection, response and recovery for emergencies and disasters, regardless of cause, and acts of terrorism;
- act as the central primary coordinating agency for the state and its political subdivisions in response to emergencies, disasters and acts of terrorism; and
- act as the conduit for federal assistance and cooperation in response to emergencies, disasters and acts of terrorism.

The proposed legislation would remove the Emergency Management and the Homeland Security Support Program from DPS and the Office of Homeland Security from the Governor's Office to create a separate Homeland Security and Emergency Management Department. The state director of the department is to be appointed by the governor and hold office at the pleasure of the governor. The proposed legislation appropriates \$250.0 from the general fund to the Department of Finance Administration for the purpose of establishing the Homeland Security and Emergency Management Department. The proposed legislation updates statute in regards to establishing the Homeland Security and Emergency Management Department.

FISCAL IMPLICATIONS

The appropriation of \$250.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general.

The appropriation of \$250.0 will go towards funding four full-time-equivalent positions making it likely that an annual appropriation will be required.

For fiscal year 2008, the Executive recommends an expansion of \$250.0 for DPS for the reorganization of homeland security, and recommends language that the funding is contingent on the passing of this proposed legislation. DPS reports that the department will be negatively impacted by indirect administrative costs of around \$449 thousand if the Emergency Management and Homeland Security Support Program becomes its own agency.

NMCD reports there may be a small expense to the department relating to coordinating existing emergency response plans through the new agency, especially if the renegotiating of existing mutual aid agreements is required. NMCD also states that expenses could occur if the department's resources are used in an emergency situation. NMCD states the proposed legislation might create some savings to the department by coordinating with federal agencies, other states and municipalities to provide support in some emergencies.

The federal homeland security grants awarded to the State of New Mexico have gone from \$28.1 million in federal fiscal year 2004 to \$8.2 million in federal fiscal year 2006.

SIGNIFICANT ISSUES

DPS states the proposed department will continue to coordinate with state police on intelligence, hazardous materials and road use during emergencies, with the Department of Agriculture in agro-terrorism, with the New Mexico Environment Department in assessment and exercise, with Department of Transportation in road use in times of disaster, with the NM Department of Health in bioterrorism and medical surge capacity, and with any other department deemed necessary.

NMCD states is not clear how the existing emergency preparedness plan of the department would interact with plans put forth by the new agency. NMCD reports many of the emergencies they prepare for are unique to the Corrections Department such as prison fire or riot. NMCD feels that for these specific emergencies it is in the best interest of the public for the response to be from the department and not an outside agency.

The Legislative Finance Committee over the past two years has expressed concern that the state's homeland security operations are not clearly organized. Currently, the responsibility for administration of federal homeland security grants is divided between the Office of the Governor and the Emergency Management and Homeland Security Support Program in DPS. The homeland security advisor wears two hats: that of policy advisory in the Office of the Governor and that of deputy secretary of DPS. This "double hatting" has the potential of creating confusion over the lines of authority during an emergency. Currently, the Office of Homeland Security is not authorized under statute.

PERFORMANCE IMPLICATIONS

DPS reports consolidating the homeland security and emergency management functions into a single department can lead to a more efficient and coordinated response in emergencies, disasters and acts of terrorism. DPS states that in reporting directly to the governor, decision-making authorities can be expedited during disasters, emergencies or terrorist incidents.

DOH states the proposed legislation falls under the department's strategic plan regarding epidemiology and response with the goal to monitor the health status of New Mexicans and respond to public health threats.

ADMINISTRATIVE IMPLICATIONS

DPS states there will be some economies of scale in consolidating personnel. DPS reports the new department will have the following personnel needs: chief financial oversight, budget analysis, legal support, procurement/purchasing, personnel authorizations and public information.

OTHER SUBSTANTIVE ISSUES

DOH states the language "direct and coordinate the all hazard emergency management activities of all state department, agencies and political subdivisions..." requires clarification. The secretary of DOH directs the department's health emergency management and resources in the preparedness phase of emergency management. DOH states language may need to clarify the roles of the state director of homeland security and emergency management and the secretary of DOH during a health emergency.

DOH notes the nature of the state director over tribal emergency management entities is not mentioned, and perhaps could be clarified.

RPG/mt