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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/13

SPONSOR Archuleta/Sanchez, M. LAST UPDATED \_\_\_\_\_ HB 226

SHORT TITLE Hispanic Affairs Department Act SB \_\_\_\_\_

ANALYST Crespin-Trujillo

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
\$0.0	\$700.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Indeterminate	Indeterminate	Indeterminate	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

House Bill 226 (HB 226), a bill making an appropriation to the Department of Finance and Administration (DFA), appropriates \$700 thousand from the general fund for the purpose of establishing the Hispanic Affairs Department and the Hispanic Affairs Commission. The bill sets out the powers and duties of the department and allows the governor to appoint a cabinet secretary, with the consent of the senate, who will be responsible for carrying out the functions of the department through the creation or adoption of procedural rules. The bill also defines the membership and duties of the commission.

## **FISCAL IMPLICATIONS**

The creation of the Hispanic Affairs Department would require future funding for operations, in addition to the \$700 thousand appropriated by the bill. The legislation does not specify the staffing level for the department, although it does create a secretary and two divisions, the Administrative Services Division and the Program Services Division, for which a director would be appointed to manage each. The bill allows the secretary to employ those persons necessary for the department to function. The cabinet secretary of the Hispanic Affairs Department would be given the authority, with the governor's approval, to apply for and receive public or private funds for the department to carry out its programs, duties, or services.

The DFA states that additional operating costs related to staff time and resources for the Hispanic Affairs Department may be incurred by the DFA related to the establishment of the department.

The 10 members of the Hispanic Affairs Commission would be entitled to receive per diem and mileage pursuant to the Per Diem and Mileage Act to conduct and attend meetings. Until the department would begin operation, it is difficult to assess what appropriation level would be sufficient to fund the department and commission operations.

The appropriation of \$700 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY14 shall revert to the general fund.

## **SIGNIFICANT ISSUES**

The purpose of the Hispanic Affairs Department Act is to create single, unified department to administer laws and exercise functions that will enable the executive branch to achieve a coordinated and effective system dedicated to improving educational achievement gaps and health care access and reducing poverty rates among the Hispanic population in New Mexico, estimated to be 47 percent of 2.1 million people in 2011. The department will be responsible for investigating, studying, considering, and acting upon the entire subject of Hispanic affairs within New Mexico including problems of health, economy and education and the effect of local, state and federal legislative, executive and judicial actions.

The Hispanic Affairs Commission is responsible for conducting meetings to provide an opportunity for the presentation and exchange of ideas with respect to Hispanic affairs by any interested party that result in the promotion of the welfare of Hispanics in New Mexico. The commission will also receive and disseminate information on issues that significantly impact the welfare of Hispanics in New Mexico and advise the cabinet secretary on issues significantly impacting the welfare of Hispanics in the state.

## **PERFORMANCE IMPLICATIONS**

The DFA states that new performance measures would need to be established for this new cabinet-level department.

## **ADMINISTRATIVE IMPLICATIONS**

Existing state agencies, like the New Mexico Department of Cultural Affairs and the administratively attached National Hispanic Cultural Center, are dedicated to the preservation, promotion, and advancement of Hispanic culture, arts, and humanities, but a single department does not exist to create policies and administer programs that solely address issues that are inherent to New Mexico's Hispanic population. While a level of interagency coordination exists, the proposed Hispanic Affairs Department could coordinate the efforts of government at all levels to address the issues raised by HB 226.

Based on the size of the Office of African American Affairs, an agency designated to represent a specific ethnic population, it is estimated the Hispanic Affairs Department would be approximately five to six FTE. The Office of African American Affairs has five approved FTE and is funded at \$681 thousand for FY13.

The DFA reports that agency policies and procedures will need to be developed as well as mapping out the organizational structure and proper classification and compensation of the newly classified FTEs. Additionally, the frequency, manner, and types of meetings the newly Hispanic Affairs Commissions must abide by must be established. The bill does not specify the general structure of the commission and the entity responsible for administrative functions of the commission.

## **OTHER SUBSTANTIVE ISSUES**

While it appears equitable to establish a Hispanic Affairs Department in New Mexico because of the existence of the Department of Indian Affairs and an Office of African America Affairs, the creation of an additional agency could negatively impact the budgets of current state agencies.

## **ALTERNATIVES**

A possible option would be to designate a FTE in each of the executive-level cabinet agencies to serve the purpose of being a Hispanic affairs liaison that would work to meet the proposed objectives of HB 226, in addition to their already assigned responsibilities.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Issues impacting New Mexico's Hispanic population will have to continue to be addresses through existing efforts of the different levels of government and other organizations dedicated to Hispanic affairs.

VCT/svb