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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/2019

SPONSOR Lopez LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Hispanic Affairs Department Act SB 345

ANALYST Rabin

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$700.0	\$0.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0.0	\$0.0	\$700.0 - \$2,500.0	\$700.0 - \$2,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Not Received From

Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 345 appropriates \$700 thousand from the general fund to the Department of Finance and Administration (DFA) 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 this bill. The bill 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, both of which will have a director. The bill allows the secretary to employ staff necessary for the department to function. The secretary would have 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 size and budget of the Hispanic Affairs Department may be estimated by examining the Office of African American Affairs (OAAA) and the Indian Affairs Department (IAD), both of which are agencies designated to represent specific ethnic populations. OAAA's FY19 operating budget was \$737.1 thousand and included 6.5 FTE, while IAD's FY19 operating budget was \$2.5 million and included 15 FTE.

Although DFA did not provide analysis for this bill, its analysis for a similar bill in 2013 (House Bill 226) stated DFA may incur additional operating costs related to staff time and resources needed to establish the Hispanic Affairs Department.

The 11 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.

The appropriation of \$700 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund. This analysis reflects the appropriation as recurring because additional funding would be needed to operate the department and commission going forward. Generally, if an appropriation creates the expectation that the program will be continued in the future, it is considered recurring. Because the bill does not provide for ongoing appropriations in out-years, the estimated additional appropriations necessary to maintain this department (based on the OAAA and IAD budgets) are outlined under additional operating budget in the tables above.

## **SIGNIFICANT ISSUES**

The purpose of the Hispanic Affairs Department Act is to create a unified department to administer laws and exercise functions enabling the executive branch to achieve a coordinated and effective system dedicated to improving educational achievement gaps, health care access, and poverty rates among Hispanics in New Mexico, who comprise 48.8 percent of the state's population (according to the U.S. Census Department's July 2018 estimate). 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 any interested party to present and exchange ideas that result in the promotion of the welfare of Hispanics in New Mexico. The commission will also receive and disseminate information about, and advise the Hispanic Affairs Department secretary information on, issues that significantly impact the welfare of Hispanics in New Mexico.

## **PERFORMANCE IMPLICATIONS**

In its analysis of 2013 HB226, DFA stated that new performance measures would need to be established for this new cabinet-level department.

## **ADMINISTRATIVE IMPLICATIONS**

Existing state agencies, like the 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 SB345.

In its 2013 analysis of HB226, DFA reported that agency policies, procedures, organizational structure, and proper classification and compensation for employees will need to be developed. Additionally, the agency noted the frequency, manner, and types of meetings the commission will conduct must be established.

## **TECHNICAL ISSUES**

Section 6(B) (10) and Section 9 of this bill may be redundant. Section 6(B) (10) states that the secretary of the Department of Hispanic Affairs shall “appoint, with the governor’s consent, for each division, a director. Persons appointed to these positions serve at the pleasure of the secretary.” Section 9 states that “Except as otherwise provided by law, the secretary shall appoint, with the approval of the governor, directors of divisions established within the department. The directors so appointed are exempt from the Personnel Act.”

## **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 an FTE in each of the executive-level cabinet agencies to serve as a Hispanic affairs liaison and would work to meet the proposed objectives of SB345 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 to continue to be addressed through existing efforts of the different levels of government and other organizations dedicated to Hispanic affairs.

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