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## FISCAL IMPACT REPORT

SPONSOR Soules ORIGINAL DATE 1/27/21  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE Social, Racial, & Cultural Impact Statements SB 55  
ANALYST Martinez

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

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$341.0	\$191.0	\$432.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: Senate Bill 81

### **SOURCES OF INFORMATION**

LFC Files

#### Responses Received From

Department of Cultural Affairs (DCA)

### **SUMMARY**

#### Synopsis of Bill

Senate Bill 55 (SB55) directs the Administrative Services Division (ASD) of the Department of Cultural Affairs (DCA) to provide social, racial and cultural impact statements to the legislature on all pending legislation through collaboration with all state agencies.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

### **FISCAL IMPLICATIONS**

SB55 will impact DCA's operating budget in the amount of \$341 thousand in FY22 and \$191 thousand in FY23 and all years to follow. This will be a recurring expense to the general fund.

The Department of Cultural Affairs provided the following:

DCA staffing is inadequate to meet the requirements of SB55. The creation of one FTE is required to meet the mandates of the bill. This would necessitate \$91 thousand in recurring general fund to support the salary. Additionally, two temporary FTEs would be required in the

period leading up to, during and after the session to support implementation, including coordination analysis with other agencies. Estimated recurring general fund cost is \$50 thousand. DCA staff, as well as staff at other agencies, does not have appropriate training in social, racial and/or cultural impact assessments. One time initial training costs general fund estimates are \$100 thousand, with recurring general fund costs of \$50 thousand for all agencies.

Fiscal Impact is broken out as follows:

**FY22 - \$341,000 total:**

DCA FTE - \$91,000

DCA Temporary FTEs - \$50,000

One time training cost for all agencies - \$100,000

**FY23 and ongoing - \$191,000 total:**

DCA FTE - \$91,000

DCA Temporary FTEs - \$50,000

Annual Training - \$50,000

**SIGNIFICANT ISSUES**

The Department of Cultural Affairs provided the following:

SB55 creates a robust analysis process that mirrors the Fiscal Impact Reports prepared by the Legislative Finance Committee, from a social, racial and cultural impact viewpoint. As such, it directs DCA to coordinate with “all state agencies” on “all pending legislation.” This generates a significant new workflow for not only DCA, but also all other state agencies and legislative counterparts. SB55 does not provide specific direction regarding the form or content of the social, racial and cultural impact statements. The process of developing this framework will necessitate input from a number of state agencies and their constituents to ensure reports generate the qualitative and quantitative data desired. Providing social, racial and cultural impact reports on major fiscal legislation, such as General Appropriations bills and Capital Outlay projects, would be significant undertaking requiring considerable coordination with a number of agencies and a sizable amount of time.

**ADMINISTRATIVE IMPLICATIONS**

The Department of Cultural Affairs provided the following:

Enactment of SB55 would create a significant new work center for DCA throughout the year, but especially during any legislative session. The scope of work will require developing new administrative flows, structures and oversight. Additionally, other agencies will acquire similar new workloads. The ability of DCA and other agencies to take on these workloads is a significant consideration.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The Department of Cultural Affairs provided the following:

SB81 Racial Impact of Certain Legislation - SB 81 directs the NM Sentencing Commission to evaluate the racial impact of certain proposed legislation and provide feedback via a fiscal impact report that includes very specific requirements as outlined in Section 1(B).

## **TECHNICAL ISSUES**

The Department of Cultural Affairs provided the following:

ASD is not the appropriate division within DCA to provide social, racial and cultural impact statements. This responsibility should be at the discretion of DCA to ensure the work aligns with DCA's organizational structure.

## **OTHER SUBSTANTIVE ISSUES**

The Department of Cultural Affairs provided the following:

The Legislative Finance Committee (LFC) currently seeks input on all legislation from state agencies, universities, organizations (such as the New Mexico Municipal League, New Mexico Association of Counties), and many others. A second request to the same set of organizations duplicates the efforts of the LFC resulting in duplicative work for all organizations who receive a request for analysis and input.

## **ALTERNATIVES**

The Department of Cultural Affairs provided the following:

Limit the scope of SB55 to include bills that specifically impact certain areas or agencies, e.g. criminal justice, early childhood, etc. Modify LFC's Agency Analysis form to add statements regarding racial, social and cultural impacts. Currently the Agency Analysis form used by LFC includes an "Other Substantive Issues" section which could easily be modified to address racial, social and cultural issues, or a new section could be added.

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

The Department of Cultural Affairs provided the following:

Analysis on proposed legislation will continue to be focused on fiscal impact and legal/technical issues. Unintended social, racial and cultural impact of legislation will continue without formal documentation of feedback from impacted communities, agencies, or other specialized organizations with insight into impact.

## **AMENDMENTS**

The Department of Cultural Affairs provided the following:

Include language:

1. Permitting DCA to create a standardized framework for submitting feedback
2. Allowing DCA to review legislation internally to determine if potential impact exists before pursuing/initiating the data collection/collaboration phase
3. Limiting topics requiring impact studies, as has been done in other states, regarding racial impact statements. "Racial impact statements are a tool for lawmakers to evaluate

potential disparities of proposed legislation prior to adoption and implementation. Analogous to fiscal impact statements, they assist legislators in detecting unforeseen policy ramifications.”

<https://www.sentencingproject.org/publications/racial-impactstatements/>

Additionally, creating a task force to review resources currently available in New Mexico and tasked with making recommendations to the interim Legislative Health & Human Services Committee regarding: 1. Narrowing input required from “all state agencies” to state agencies and other resources throughout the state that have specialized expertise in impact studies 2. Creating a framework for feedback to be quickly gathered, consolidated, and provided to the legislature to inform decision making on proposed legislation 3. Developing a method for determining which legislation requires an impact statement.

JM/al