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FISCAL IMPACT REPORT

SPONSOR <u>Romero, A/Hochman-Vigil</u>	LAST UPDATED <u>3/14/2023</u> ORIGINAL DATE <u>1/27/2023</u>
SHORT TITLE <u>Crime Reduction Act Changes and Fund</u>	BILL NUMBER <u>House Bill 175/aHAFC</u>
ANALYST <u>Rabin</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	Up to (\$9.9)	Up to (\$9.9)	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to appropriation in the General Appropriation Act

Sources of Information

LFC Files

- Responses Received From
 Administrative Office of the Courts (AOC)
 Public Defender Department (PDD)
 New Mexico Attorney General (NMAG)
 Sentencing Commission (NMSC)
 Corrections Department (NMCD)
 Department of Public Safety (DPS)

SUMMARY

Synopsis of HAFC Amendment #1

The House Appropriations and Finance Committee (HAFC) amendment to House Bill 175 amends the provision of the bill creating the new crime reduction grant fund to state money in the fund “is subject to appropriation by the Legislature to the commission,” rather than stating money in the fund “is appropriated to the commission.”

Synopsis of Original Bill

House Bill 175 (HB175) makes changes to the Crime Reduction Grant Act to clarify the Sentencing Commission (NMSC) as the administering agency for the grants; makes changes to the role of Criminal Justice Coordinating Councils (CJCC); expands the purposes for which grants may be awarded to include digitization of records and improved statewide data

integration; and creates a nonreverting crime reduction grant fund.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

HB175 was endorsed by the interim legislative Courts, Corrections and Justice Committee. The bill was also endorsed by NMSC, which includes stakeholders from across the criminal justice system.

FISCAL IMPLICATIONS

HB175 does not make a specific appropriation, but it does specify money in the proposed new crime reduction grant fund (a nonreverting fund) is appropriated to NMSC to administer the provisions of the Crime Reduction Grant Act and award crime reduction grants. The crime reduction grant program has been in existence since FY20, and funding for the program is included in the House Appropriations and Finance Committee Substitute for House Bills 2 and 3, as amended by the Senate Finance Committee (General Appropriation Act), which appropriates \$328.5 thousand in recurring general fund and \$4 million in nonrecurring general fund to NMSC for grants, including \$1 million earmarked for a data integration project with New Mexico Tech. The remaining \$3 million in nonrecurring funds may be used for traditional crime reduction grant purposes, grants for projects supporting data analytics on frequent criminal justice system users, and technical assistance on evidence-based local solution implementation. Up to 3 percent of the appropriation may be used for costs related to administration and up to 2 percent may be used for evaluation of recipient projects.

The creation of the fund will not impact these appropriations because the language in the General Appropriation Act (GAA) appropriates the funding to the agency, not to the fund, nor is it expected to create an expectation the grant program will continue at current funding levels beyond the expectation created by the program's current funding levels. However, future appropriations to NMSC for the crime reduction grant program could be made to the fund and would, therefore, not revert. Notably, the HAFC amendment appears to require additional appropriation provisions in future GAAs to both appropriate money *to* the fund and appropriate money *from* the fund *to* the commission.

The primary fiscal implications of HB175 would be allowing NMSC to fund projects over multiple years and providing for the agency to access up to 3 percent of those funds for administrative costs. The latter provision would defray some or all of the costs of administering the funds currently paid for by the agency's base operating budget. The additional operating budget impact assumes the recurring \$328.5 thousand will be appropriated to the fund in FY25, of which 3 percent (\$9,855) could replace the agency's current operating expenditures.

SIGNIFICANT ISSUES

Crime reduction grants provide a mechanism to promote innovations for criminal justice reform at a local level with the ultimate goal of reducing crime and improving public safety. The changes proposed in HB175 primarily impact the administration of crime reduction grants to codify existing practices and improve the functioning of CJCCs and the grant program. Because current appropriations for the crime reduction grant program are part of NMSC's operating

budget and revert at the end of each fiscal year, the timeline for completion of funded projects is constrained, significantly limiting the scope of projects the grant program can fund. Establishing a nonreverting fund for this grant program could alleviate these concerns.

Research shows the certainty of punishment is a significantly more effective deterrent to criminal behavior than the severity of punishment, but in New Mexico, punishment has grown less certain as crime has increased, with fewer violent crimes solved and more violent felony cases dismissed. Increased criminal case dismissals and reduced admissions to prison inhibit the certainty of justice, especially for serious violent offenses. Improving policing and increasing cooperation and coordination among criminal justice partners could help increase the certainty of punishment for the most violent offenses and provide a stronger deterrent to serious crime.

Data collection in New Mexico’s criminal justice system occurs in silos across law enforcement agencies, detention facilities, probation and parole agencies, courts, diversion programs, health departments, emergency responders, and others. Connecting the data so criminal justice partners can access information relevant to their respective programs would increase efficiency, reduce redundancy, minimize data errors, and allow for the evaluation and performance management of programs. LFC’s 2018 evaluation of crime in Bernalillo County recommended the Legislature consider legislation to assist agencies in connecting datasets and databases, and Laws 2019, Chapter 192 (House Bill 267), enacted some of these recommendations, including creating the Crime Reduction Grant Act, which established the crime reduction grant program. Expanding the program’s allowable uses to include developing and expanding digitized records and developing or expanding data-sharing between criminal justice agencies and the statewide criminal justice data integration platform furthers the goals of improving integration.

ADMINISTRATIVE IMPLICATIONS

This bill would not substantially alter NMSC’s existing administrative practices, but would provide some additional funding to offset the costs of administering the crime reduction grant program.

RELATIONSHIP

HB175 relates to appropriations in the current version of the GAA, which provides \$328.5 thousand in recurring general fund and \$4 million in nonrecurring general fund revenue to NMSC for the purpose of providing crime reduction grants.

TECHNICAL ISSUES

The office of the New Mexico Attorney General notes language in Section 6 stating the crime reduction grant fund is intended to “spur innovation” in criminal justice reform may be ambiguous and open to interpretation. The office suggests instead referencing the specific purposes of the grants as outlined in Section 31-28-4(B) NMSA 1978.

OTHER SUBSTANTIVE ISSUES

NMSC, which developed and endorsed this legislation, offers the following rationale in support of the bill and its provisions:

The Crime Reduction Grant Act was created as part of a larger criminal justice reform package passed in 2019 (HB 267). In the course of the legislative process, the original concept for the Act was modified, but some legacy language remained in the statute. Additionally, in the years since the Act was passed, the practice of how the crime reduction grants have been funded ended up differing somewhat from the scheme expressed in the Act. HB 175 would clean up the language in the Act so that the Act corresponds with how the granting of crime reduction grants operates.

In the original conception of the Crime Reduction Grant Act, various agencies would receive monies to disburse grants, and CJCCs would apply for grants from those agencies. The entire process was to be overseen by the Commission. During HB 267's journey to passage, the language in the Act was amended so that CJCC members, rather than CJCCs themselves, would apply for grants, with the approval of their CJCC. There is language remaining in the Act, however, that still reflects the original process. Additionally, in the years since the Act passed, the only agency receiving monies for crime reduction grants has been the Commission. Thus, the Commission is acting both as the sole "grant administration agency" as well as the overseer of the process. Many of the changes to the Act in HB 175 are to make the language of the Act correspond with the reality of how the Act has been funded and grants disbursed throughout its history.

The CJCCs play an important role in the crime reduction grant process. The Sentencing Commission has taken upon itself the role of helping the CJCCs get organized. It would be better to have that role formalized in statute. Tightening the requirements of how CJCCs are constituted would also facilitate their organization.

The two new purposes for crime reduction grants that have been proposed in HB 175 were added in response to needs the Commission has encountered in the years since the Act was passed. The Commission has a duty to facilitate the sharing of criminal justice data across the state, but has found that many criminal justice entities are not in a place where they can readily share electronic data. We have received repeated requests for crime reduction grants for records digitization or data sharing, yet these purposes are not enumerated in the Act. Including digitizing and data sharing would allow grants to be made for these areas.

Finally, at present the monies for the crime reduction grants are comingled with the Commission's budget. This distorts the apparent size of the Commission's budget, and it creates confusion during the audit process. It would be much cleaner to have the monies for the crime reduction grants held in a dedicated fund. A nonreverting fund would provide two benefits: 1) it would allow for the possibility of multi-year grants, something that has been requested since the Act was passed; and 2) it would provide welcome flexibility in administering the funds, as many grantees need a bit of extra time to finish their projects before the end of a fiscal year. The language in HB 175 for the crime reduction grant fund was modeled on the language in the Violence Intervention Program fund, created as part of that program in the 2022 Legislative Session.

The Administrative Office of the Courts expresses support of the expanded purposes of grants proposed in this bill, writing:

The expanding availability of digitized records, along with developing the ability to share data with criminal justice partners on a statewide criminal justice data sharing platform, is ideal not only for the NM Sentencing Commission but for the criminal justice community as a whole. Providing funding to not only meet the needs of the NM Sentencing Commission but the needs of our criminal justice partners is an integral next step to the continued successful implementation of the data sharing platform.

The Public Defender Department expresses support for creating a nonreverting fund for crime reduction grants, writing:

As a member of the CJCCs and current recipient of Crime Reduction Act Grants ... LOPD would likely benefit from the creation of a non-reverting fund for the grants. The fund would allow the sentencing commission and the recipient agencies more flexibility to award and administer grants outside of the single fiscal year limitations, which in turn would allow LOPD and other recipient agencies to be more targeted and efficient with the funds.

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