

LFC Requester:	Sanchez, Scott
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/13/25 *Check all that apply:*
Bill Number: HB 354 Original Correction
 Amendment Substitute

Sponsor: Rep. Tara L. Lujan **Agency Name and Code** AOC
Short Title: Community Criminal Justice **Number:** 218
Division Project **Person Writing** Kathleen Sabo
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	None	Rec.	General

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
Unknown	Unknown	Unknown	Rec.	General

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Unknown	Unknown	Unknown	Unknown	Rec.	General

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None.

Duplicates/Relates to Appropriation in the General Appropriation Act: None.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB 354 creates the six-year pilot project “Community Criminal Justice Diversion Project” in the Behavioral Health Services Division (hereinafter BHSD or “division”) of the Health Care Authority (HCA) to demonstrate that diverting certain offenders from the criminal justice system to community-based services and treatment will reduce crime, homelessness and recidivism and improve public health.

HB 354 provides that the project shall be located in at least five different counties of specified classes, in different judicial districts.

HB 354 requires a “participant”, defined as “an agency of the state or a political subdivision of the state selected to participate in the project”, to design and implement a diversion program for persons in or at risk of entering the criminal justice system, and specifies a community referral process, a mobile crisis response team and a pre-arrest diversion policy as program components required to be included.

HB 354 provides that a participant may be eligible for a grant award to establish a services continuum and pay costs associated with implementing a diversion program.

The Act requires participants to collect and analyze data regarding the implementation of the participants’ diversion programs, and for the division to evaluate that data to determine if the diversion programs reduced crime, homelessness and recidivism and improved public health.

HB 354 creates the “Community Criminal Justice Diversion Project Fund” (hereinafter “fund”) in the state treasury as a nonreverting fund for the duration of the project, consisting of appropriations, gifts, grants, donations and income generated from investment of the fund. Money in the fund shall be used to administer the project and provide financial assistance to participants. Any unexpended or unencumbered balance remaining in the fund at the end of the fiscal year 2031 shall revert to the general fund.

FISCAL IMPLICATIONS

The bill places all oversight and project approval within BHSD. Any jurisdiction requesting the funding would need to seek approval from BHSD. The bill seeks to establish a criminal justice diversion fund but does not provide for any allocation or outline of expenditures. It is unclear how much funding a potential site could request or be expected to receive making it difficult to properly estimate budgets and costs. The reporting requirements and data collection requirements are vague.

SIGNIFICANT ISSUES

- 1) As of late December 2024, New Mexico’s Health Care Authority (HCA) was preparing to roll out seven certified community behavioral health clinics across the state in January with the goal of expanding access to mental health and substance abuse treatment.

According to a [November Legislative Finance Committee analyst report](#), the behavioral health clinics will also offer 24/7 crisis services for people experiencing mental health emergencies.

Source New Mexico reported that the clinics are funded by \$15 million in Government Results & Opportunity Program monies appropriated by the Legislature, with three to six more in the pipeline, according to Eric Chenier, Legislative Finance Committee principal analyst. The [funds](#) are required to be spent within two fiscal years. The first round of clinic locations are set to open Jan. 1 at:

- University of New Mexico Health System in Bernalillo and Sandoval Counties
- Presbyterian Medical Services in San Juan County
- All Faiths Children’s Advocacy Center in Bernalillo County
- Carlsbad Life House in Eddy County
- Families & Youth Innovations Plus in Doña Ana County
- Santa Fe Recovery Center in Santa Fe and McKinley Counties
- Mental Health Resources in Curry County

Source New Mexico further reported that, according to a [Health Care Authority news release](#), the clinics are also part of a four-year federally-funded pilot program led by several federal agencies.

Both the LFC and Source New Mexico have reported that a large portion of the money for treating mental health and addiction issues has gone unspent. The state appropriated over \$424 million between 2020 and 2024 for behavioral health. According to Source New Mexico, out of that sum, only half – about \$240 million has been budgeted. And even less – \$46 million, or about 10% of the total appropriated – has actually been spent.

As reported by Source New Mexico and according to Mental Health America’s [State of Mental Health in America data](#) for 2024, New Mexico ranks 44th out of 51 in overall mental illness prevalence in adults and children. The state is 49th in adult substance use disorder with a rate of 23%, and last in youth substance use disorder with a rate of 16%.

<https://sourcenm.com/2024/12/25/state-health-care-authority-will-open-7-behavioral-health-clinics-throughout-new-mexico-in-january/> .

- 2) According to the UNM Health website, UNM Health runs a Jail Diversion Services program that helps divert individuals from the criminal justice system to more appropriate mental health services, which may include: psychiatric treatment; substance abuse treatment; medical care; education and work resources; and community, state and federal resources as appropriate. This may be the clinic referred to in the Source NM article cited above in “Significant Issues,” #1.
- 3) As noted in the LFC handout, previously cited
 - New Mexico has invested substantially in behavioral health and expanded programs and access, putting total funding near the top among states.
 - However, 17 state agencies and local communities all have behavioral health responsibilities.

- While many communities have comprehensive plans, the state lacks an “all-of-government” approach.
- Fragmentation makes it hard to target investments to greatest need, resulting in program and geographic gaps.

<https://www.nmlegis.gov/handouts/ALFC%2011824%20Item%204%20BH%20Gap%20Presentation%20November%202024.pdf>

Given the current fragmentation noted and the recent opening of seven certified community behavioral health clinics across the state by the HCA, it seems appropriate to inquire about coordination between the recently-opened clinics and the Community Criminal Justice Diversion Program created by HB 354.

- 4) The courts are running Connection to Competency Diversion programs in four judicial districts across the state, for people charged with misdemeanors who have a mental illness and may be unable to understand legal proceedings or participate in their own defense. The first competency diversion program is up and running in Dona Ana County. Additionally, during the 2024 special session, the legislature appropriated funds to establish competency diversion programs in the 4th Judicial District (San Miguel, Mora and Guadalupe counties) and the 12th Judicial District (Otero and Lincoln counties), where programs began enrolling participants last fall, and the 1st Judicial District (Santa Fe, Rio Arriba and Los Alamos Counties), which, According to New Mexico in Depth, will establish a program after its Assisted Outpatient Therapy (AOT) program is up and running. See *Inside New Mexico's first diversion program for people who aren't competent to stand trial*, *New Mexico in Depth*, February 2025, <https://nmindepth.com/2025/inside-new-mexicos-first-diversion-program-for-people-who-arent-competent-to-stand-trial/> .

As there is some flexibility under HB 354 in how each site might develop their diversion programs under, there is possibility for overlap and connection to the existing competency diversion pilot project. However, the HB 354 proposed diversion projects are required to have a community referral process, a mobile crisis team, and a pre-arrest diversion policy. These elements do not align with the current competency diversion project as those referrals are specifically based in the competency process requiring judicial referrals rather than community referrals. Additionally, the competency diversion program referrals occur post-arrest as individuals need to be screened for competency history to determine if they are eligible. Law enforcement would not necessarily be privy to that history. For the existing competency diversion programs to capitalize on this proposed bill, a rewrite of eligibility and policy would be necessary.

However, there is a possibility of both programs existing alongside one another. Individuals involved in competency diversion might access the mobile crisis unit outlined in this bill. Another potential connection would be in the community referral process outlined in this bill. If a community referral were made to the new diversion project, but that individual has a competency history, that referral could potentially be transferred to the competency diversion project.

PERFORMANCE IMPLICATIONS

The courts are participating in performance-based budgeting. This bill may have an impact on the measures of the district courts in the following areas:

- Cases disposed of as a percent of cases filed

- Percent change in case filings by case type

ADMINISTRATIVE IMPLICATIONS

See “Fiscal Implications,” above.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS