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FISCAL IMPACT REPORT

SPONSOR Lopez/ Roybal Caballero **ORIGINAL DATE** 2/10/2020
LAST UPDATED _____ **HB** _____
SHORT TITLE Policies to Decrease Institutional Racism **SB** 90
ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General’s Office (AGO)
 Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 90 (SB90) requires state agencies and entities receiving state funding to develop and implement policies to decrease institutional racism. Agencies are required to report their findings, action plans, policies, and practices to the Legislature by July 31 each year. State agencies must

- Evaluate their anti-institutional racism policies in hiring, promotion, retention, pay equity, community engagement, and workplace participation;
- Create a data infrastructure to track progress in ending institutional racism;
- Institute a statewide evaluation of race and gender gaps in hiring, promotion, retention, and pay and implement an action plan to rectify any inequities;
- Include preferred criteria language in all job advertisements and annual reviews;
- Include criteria for promotion and appointments that value a demonstrated commitment to ending institutional racism and value inclusion and diversity;
- Appoint an equity liaison on all job searches; and
- Provide and document annual anti-institutional racism training for all employees.

In addition, the Public Education Department must advance critical, intersectional ethnic studies for teachers, staff, students, and families.

SB90 defines “institutional racism” as actions that result in differential access to the goods, services, and opportunities of society due to the existence of institutional programs, policies, and practices that intentionally or unintentionally place certain racial and ethnic groups at a disadvantage in relation to other groups.

FISCAL IMPLICATIONS

Because the language of the bill is ambiguous, it is difficult to determine what the impact on agency operating budgets may be. For example, the inclusion of an “equity liaison on all job searches” does not describe the duties of the liaison making it impossible to estimate the time this would require. Similarly, requiring all agencies to “institute a statewide evaluation of race and gender gaps in hiring, promotion, retention and pay” may require a level of expertise not present in a number of agencies.

The 100 smallest agencies in the state have, on average, less than 50 employees each. These agencies may be unable to fulfill the mandates of SB90 without additional resources.

SIGNIFICANT ISSUES

The Attorney General’s Office notes the following issues:

SB90 requires agencies to include “preferred criteria” language in job postings and annual reviews but fails to define the term.

SB90 does not clarify whether all three branches of government are included in its mandate, nor does it make clear whether contractors with the state will be held liable for establishing and reporting on institutional racism policies.

The Department of Health states:

SB90 would impact all state agencies. Implementation would likely require additional staff working within each state agency to coordinate activities, such as the creation of a data infrastructure and a statewide evaluation, across agencies. However, SB90 contains no appropriation for implementation of guidelines and reviews of compliance.

The state application process does not require applicants identify their race or ethnicity; disclosure is optional. Accordingly, obtaining information based on an employee’s race or ethnicity is not necessarily possible because a significant number of employees do not disclose this information.

It is unclear what data infrastructure would be created to track progress toward ending institutional racism. SB90 requires all agencies to implement this infrastructure, but does not define metrics to track or whether this infrastructure should be statewide or agency specific.