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FISCAL IMPACT REPORT

SPONSOR: Varela. DATE TYPED: 03/04/03 HB 853

SHORT TITLE: Reorganization of Agencies by Executive Order SB _____

ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$250.0		\$0.1 See Narrative	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HJR 7, HJR 10, HJR 12, HJR 17, HJR 15, SECS for SJRs 2, 5, 12 & 21

Conflicts with HB 585

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

House Bill 853 authorizes the Governor to make (via executive order during 2003) the State Agency on Aging, the Office of Cultural Affairs, the Office of Indian Affairs, and the Veterans Service Commission cabinet-level departments. Upon approval of a constitutional amendment by New Mexico voters, the Governor may also create the Public Education Department.

This bill also authorizes the Governor to issue an executive order to transfer adult programs and staff and resources from the Children, Youth, and Families Department, the Human Services Department, and the Department of Health to a newly created Aging and Long-Term Care Department.

Failure to enact a reorganization bill, passed during this legislative session, HB 853 voids the state government reorganization as outlined in this bill.

FISCAL IMPLICATIONS

The appropriation of \$250 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 2004 shall revert to the general fund.

According to the Taxation and Revenue Department (TRD), HB 853 will result in recurring costs to the general fund associated with elevating agencies to department (cabinet) status. As such, this bill will require additional funds to cover new high-level positions and associated increases in travel, office space, phones, etc., as well as salary increases for existing agency directors. The \$250.0 appropriation in this bill is non-recurring, but TRD believes that a similar amount may be required on a recurring basis.

ADMINISTRATIVE IMPACT

Transfer of programs and elevation of status could likely be accomplished with existing staff and resources.

RELATIONSHIP/CONFLICT

HJR 7, HJR 10, HJR 12, HJR 17, HJR 15, SECS for SJRs 2, 5, 12 & 21 all propose constitutional amendments – to be voted on at the next general election or earlier special election -- creating a cabinet-level public education department.

HB 585, as amended, creates the aging and long-term care department. It conflicts with this bill since it does not provide for the transfer of adult services provided by other executive agencies to the new department.

TECHNICAL ISSUES

According to TRD, HB 853 appears to create legal conflict by authorizing an executive order to supercede state statute. Current statutory law provides for the structure and status of the departments affected by this bill.

RLG/njw:yr