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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/10

SPONSOR Lopez LAST UPDATED _____ HB _____

SHORT TITLE Create Hispanic Affairs Department SB 203

ANALYST Varela

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	\$950.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Indeterminate	Indeterminate	Indeterminate		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

State Personnel Office (SPO)

Department of Cultural Affairs (DCA)

SUMMARY

Synopsis of Bill

Senate Bill 203 establishes the Hispanic Affairs Department Act. Under this act, the Department of Hispanic Affairs and the Office of Hispanic Affairs Fund are created. \$950 thousand is appropriated from the General Fund to the Department of Finance and Administration for expenditure in FY 2011. The Hispanic Affairs Department will be a cabinet-level department and achieve a coordinated and effective system dedicated to improving educational achievement gaps and health care access and reducing poverty rates among Hispanics in New Mexico. General Funds are to establish this department. Any unexpended or unencumbered balance at the end of fiscal year 2011 shall revert to the General Fund.

SB203 creates a 10-member advisory Hispanic Affairs Commission. This advisory commission advises the Cabinet Secretary on policy matters related to the department's purpose. The advisory committee is appointed by the governor and shall have two co-chairs with expertise in Hispanic affairs. One co-chair will have a business and economics background, and the other will have a civil rights background. The advisory committee shall also include members representing the Public Education Department, the Department of Health, and the Economic Development Department. The remaining five members shall be of Hispanic descent and geographically represent diverse areas of the state. All members serve four-year terms and receive per diem, but no other compensation. The bill does not mention if these terms shall be staggered.

FISCAL IMPLICATIONS

The appropriation of \$950 thousand contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of 2011 shall revert to the general fund.

Given the economic climate and declining revenue estimates, all appropriations outside of the general appropriation act will be viewed in this declining revenue context. Additional operating costs related to staff time and resources may be incurred related to the agencies mentioned for coordination in this bill.

SIGNIFICANT ISSUES

SPO reports that the establishment of this department will necessitate the inclusion of several new FTE to classified service and executive exempt status. This will have a fiscal and administrative impact. Factors such as salaries and benefits, operational costs, classification and compensation matters for the new FTE must be considered, the development of agency policies and procedures, to name a few. The State Personnel Office would assist the executive in establishing an efficient and effective organizational structure.

This will also require coordination and collaboration primarily between the new agency and Public Education Department to ensure the intent of the new department is met, that there is not a duplication of services and efforts, and that some services do not go unattended to in the transition.

This bill may also have an impact on the Department of Health and the Human Services Department as this new department's purpose is to achieve a coordinated and effective system of improving educational achievement gaps and health care access and reducing poverty rates among Hispanics in New Mexico.

PERFORMANCE IMPLICATIONS

SPO states that a transitional plan should be developed between Public Education Department and the new agency to ensure there is the proper continuity of services for the population the new agency will serve. By the nature of this new agency, the Public Education Department's scope and responsibilities will change to some extent, whereas having an effect on its performance measures. New performance measures would need to be established for this new department.

ADMINISTRATIVE IMPLICATIONS

According to SPO, agency policies and procedures will need to be developed as well as mapping out the organizational structure and proper classification and compensation of the new classified FTE's.

Strategic and operation plans and goals, along with procedures will need to be developed for this new department to ensure a smooth commencement of the new agency.

RELATIONSHIP

Relates to the General Appropriations Act, HB19, HB150, SB127 and SB132

PTV/mew