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FISCAL IMPACT REPORT

		LAST UPDATED	03/16/23
SPONSOR Serrato/Dixon		ORIGINAL DATE	02/15/23
		BILL	House Bill
SHORT TIT	LE Data Integration Advisory Committee	NUMBER	336/aHAFC/aHfl#1

ANALYST Hitzman

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HSD IT Staff costs	No fiscal impact	\$93.9	\$102.5	\$196.38	Recurring (through 2026)	General Fund
HSD IT staff costs	No fiscal impact	\$128.6	\$140.3		Recurring (through 2026)	
AOC Admin	No fiscal impact	\$210.0	\$210.0		Recurring	Conoral Fund
Per Diem	No fiscal impact	~\$10.2	~\$10.2	~\$20.4	Recurring (through 2026)	General Fund
Total		>\$442.7	>\$463.0			

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriations Act

Sources of Information

LFC Files National Conference of State Legislatures University of Pennsylvania – *Introduction to Data Sharing*

<u>Responses to Amended Bill Received From</u> Administrative Office of the Courts (AOC) Office of the Attorney General (NMAG) New Mexico Institute of Mining and Technology (NM Tech)

Responses to Original Bill Received From Department of Information Technology (DoIT) Human Services Department (HSD) Administrative Office of the Courts (AOC) Administrative Office of the District Attorneys (AODA) Office of the Attorney General (NMAG) New Mexico Sentencing Commission (NMSC) New Mexico Institute of Mining and Technology (NM Tech)

SUMMARY

Synopsis of House Floor Amendments to House Bill 336

The House floor amendments to House Bill 336 (HB336) create the Data Integration Advisory Committee in the New Mexico Institute of Mining and Technology's (NM Tech) Institute for Complex Additive Systems Analysis (ICASA), instead of within the Department of Information Technology (DoIT) as proposed in the original bill. The amendments add cybersecurity and data privacy experience to the list of types of accepted experience for members appointed by the Senate and House of Representatives. The bill further changes the membership of the committee to no longer include a representative of the Attorney General's office and instead requires a member with expertise in public safety and criminal justice information systems to be appointed by the executive director of the New Mexico Sentencing Commission.

The amendments no longer require meetings of the council to be subject to the Open Meetings Act.

The amendments also specify the advisory committee shall establish a data-sharing framework for suggesting procedures and long-term data governance structures, rather than requiring the committee to actually establish those procedures or make recommendations on governance structures.

The amendments also exempt records obtained or held by the committee from Inspection of Public Record Act (IPRA) provisions, except for a summary or report produced by the committee pursuant to the bill.

Synopsis of HAFC Amendments to House Bill 336

The House Appropriations and Finance Committee amendments to House Bill 336 (HB336) removes the \$2 million appropriation to NM Tech.

Synopsis of Original Bill

House Bill 336 (HB336) establishes the data advisory committee within the Department of Information Technology (DoIT)—now created in ICASA per House floor amendments. Appointments must be made no later than August 1, 2023, and the council shall exist through January 1, 2026. NM Tech ICASA shall staff and provide administrative support for the committee. Membership on the committee shall include:

- 1) The director or designee of the Institute for Complex Additive Systems Analysis, who will be the chair;
- 2) The DoIT secretary;
- 3) One Senate member or designee with expertise in the application of technological solutions to public sector data (or experience in cybersecurity or data privacy experience in House floor amendments), appointed by the president pro tempore of the Senate;
- 4) One House member with expertise in the application of technological solutions to public sector data (or experience in cybersecurity or data privacy experience in House floor amendments), appointed by the speaker of the House of Representatives;
- 5) One member who represents the office of the Attorney General (House Floor amendments change this to be a member with public safety and criminal justice data

systems experience),

- 6) One attorney member with expertise in data sharing and compliance, appointed by the governor;
- 7) One member with expertise in education and education system, appointed by the governor;
- 8) One member with expertise in health care and public health, appointed by the governor;
- 9) One member representing state courts, appointed by the chief justice of the supreme court;
- 10) One member representing counties with expertise in the application of technological solution to public sector data, appointed by the Association of Counties; and
- 11) One member representing cities with that same expertise.

Public members of the data integration advisory committee are entitled to receive per diem and mileage. The committee shall meet at a frequency necessary to complete its duties. Vacancies shall be filled by the original appointing authority. The original bill required meetings to be subject to the Open Meetings Act, but this was removed in House floor amendments.

The committee shall conduct a study on the current data structure, sharing, and reporting protocols for all state and local agencies and entities with access to data stored by state and local agencies. The study shall determine current gaps in data maintenance and utilization, mapping of data sharing flows among agencies, and the costs and processes necessary to centralize the storage and protection of data.

In the original bill, the committee shall establish suggested procedures to ensure data are compiled, maintained, and shared and shall recommend long-term data governance structures to promote statewide data management and sharing. House floor amendments only require the committee to create a framework, rather than making explicit recommendations.

The committee shall present to the Legislative Finance Committee a summary of findings and proposals on or before January 1, 2025. Then, from January 1, 2025 through January 1, 2026 the committee shall coordinate with the institute to incorporate LFC feedback into a report and submit final recommendations and procedures to the Legislature, the executive, and other impacted entities by January 1, 2026.

The bill provides definitions of "data" and "agency."

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.

FISCAL IMPLICATIONS

HAFC amendments to House Bill 336 removed an appropriation of \$2 million from the general fund to the board of regents of the New Mexico Institute of Mining and Technology (NM Tech) for expenditure in FY24 and FY25. The funds were intended to help convene, organize, and manage the committee and complete the associated reports. The HAFC substitute for House Bill 2 (the General Appropriations Act of 2023) includes \$1 million to the New Mexico Sentencing Commission "for a data integration project" at NM Tech through FY25, which could likely be inclusive of the proposed uses described in HB336.

Public members of the data integration advisory committee are entitled to receive per diem and mileage pursuant to the Per Diem and Mileage Act but shall receive no other compensation, perquisite, or allowance. Mileage costs would vary widely and are difficult to estimate. However, based on the rate of \$155 per day for the 11 members, per diem would have a minimal fiscal impact, likely less than \$20 thousand annually. The bill does not specify frequency of meetings, but assuming one meeting every other month, the total estimated per diem costs to operate the council would be \$10.2 thousand.

The House floor amendments to the bill create the data Integration Advisory Committee at NM Tech ICASA. It is unknown if NM Tech has adequate capacity to coordinate and provide support for the committee.

The Human Services Department (HSD) notes the requirements in the bill would result in an increased demand for recruiting, hiring, and retaining staff. HSD provided the yearly fractional time for the roles that will be needed to help the committee accomplish its assigned duties through its time of existence:

Role	FTE needed	TOTAL Cost	FFP	GF Need	FF Need
IT Business Analyst II	.75	89,625	58%	37,822	51,803
IT Database Admin II	.75	81,885	58%	34,556	47,330
IT Architect I	.3	42,563	58%	17,961	24,601
IT Apps Developer II	.25	28,598	58%	12,068	16,530
TOTALS	2.05	242,800	58%	102,462	140,338

This cost is scored as recurring, but only through 2026 until the committee is dissolved.

Further, the Administrative Office of the Courts (AOC) notes:

In addition to participation on the advisory committee, the bill will require AOC to devote senior staff to document existing data flows, reporting protocols, data maintenance, data utilization, and cost estimates for the centralization of data. We currently do not have IT staff available to complete this work and will have to hire additional FTE or contract resources.

AOC estimated an additional budget need of \$210 thousand for an IT senior business analyst, IT senior database administrator, and IT software developer to implement the provisions of the bill, not including any costs incurred as a result of the committee's final recommendations. These costs are only scored as recurring through FY26.

Further, the need for administrative and staff support at these agencies and others could continue beyond 2026 if departments, agencies, and other entities have to implement recommendations of the committee. The impacts on agency operating budgets in the long-term is not scored within the context of this bill but are likely indeterminate but substantial due to the costs of implementing recommendations, which will likely include things like upgrading certain technology systems, implementing new security provisions, and establishing ongoing governance and maintenance structures that, again, will likely require staff and administrative support to implement. Required coordination as a result of committee recommendations could be expected to increase the costs of operating critical information technology systems such as data repositories and other data systems for this reason, but the total impact is not known until the

committee develops its framework. For example, the University of Pennsylvania reports the costs for data sharing and integration depend on the purpose of the integration; costs are likely minimal for purposes of aggregate reporting and looking at particular indicators, but costs increase as the purpose of the integration is broadened. The University reports moderate costs are expected for data sharing and integration that is curated and de-identified for purposes of analytics, research, and evaluation, but the cost is likely significant for data that includes identifiable information with real-time updates and role-based parameters. These more costly integrations generally require complex permissions, credentialed access, and disclosure agreements, as an example. Therefore, costs of implementing the framework proposed by the committee could be substantially more depending on what is recommended, whether such identifiable data needs to remain identifiable for operations and service delivery purposes, and depending on the sorts of agreements and permissions that would be required for the partners and end users.

However, if the committee does not provide for substantial recommendations, the cost of implementing the recommendations could be minimal, and there would be little to no fiscal impacts in FY23 and FY24 because the committee will not likely provide any reports or recommendations until at least FY25. Further, it should be noted that the above efforts (such as the upgrading of systems of implementation of new security protocols) that could arise from the committee's recommended framework are not provided for or prescribed in the scope of this bill but are likely to indirectly result from the work completed by the committee over time; The committee is not tasked only with compiling information and creating a framework, not implementing recommendations.

SIGNIFICANT ISSUES

There is a growing need for coordination of data across agencies and branches of state government. New Mexico Institute of Mining and Technology (NM Tech) provides that some of the gaps in data maintenance and utilization in New Mexico result from the state's lack of standardization and integration in its data systems. There are independent and siloed networks across agencies that in some ways serve to protect sensitive information, but in other ways those siloes create difficulty in bridging data sharing gaps and providing for effective integration of data systems. This sort of data integration can improve outcomes and lead to improved coordination and service delivery for New Mexicans. For example, having more accurate data on criminal justice trends across the state can help stakeholders implement better public policy related to policing and crime prevention. Some states have implemented data sharing councils or initiatives; the New Mexico Sentencing Commission (NMSC) notes "Texas, for instance, has both a Statewide Data Coordinator and an Interagency Data Transparency Commission (see Texas Department of Information Resources, 'Texas Statewide Data Exchange Compact')." The National Conference of State Legislatures also notes additional examples of targeted data sharing initiatives in other states, such as the Criminal Justice Data Management Taskforce in Utah, created in 2022 to promote criminal justice data sharing. This bill attempts to establish a committee that will review these issues and propose a framework for further improving the data sharing system in New Mexico across a variety of agencies and sectors.

However, AOC notes concerns with allowing a nongovernmental entity to make recommendations for state agencies:

The amended bill moves all responsibility and accountability for defining how to manage state data to an entity outside of state government. While ICASA is a respected entity,

recommendations and conclusions regarding the management and governance of data collected and held by the state belong under the purview of the state, guided by state expertise.

If this work is to be conducted by an outside entity, there should be an open procurement effort so that any appropriation is fairly and transparently awarded to the most qualified bidder as a result of an RFP process.

Further, New Mexico has existing initiatives for this type of targeted data sharing, such as the dataXchange initiative being pursued by NMSC, the Administrative Office of the Courts (AOC), and other agencies to promote expanded data sharing and reporting across the state's criminal justice data partners. Other efforts, such as those being implemented by the Human Services Department and partner agencies for the Health and Human Services 2020 (HHS2020) initiative, brings together several agencies in an attempt to bridge data gaps among health and human service providers. However, it is unclear the extent of coordination occurring in New Mexico that attempts to bridge data sharing gaps and barriers across these and other policy areas.

According to HB336, the committee shall conduct a study on the current data structure, sharing, and reporting protocols for all state and local agencies and entities. NM Tech notes this information is essential for the state to "establish a state data environment, which can serve as the foundation for a centralized and protected bulk data system" that allows for efficient compilation, maintenance, and sharing of data. NM Tech notes the commission's work as required in HB336 is expected to help establish "procedures for statewide data management, ensuring data is compiled, maintained, and shared efficiently. This will provide a streamlined experience for users to access data and establish a long-term data governance structure, promoting effective data management and sharing across the state." However, it is unclear whether state agencies and other entities will already have documented data structures, data sharing arrangements, and reporting protocols to be easily reviewed by the committee, and some agencies or other entities may be operating outdated technology that will make it difficult to extract needed data for the committee or to comply with other data sharing recommendations that come out of the committee's efforts.

Further, HSD notes it is "in the process of implementing major changes to its technical structure...The project timelines overlap with the work of the Data Integration advisory Council and may either cause rework or incomplete analysis to data structures and data sharing." Further, the agency notes "federal oversight of reported data must also be taken into consideration as HSD is required to report data to federal partners using federally mandated technical specifications." Other agencies with federal data would need to have similar considerations.

The benefits of consolidating these data and improving data sharing must be weighed against the possible costs and challenges in collecting, compiling, and reviewing the needed information for all state and local data partners during the committee's work. In addition to the high number of executive, judicial, and legislative branch entities across the state the bill would apply to, it is unclear how many other entities would fall under the purview of this bill; local governments, municipalities, education institutions, or other independent organizations could be thought to be included in the definition of an "agency" as defined in the bill. Under the "agency" definition, local county commissions would be included, as well as any administrative unit of local government. As such, this bill could apply to a very large number of entities, especially at the local level. It is unclear if these would apply to private businesses or other private entities, as the

bill does not seem to include private entities in the definition of an "agency." As such, there may concerns regarding the privacy of personal or business information if the bill intends to review data sharing policies and best practices in the private as well as the public sector.

In regard to ambiguous definitions, DoIT also notes:

The other non-narrative form included in the "data" definition may lead to a significant number of miscellaneous items that could lead to ambiguity. Also, because of the many facets associated with "data" as defined above, there is a lack of specificity. For example, data that is required to be protected under federal law and how data privacy should be addressed. The bill does not refer to or discuss data integrity or how to address data duplication.

Along this line, several agencies have raised concerns about the bill's lack of consideration or exemption for personally identifiable data and other identifiable information in the committee's review and reporting requirements. For example, the Administrative Offices of the Courts (AOC) note "the bill does not address regulatory restrictions that dictate the manner in which certain data and data repositories must be managed, such as tax and health-related data collected and stored by state agencies." While the bill does not require the committee to actually possess, collect, or review actual data, the bill does require the committee intends to deal with this sort of private information within its' final recommendations. The Attorney General's Office (NMAG) notes the requirements for data sharing in this bill could also "breach attorney client privilege and the work product doctrine in state and municipal litigation." Further, AOC provides the following;

The AOC manages sensitive court documents related to juveniles, treatment courts, parties experiencing behavioral and other health issues, and other areas that must be confidentially maintained. These records are most likely not appropriate for inclusion in this effort and cannot be part of a centralized data storage system. The bill does not address the identification and exclusion of this type of data.

DoIT also notes concerns with allowing the committee to be subject to the Open Meetings Act; "Discussing data structures and other key data elements of critical databases in open meeting settings presents significant risks to the data owners, data custodians and could potentially diminish various federal and industry compliance requirements." Other bills are being proposed during the 2023 legislative session that would provide exemptions from the Inspection of Public Records Act (IPRA) for sensitive IT information related to critical infrastructure. Even though the committee will not host or collect any actual data, discussions of best practices and recorders. As such, House floor amendments to the bill provide an exemption from Open Meetings Act requirements, but that may result in some concerns regarding the transparency of the work of the committee.

AOC echoes these concerns, noting the exemption "eliminates all transparency and works against the foundational idea of open government." Further, AOC notes:

Other states have created effective data management efforts – these efforts have not been hidden from the public. The Colorado Government Data Advisory Board publishes all meeting materials, and successfully ensures that sensitive or strategic data is managed appropriately and not exposed to the public.

State agencies will not have any information about the work or direction of the committee during its two-year lifespan, because of the exemption from the Open Meetings Act. This will be a significant obstacle to the adoption of any recommendations of the committee at the end of its term.

Further, regarding the Open Meetings Act, NMAG notes:

The Committee Amendment that strikes lines 22 and 23 on page 3, which stated that the committee shall be subject to the Open Meetings Act will not affect the applicability of OMA to the committee. Whether a public body in the state is subject to OMA is addressed under the OMA statute, Sections 10-15-1 to -4, NMSA 1978. The Open Meetings Act applies to any policy-making body in the state. While some "advisory" bodies or other non-policy-making bodies may not be subject to the requirements of OMA, it has generally been accepted that any public body created by statute is subject to public transparency, regardless of whether the public body is purely "advisory" or not. Presuming the advisory committee is subject to OMA, as it appears to be, portions or entire meetings could be closed only for agenda items that fall within the existing exceptions to OMA enumerated in Section 10-15-1(H)(1) to (10).

NM Tech notes "this measure aims to protect against potential misuse of sensitive information by bad actors. However, a summary or report of the committee's findings will be made available to the public for transparency." Concerns over privacy and security must be weighed against concerns over transparency and accountability in government.

The amended bill also exempts records and other materials held by the committee from Inspection of Public Records Act requirements, which may help protect any sort of sensitive information collected by the committee from other agencies, but again may pose concerns regarding the transparency of committee activities. However, the bill notes that published reports from the committee are still subject to inspection, so this may help address that concern. Some materials collected from other agencies about their data collection practices, for example, may need these protections.

NMAG notes on IPRA exemptions:

The amendment seeks to make "any record obtained or held by the committee" exempt from IPRA. The scope of this exception is unclear, including whether it could include written communications between committee members. Also, while this addition creates an exception for records held by the advisory committee, if the identical or similar record was originally created by or held by another agency or public body, the exception would not apply. It would be more effective to amend the list of exceptions the Inspection of Public Records Act or other statute where related information and technology confidentiality provisions exist to ensure the exception applies to the same document regardless of whether it originated or is otherwise also held by another public body.

To this end, while the bill attempts to equip the committee with the needed information to make recommendations to bridge data gaps across policy areas and departments, AOC notes "the data integration advisory committee is duplicative of focused data sharing efforts underway throughout the state, such as the New Mexico Sentencing Commission criminal justice advisory board, the Judicial Information Sharing Council (JISC), NM dataXchange, and HHS 2020." Further, the Administration Office of the District Attorney reports it already collects data from

all District Attorney's offices.

HSD further notes it has existing data structures in place that aim to serve similar purposes as provided for in HB336:

A Data Governance Council (DGC) consisting of Data Owners and Data Custodians from HSD, DOH, CYFD, ECECD and ALTSD has been chartered, meets regularly, and has the responsibility of ensuring the security and quality of data assets including data migration, data integration, data quality, data sharing, metadata management, data tooling, data security, and data stewardship to facilitate a data driven organization. The DGC will provide leadership and oversight of the data governance system within the HHS2020 initiative and later expanding to include all State of New Mexico agencies which share data.

PERFORMANCE IMPLICATIONS

HSD notes the following:

HB336 may allow for a reduction in silos serving collective customers to:

- Evaluate program outcomes based on value received;
- Proactively target populations for 'at risk' and/or social vulnerability to improve security and promote independence;
- Encourage change management to support value programs versus ongoing support of programs with no differential outcome;
- Coordinate services among departments removing redundancy and improving cost effectiveness; and
- Perform internal processes at peak levels maintaining quality standards of service and acknowledgement by customers.

ADMINISTRATIVE IMPLICATIONS

HB336 would require the committee to write and develop a formal data strategy, a data inventory, and develop a framework for new long-term governance structures. As noted by HSD, "agencies would need to improve data quality and accessibility by establishing data-sharing agreements and protocols among offices within a department, across other offices within an agency, or externally with other government agencies or stakeholders." This may require additional administrative capacity at agencies to provide the needed data to the committee or to implement recommended protocols and procedures arising from the committee's final report.

It is unclear if agencies or staff of the committee will have the needed capacity to meet the requirements of the bill, or to meet the recommendations provided by the committee. As noted by AOC, additional costs could be incurred "because the effort to identify gaps in data maintenance and utilization, mapping the sharing of data flows between state agencies, and the cost and process associated with centralizing the storage and protection of data, cannot be absorbed by existing staff and will require additional qualified analysts."

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

As noted above, the HAFC substitute for House Bill 2 (the General Appropriations Act of 2023) includes \$1 million to the New Mexico Sentencing Commission "for a data integration project" at NMTech through FY25, which appears could be inclusive of the proposed uses described in HB336.

OTHER SUBSTANTIVE ISSUES

DoIT provides the following:

Many of the data sets used by state agencies have proprietary data structures or vendor's defined structures and may not align with the bill's objective.

Based on the bill and advisory committee requirements or recommendations, the State may need to invest in modernizing legacy databases or could potentially require rewrite application front end.

DoIT also notes concerns over clarity related to the following elements:

- 1. Cybersecurity protections for the data that would be collected, including the location, storage, and usage of the state-owned data sets are not clearly defined.
- 2. Potential report findings such as data flow can be abused if not properly restricted.
- 3. The resources and budget needed by interested government entities that may want to take advantage of the data elements captured by other entities.
- 4. Guidelines about resources, infrastructure, and platform that the committee will be using to cleanse and parse the data captured from different sources.
- 5. What measures should be taken to sanitize sensitive data to conduct analysis.
- 6. What immediate action should be taken if insecure means of data transfer or data privacy is jeopardized while conducting the study

AOC also notes:

Successful statewide data management efforts in Colorado, California, Texas, and Virginia have all focused on data management and/or data governance. This is significantly different from the focus of HB336, which is on data *integration*. Integration is one possible **outcome** of a data governance effort and should not be the goal of the effort itself. A focus on integration points all discussion towards commercial platforms and specific technologies, instead of on the governance and use of state data. The committee should not be tasked with identifying commercial platforms or technologies.

However, while it is likely the intent of the committee is to look at wider data governance and management in addition to data integration strategies, it is unclear if this distinction is explicitly made in the bill.

Further, AOC claims there is ambiguity in how the committee will address uses of data:

Legislative discussions and debate on HB336 as amended clearly stated that no data will be shared and the committee will not focus on data, only on "data structures" and "data definitions." This is not clear from reading the bill language. It is not feasible to discuss "data integration" without discussing the data itself. HB336 could be clarified to

establish a data governance committee, not a data integration committee, which would help alleviate this confusion.

AOC also provides the following regarding language:

The bill includes language directing the committee to identify "the costs and processes necessary to centralize the storage and protection of data" in Section 1, Part G, Item 3. This is problematic for several reasons:

- 1) This directive assumes that a single centralized data store is desirable and feasible. Any bill establishing a committee should define the mission and process, not assume conclusions.
- 2) This directive forces the committee to identify and recommend specific vendors and/or platforms to create a centralized data store. The committee should be agnostic as to technology vendors, particularly if managed outside of state government.
- 3) Cost information will be out of date as soon as the report is published.

The assumption that a centralized data store is a desirable outcome is also reinforced in Section 1, Part H, Item 1, related to the compilation of data.

ALTERNATIVES

It is unclear if the committee's work will result in increased data sharing among agencies as intended. As an alternative to HB336, DoIT notes "data and information sharing may be increased with appropriate agreements with participating entities."

NMSC further notes it is "unusual for such a committee, especially a temporary committee, to be created in statute. Perhaps a better avenue might be for the committee to be formed by a memorial, with an appropriation made to ensure the work of the committee is accomplished."

NMAG notes:

Amend the Inspection of Public Records Statute to include a clearer exception for records related to data integration and related studies to ensure it applies to identical and similar records held by other agencies outside of the advisory council that would otherwise not be able to apply the advisory committee's limited exception.

AMENDMENTS

AOC suggests the following amendments:

Strike Section 1, Part G, Item (3) the costs and processes necessary to centralize the storage and protection of data.

Strike Section 1, Part H, Item (1) related to the compilation of data.

JH/al/ne/JH/ne/JH/al