

LFC Requester:

Allegra Hernandez

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

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(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: 1/26/26 **Bill Number:** SB0127 **Original** **Amendment** **Substitute**

Short Title: HOMELESSNESS REDUCTION DIVISION IN HCA

Sponsor: Sen. Pope

Name and Code Number: HCA 630

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0	\$1,000.0	Nonrecurring	General Funds

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0	\$1,000.0	\$0	Nonrecurring	General Funds

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Homelessness Reduction Division	\$0.0	\$6,684.3	\$6,244.3	\$12,928.6	Recurring	GF
BHSD	\$0.0	\$414.6	\$404.6	\$819.2	Recurring	GF
MAD	\$0.0	\$162.2	\$69.8	\$232.1	Recurring	GF
MAD	\$0.0	\$162.2	\$69.8	\$232.1	Recurring	FF
HCA Program Support (ASD, OHR & FH)	\$0.0	\$1,233.1	\$1,146.1	\$2,379.2	Recurring	GF
HCA Program Support (ASD, OHR & FH)	\$0.0	\$893.0	\$830.0	\$1,723.0	Recurring	FF
ITD HDIS- DDI	\$0.0	\$45,620.0	\$45,620.0	\$91,240.0	Nonrecurring	GF
ITD HDIS/SI Integration	\$0.0	\$0.0	\$1,250.0	\$1,250.0	Nonrecurring	GF
ITD HDIS/DS Integration	\$0.0	\$0.0	\$575.0	\$575.0	Nonrecurring	GF
Total	\$0.0	\$9,709.4	\$8,764.6	\$18,474.0	Recurring	
Total	\$0.0	\$45,620.0	\$47,445.0	\$93,065.0	Nonrecurring	

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 127 (SB127) amends the Health Care Authority Act (Section 9-8-4 NMSA 1978) to create the Homelessness Reduction Division within the department to lead the state’s comprehensive efforts to reduce homelessness, including implementation of a centralized “homeless data integration system”. SB127 creates a 16-member Interagency Homelessness Reduction Task Force, most at the Cabinet level, and an 18-member Homelessness Reduction Advisory Council, both administratively attached to the Division. SB127 appropriates \$1 million (GF) to the Health Care Authority for FY27 to support operations of the Division, Task Force, and Advisory Council. The effective date of SB127 is July 1, 2026

FISCAL IMPLICATIONS

The Health Care Authority Health Care Authority estimates that the Homelessness Reduction Division could require 40 additional FTEs totaling \$5,890,255. The estimate reflects current salary and benefit-cost information from the State Personnel Office (SPO) and related operating costs. Additional space to house the 40 FTEs would require an annual office lease expense of \$354,000 and one-time furniture & fixture costs of \$440,000. The total projected costs for FY27 are \$6,684,255 and a recurring fiscal year cost of \$1,976,076.

The Behavioral Health Services Division (BHSD) within the Health Care Authority would need 2 FTE and 0.5 of a supervisor position. These positions would be assigned to collaborate with the Homelessness Reduction Division. Collaboration would be inclusive of the Supportive Housing programs we currently have at BHSD and the homelessness reduction advisory council to: reduce homelessness and unnecessary institutionalization with the goals of reducing and preventing homelessness; improve health and human services outcomes for people experiencing homelessness; strengthen the safety nets that contribute to housing stability; and develop and achieve the goals of the statewide strategic homelessness reduction plan and initiatives provided for in Section 2 of this 2026 act. This would be a total of \$414,566 for salary, fringe, and administrative costs.

Medical Assistance Division (MAD) within the Health Care Authority would collaborate with the Homelessness Reduction Division to align already established strategic plans, goals, and objectives for the established Medical Respite Program. MAD currently has one temporary FTE for the Medical Respite program. To support collaboration with the new division MAD would need to make this temporary position permanent starting in state fiscal year 2029.

Office of Human Resources (OHR). The creation of the Homelessness Reduction Division within the Health Care Authority would necessitate additional OHR support staff to facilitate the division's recruitment, classification and compensation needs. With the addition and creation of the division's new FTE and the additional FTE requested in support of the new division, OHR would need 2 full-time positions, one Lead HR Generalist and one HR Manager FTE to manage the additional workload of standing up the new division, creating the additional FTE, recruiting the newly created positions and ensuring this new division's organizational structure and staffing are maintained.

Administrative Services Division:

The creation of the Homelessness Reduction Division within the Health Care Authority will necessitate significant administrative services support to ensure effective operation and compliance with relevant fiscal and regulatory requirements. To accommodate this new division, the Administrative Services Division will require 8 additional personnel resources. These roles are crucial for managing budgets, ensuring timely and accurate financial reporting, and overseeing procurement and compliance with grants and contracts. The division will also require an additional Finance Trainer to ensure that staff is equipped with the necessary knowledge to follow fiscal policies and processes. Operating costs, such as rent, office supplies, equipment, and the installation of new cubicles/workstations, will also be necessary to facilitate the smooth integration

of this division. Furthermore, provisions for audit expenses will be essential for maintaining transparency and accountability. This expanded administrative support will be vital to ensure that the new division can meet its objectives effectively while adhering to fiscal and regulatory standards.

Office of Fair Hearings: The implementation of a Homelessness Reduction Division within the HCA would require the provision of an administrative hearing process consistent with NMAC 8.100.970.8(A). The Office of Fair Hearings would require two (2) FTEs (1 Senior Business Operations Analyst and 1 Senior Hearing Officer) to manage the expected increase in appeals related to services and programs administered through a newly created Homelessness Reduction Division. The senior hearing officer position would be responsible for scheduling and conducting Fair Hearings, identification of facts and relevant regulations, and producing recommended or final decisions based on applicable law. The senior business operations analyst position would ensure that Fair Hearing requests are registered timely and accurately, including issue, representation, document dissemination, and jurisdiction. In addition to these positions, office space, supplies, and equipment expenses will also need to be considered. These positions would be critical to ensure the due process rights of all potential applicants and beneficiaries of programs administered through this Division.

ITD costs to equip (laptop, monitors (2), and cell phone) and purchase basic Microsoft licensing through DoIT for 55.5 FTEs is \$192,696 in FY27 and \$87,246 per year ongoing. Current ITD staffing levels would not need to be increased to support 55.5 FTEs, but if other significant increases in staffing arise due to other legislation, we would need to explore the possibility of adding help desk staff. Those costs would be dependent on the total staffing increases that HCA sees in FY27 and beyond.

housing opportunities for all New Mexicans, and address statewide homelessness. <https://housingnm.org/the-new-mexico-housing-strategy> Housing New Mexico established a Housing New Mexico Advisory Committee that includes some of the stakeholders listed in the Homeless Reduction Advisory Council.

BHSD: The New Mexico Supportive Housing Strategic Plan incorporates information from HNM's strategic plan and the Federal *All In* Strategic Plan (2022-2025) that was developed by the United States Interagency Council on Homelessness (USICH). <https://www.usich.gov/federal-strategic-plan/overview>. In 2025, the USICH was dismantled by the current federal administration; however, information from their *All In* strategic plan was relevant to incorporate in the New Mexico Strategic Plan.

ISD receives money from the State General Fund appropriated by House Bill 2 and funds are obligated into a service agreement with Housing NM (HNM) each fiscal year. The contract with HNM for SFY26 is \$1,215,700 and is used for the Emergency Homeless Assistance Program (EHAP) and Rental Assistance Program (RAP). Creating this new division could potentially mean that ISD would no longer manage this contract with HNM, and it would be managed by the newly established Homeless Reduction Division.

PERFORMANCE IMPLICATIONS

BHSD: Section 2 B (2) of the bill states that the "homeless data integration system" shall collect local data via HMIS. HMIS captures data from federally funded programming and lacks collection of data from state or locally funded programs.

BHSD: Section 3 F of the bill states that the Interagency Homeless Reduction Task Force shall submit a report of recommendations to the governor, the appropriate Interim Legislative Committee, Legislative Finance Committee, and the Homeless Reduction Division by October 1, 2026. To acquire staff for the division, develop an Interagency Homeless Reduction Task Force and Interagency Council, convene to develop recommendations, and report back would require more time than the bill currently provides.

BHSD: Section 4 G of the bill states that the Interagency Council shall submit findings to the Interagency Homeless Reduction Task Force by September 1, 2026. More time would be needed to acquire staff for the division, identify members for the Interagency Council and Homeless Reduction Task Force, collaborate with existing housing partners, and identify recommendations for homelessness prevention, improved health and human service outcomes for people experiencing homelessness, and strengthening safety nets that contribute to housing support.

ADMINISTRATIVE IMPLICATIONS

BHSD would need additional staff to assist the homeless reduction advisory council to develop and implement a statewide strategic homelessness reduction plan, incorporating the existing BHSD and HNM strategic plans into this single statewide plan. These new positions would be assigned to the homelessness reduction advisory council to reduce homelessness and unnecessary institutionalization with the goals of: reducing and preventing homelessness; improving health and human services outcomes for people experiencing homelessness;

strengthening the safety nets that contribute to housing stability; and developing and achieving the goals of the statewide strategic homelessness reduction plan and initiatives provided for in Section 2 of the proposed act.

BHSD would need to educate the new Homelessness Reduction Division on all existing and functional supportive housing assistance programs and services so that both divisions are in alignment with goals and objectives.

BHSD would have to collaborate with the Homelessness Reduction Division to align already established strategic plans, goals and objectives.

MAD would have to collaborate with the Homelessness Reduction Division to align already established strategic plans, goals and objectives for the established Medicaid Medical Respite Program. The Medical Respite program manager would be a significant contributor to the task force and advisory council on ongoing Medicaid benefits.

MAD Behavioral Health Unit would collaborate with the homelessness reduction advisory council and participate in discussions that align with already established strategic plans, goals and objectives related to the reduction of homelessness.

BHSD: SB127 proposes the creation of a "statewide data system," also known as the "Homeless Data Integration System," (HDIS) to collect local data from Homeless Management Information Systems (HMIS). HMIS is an information technology system currently used to gather client-level data and track the provision of housing and services for individuals and families at risk of or experiencing homelessness. HMIS is a tool used by local entities that receive federal funds from the Department of Housing and Urban Development (HUD) to support homelessness reduction initiatives. Currently, HMIS oversight is through a non-profit organization, the NM Coalition to End Homelessness, and not with a state agency. Additionally, HUD Continuum of Care (CoC) funded services are designed to assist individuals (including unaccompanied youth) and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability. The NM Coalition to End Homelessness administers CoC/HUD funding to providers statewide.

CoC/HUD-funded programs to prevent and address homelessness follow a Coordinated Entry System process that is not required of state funded programs and providers. The data for the CoC/HUD funded programs is entered into HMIS, according to HUD's standards. The Division and taskforces would have to work to determine alignment between state and federal data systems/sources and account for the definition and process variances.

At this time, BHSD utilizes NMStar to capture state funded supportive housing and housing assistance program data. Some local governments also utilize their own systems for data gathering.

Currently, no statewide interface exists to connect Medicaid and other health and human service data/information to local HMIS systems. The proposed data integration system would address

this gap by providing a statewide IT solution to consolidate these separate systems. As no current system exists, each system in use would need to be reviewed to determine system requirements, data variables, and output reporting. The requirements component to design such a system would be critical since different programs may define homelessness differently based on funding sources. This would likely impact data collection standards across programs.

The ITD Office of Data Analytics (ODA) Team would need to be heavily involved with the effort to establish the requirements for the proposed data integration system. Effective data sharing between the new Homelessness Reduction Division and other external entities will be vital to the success of these new efforts to combat homelessness. The DS Team is heavily involved in a multitude of other efforts, so determinations would need to be made about where to prioritize the demands of SB127 in relation to other ongoing initiatives.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

BHSD: As written, it is unclear the role that local housing departments and housing authorities (HUD-funded CoC) would play in partnership or coordination with the Homelessness Reduction Division. Responsibilities that would be tasked by the Homelessness Reduction Division appear duplicative of work currently assigned to, HCA, Office of Housing, and HNM.

TECHNICAL ISSUES

BHSD: The bill states in Section 2 A (1) that the division shall oversee the state's homeless prevention efforts but does not explicitly describe intervention efforts.

BHSD: The bill refers to the "homeless data integration system" but the HMIS homeless management system already exists, and other state agencies such as HCA/BHSD, PED, etc. currently collect data on precariously housed, homeless, and the programs they manage to address homelessness.

BHSD: "Homeless" should be replaced with "people experiencing homelessness or precariously housed, housing insecurity, housing instability" and/or include a definition.

BHSD: Define "persons experiencing homelessness". HUD definitions do not align with state funded program definitions, since state funded programs tailored the definition to NM needs by including precariously housed people.

BHSD: Define "strengthening the safety nets that contribute to housing stability."

BHSD is not identified as a part of the interagency homelessness reduction task Force. BHSD is only identified as part of the homeless reduction advisory council.

OTHER SUBSTANTIVE ISSUES

BHSD: The language in the bill should reflect more coordination between housing and the social services continuum available through HCA (e.g. Medicaid benefits and covered services).

- As written, it is unclear the role that local housing departments and housing authorities would have throughout NM. Some of this appears duplicative of the work they

should already be doing.

- The bill's language includes broad targets (i.e., decrease homelessness, unnecessary institutionalization, health and human service outcomes, safety nets) without actual definitions or sufficient explanatory language.
- HUD has created a robust HMIS (Homeless Management Information System) that has specific data collection standards. The system relies on data accuracy from federal, state, and local agencies and communities.
- Creating a statewide data system, or homeless data integration system, appears redundant and unnecessary.
- There are many software products on the market that communities across the country have chosen to use as their HMIS or comparable database. Each product has unique features and can be built to meet the different data needs of each community. These products must meet federal HMIS standards. Communities may elect to add data elements, add response categories, or maintain historical data element collection beyond what is specified in the Data Standards if it does not impact on the ability of the Continuum of Care to accurately collect and report on the required data elements.

ALTERNATIVES

It may be beneficial to align tasks in the bill to the Office of Housing established under executive order in 2023 currently under the Department of Workforce Solutions (DWS). The mission of the Office of Housing aligns with the proposed mission of the bill's proposed Homeless Reduction Division; and is charged with developing strategies to address the housing shortage and homelessness in New Mexico. As stated, the Office is overseeing the distribution of \$140 million appropriated from the general fund, Government Results and Opportunity (GRO) Fund, and capital outlay over the past two years for housing and homelessness activities.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None

AMENDMENTS

None