

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/06

SPONSOR Ruiz LAST UPDATED HB 333/aHGUAC

SHORT TITLE Additional Building Inspectors SB

ANALYST McSherry

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$1,600.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

House Bill 333 is a companion to Senate Bill 390, “Additional Building Inspectors” and relates to Senate Bill 397, “Construction Industry Division Duties.”

House Bill 333 relates to the Regulation and Licensing Department Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendments to House Bill 333 would expand the bill’s appropriation purposes to include services associated to Construct Industries inspections. The number of inspectors proposed was amended from 11 to rather not be specified. The amendments would also change the duration of the appropriation from 2007-2009 to rather revert at the end of 2007

Synopsis of Original Bill

House Bill 333, “Additional Building Inspectors,” appropriates \$1,600,000 from the general fund to the Construction Industries Division of the Regulation and Licensing Department for the purpose of funding the salaries and benefits for 11 additional building inspectors during fiscal years 2007-2009.

FISCAL IMPLICATIONS

The appropriation of \$1,600,000 contained in this bill is a recurring expense to the general fund for fiscal year 2007. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

The appropriation included in this bill could fund up to 33 inspectors in FY07.
\$1.6 million /33 inspectors = \$48.5 thousand/inspector

Currently the division has inspectors on staff paid between \$35.1 thousand/year--\$54.3 thousand/year. The appropriation would be enough to hire all the inspectors at \$35.1, or slightly higher, and pay benefits.

SIGNIFICANT ISSUES

The Construction Industries Division budget request submitted to LFC and DFA on September 1st, 2005 did not request additional inspectors.

The Division received \$250 thousand in FY06 for additional inspectors from the Public Schools Capital Outlay funding to reimburse the Department for public school inspection expenses. Future years' funding and/or additional funding may be available to the division for the same purposes, subject to the Public School Facilities Authority support as the Department documents public school workload.

During FY05, the Construction Industries Division had an average vacancy rate of 5 percent (of division-approved positions); this vacancy percentage translates into approximately 4-6 vacancies at any given time, of the division's 101 authorized employees. Despite the vacant positions available to be filled, at the end of the year the division had a \$44.5 thousand unencumbered balance in its personal services and employee benefits category, and during the year the division transferred \$128.3 thousand out of its personal services and employee benefits category and into the other costs category in order to purchase supplies and equipment.

Savings in the personal services category during FY05, \$172.8 thousand (see above paragraph), was enough to hire 3.5 additional inspectors for the entire FY05 year.

According to RLD, the proposed number of inspectors may be "more than it may need or be able to support." The department cites vehicles, computers, communications software and hardware, plan review, training and supplies as other costs expenses which the Department would need to support an increase in inspectors.

PERFORMANCE IMPLICATIONS

Additional inspectors could assist the Construction Industries Division to complete inspections in a more timely-manner. Measures to determine this improvement, and information as to the current rate of response by inspectors, have not been proposed or supplied by the Division.

ADMINISTRATIVE IMPLICATIONS

Additional personnel increase administrative workload.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 333 is a companion to Senate Bill 390, “Additional Building Inspectors” and relates to Senate Bill 397, “Construction Industry Division Duties.”

House Bill 333 relates to the Regulation and Licensing Department Appropriation in the General Appropriation Act which maintains the number of authorized inspectors in the Construction Industries division with a budgeted 1.85 percent vacancy savings. The LFC recommendation has been adopted by HAFC and includes 2 “KIVA support” positions which provide technical support for remote inspections.

TECHNICAL ISSUES

RLD cited 11 inspectors as potentially being too many inspectors for the Department to handle. This appropriation would fund more than 11 inspectors and their related expenses.

OTHER SUBSTANTIVE ISSUES

The Department did not use funding available in FY05 to hire 3.5 additional inspectors for the entire year.

POSSIBLE QUESTIONS

1. How was the proposed appropriation amount determined? What caseload supports this increase?
2. What is the current average rate of time to respond to inspection requests by Construction Industries inspectors? By how much would this rate of response be improved with the proposed additional inspectors?
3. Why weren't additional inspector positions requested in the Construction Industries Division FY07 budget request?

EM/mt:nt