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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/06  
 SPONSOR Varela LAST UPDATED 2/9/06 HB 413/aHAFC  
 SHORT TITLE Homeland Security and Emergency Management Act SB \_\_\_\_\_  
 ANALYST Peery

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
NA	NA	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Public Safety (DPS)  
 Governor's Office/Homeland Security (GHS)  
 Department of Military Affairs (DMA)

#### No Responses Received From

NM Municipal League (NMML)  
 NM Association of Counties (NMAC)

### SUMMARY

#### Synopsis of HAFC Amendment

The House Appropriation and Finance Committee Amendment to House Bill 413 calls for deleting on page one, line 13 and 14 the following: "MAKING AN APPROPRIATION". Also, the amendment calls for on page 38 deleting Section 35 that deals with appropriation in its entirety and renumbering the succeeding sections.

#### Synopsis of Original Bill

House Bill 413 creates the Homeland Security and Emergency Management Act that would establish an adjunct agency. The proposed legislation would remove the Office of Emergency Management program from DPS and the Office of Homeland Security from the Governor's Office to create a separate agency the Office of Homeland Security and Emergency Management. The executive director of the office is to be appointed by the governor with the advice and con-

sent of the senate. The director shall serve as the governor's homeland security advisor. The purpose of the act is to:

- consolidate and coordinate homeland security and emergency management functions to provide comprehensive and coordinated preparedness, mitigation, prevention, protection, response and recovery for emergencies and disasters, regardless of cause, and acts of terrorism;
- act as the central primary coordinating agency for the state and its political subdivisions in response to emergencies, disasters and acts of terrorism; and
- act as the conduit for federal assistance and cooperation in response to emergencies, disasters and acts of terrorism.

The proposed legislation updates statute in regards to establishing the Office of Homeland Security and Emergency Management.

### **FISCAL IMPLICATIONS**

The Office of Emergency Management program in DPS had a budget request of \$29,271,900 for FY07. Currently, the Office of Emergency Management has 39 FTEs. The Office of Homeland Security in the Governor's Office had a budget request of \$350,000 for FY07. The Office of Homeland Security has 3 FTEs. The combined budgets would give the proposed Office of Homeland Security and Emergency Management a budget of approximately \$29,621,900 and 42 FTEs.

New Mexico received \$19.7 million in homeland security funding in federal fiscal year 2005. Eighty percent of the total grant must flow through to local jurisdictions composed of the 33 counties and the city of Albuquerque. No more than 20 percent of the grant can be retained by the state and, of that 20 percent, 3 percent may be used for administrative and management costs.

### **SIGNIFICANT ISSUES**

The Legislative Finance Committee has expressed concern that the state's homeland security operations were not clearly organized. A year ago, responsibility for administration of federal homeland security grants was divided between the Office of the Governor and the Office of Emergency Management in the DPS. Some other operational responsibilities were also shared. The homeland security advisor served both the in the Office of the Governor and as deputy secretary of DPS. The homeland security advisor lacked clear statutory authority to allow her to assume command of all state agencies in the event of a terrorist incident. To address these concerns, the Legislature passed House Bill 891, authorizing the Department of Homeland Security in statute. The legislation was vetoed.

In February 2005, the homeland security advisor resigned amid the controversy over the use of federal funds. The current homeland security advisor reviewed the state's homeland security operations and, in addition to moving grant administration to DPS, implemented changes to simplify and clarify the organization of these activities. Although these changes represented a significant improvement over the existing situation, the homeland security advisor continues to wear two hats: that of a policy advisor and interagency coordinator in the Office of the Governor and that of the deputy secretary of DPS. This "double-hatting" has the potential of creating confusion over the lines of authority during an emergency. Currently, the Office of Homeland Security is not authorized under statute.

## **PERFORMANCE IMPLICATIONS**

DPS reports the removal of the Office of Emergency Management program would be a great loss to the department. DPS states this does not preclude the department from maintaining a close working relationship with the proposed Office of Homeland Security and Emergency Management. DPS states a close relationship is essential because of the roles each agency plays in securing the state and coordinating the response to potential emergencies that may occur within New Mexico.

DMA states it is unknown as to the dimensions of consolidating these various state entities into different administrative and organizational units for emergency response purposes.

## **ADMINISTRATIVE IMPLICATIONS**

The combining of Office of Emergency Management in DPS and the Office of Homeland Security in the Governor's Office would give the proposed Office of Homeland Security and Emergency Management 42 FTEs. Currently, the Office of Emergency Management has 39 FTEs and a historical vacancy rate of 35 percent.

The proposed legislation calls for all functions, personnel, money, appropriations, records, furniture, equipment and other property of the Office of Emergency Management in DPS and the Office of Homeland Security in the Governor's Office be transferred to the proposed Office of Homeland Security and Emergency Management.

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