



LFC Newsletter

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Representative Patricia Lundstrom, Chairwoman

Senator John Arthur Smith, Vice Chairman

David Abbey, Director

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From the Chairwoman **New Year**

After a financially tough few years – actually, it's been a financially tough decade – New Mexico's economic picture is starting to look a little brighter, if not technicolor. While the economy has never fully recovered from the Great Recession, employment and state revenues are growing, slowly but consistently.

With as many things as go wrong with New Mexico, we sometimes forget how much there is to love. We are surrounded by a beautiful natural environment with every flavor of mountain, canyon and valley and the bright, clear light so popular with artists, in a state with a deep, rich culture, and among people who don't always agree but who will always stand up for you and then offer you a meal.

No season quite captures the New Mexico spirit like the holidays. Farolitos, or luminarias if you prefer, line the walks and the walls in a tradition older than the state. Biscochitos, tamales and empanaditas dominate the kitchen table. The matachines dance in the villages of the north and the courtyard of the centuries-old Palace of the Governors. Tourists and locals stroll through Madrid and a dozen towns like it on streets lined with shops selling folk art and fine art and t-shirts, local deliciousness, and western antiques.

Small towns from Silver City to Clayton hold Christmas parades, sometimes lighted and held at night, with the high school band and floats by local civic groups, businesses and politicians. Santa comes last, sometimes with the Grinch, ready to pose with small children.

In Carlsbad, the parade is brightly decorated homes along the Pecos and the parade-goers float by. In Albuquerque, the botanical gardens are lit up with jumping cheetahs, towering dinosaurs, and sparkling insects while visitors ooh and ahh, bundled up and gripping hot chocolate. In Farmington, holiday revelers walk the river trails along the Animas among hundreds of lights and listening to carolers. In Red Rock, outside of Gallup, more than a hundred hot air balloons light up the night in a holiday glow.

Indeed, New Mexico is a special place, even if it's sometimes a hard place to live. Know this: your elected leaders are committed to our state and its people. Yes, we're politicians, but we are public servants first and we are committed in this coming year and every year to keeping what makes New Mexico special and fixing the things that make it hard.

Representative Patricia Lundstrom
Chairwoman

HSD Seeks 9 Percent Boost, Drops Request for FY18

The Human Services Department is asking for \$81.5 million more in general fund revenue for Medicaid for next fiscal year, a nearly 9 percent increase, but says slowing Medicaid enrollment growth means the program no longer needs \$15.8 million to stay in the black this budget year.

Department managers are scheduled to appear before the committee at 1:30 p.m. December 6 to present the budget requests for Medicaid, Temporary Assistance for Needy Families, child support enforcement, and other agency programs.

The department is asking for a total of \$7.09 billion from all revenue sources, mostly for Medicaid and mostly in federal funds. About \$1 billion would come from the state.

Since submitting its request in September, the agency has lowered its estimate of the additional general fund revenue needed for Medicaid next year to \$68.3 million, including \$31.2 million that would replace uncertain federal funds for the Children's Health Insurance Program.

Congress failed to reauthorize funding for that program by the September 30 deadline, although federal funding

is still possible.

The department reports another \$14.7 million of the proposed Medicaid increase is to cover a drop in the federal fund matching rate for Medicaid clients who became eligible for the program as part of the federal Affordable Care Act. That law initially covered the full cost of the expanded population but the match started to drop this year and will eventually reach 90 percent by 2020, where it will stay under current law.

The remainder of the requested Medicaid increase is needed for higher costs, greater use of services, and projected enrollment growth.

The department is asking for a general fund increase of about \$400,000 for the Income Support Division, which manages the Temporary Assistance for Needy Families cash benefit program, the general assistance program, and Supplemental Nutrition Assistance Program, or food stamps.

The general fund request includes funds to replace federal funds for the food stamp supplemental program for low-income elderly and disabled clients and to restore a previous 7.5 percent cut to TANF benefits.

Elderly Services Struggle with Equitability

The Aging and Long-Term Services Department is making progress on how it funds nutrition, transportation, and other services for the elderly but still struggles with distributing resources to the most needy, an LFC program evaluation report finds.

Progress Report: Funding and Performance of the Aging Network, an update of a 2014 evaluation of the effectiveness of the network, finds the department continues to distribute resources to the elderly through a system that fails to account for the needs of a region, raising questions about equitability.

The department's formula for allocating about \$39 million in state and federal funds, distributed to four area agencies on aging mostly for food, transportation, and personal care services, remains based on what the area agency received the year before, according to the update presented to the committee in November and [posted online](#).

While some area agencies receive a

greater share of the total funds available than the share of the state population they serve, others receive a smaller share. The four area agencies serve Bernalillo County, the pueblos and Apache tribes, the Navajo Nation, and the rest of the state.

Overall, the department has implemented or is making progress on 17 out of 18 recommendations from the 2014 report, with changes that have improved the integrity of its capital outlay process and established closer monitoring of area agency management of funds.

However, recent audits raise concerns about area agency accountability and spending controls.

By 2030, the U.S. Census projects 682,000 New Mexicans, or nearly one-third, will be 60 or older, compared with 487,000, or 24 percent, in 2015.

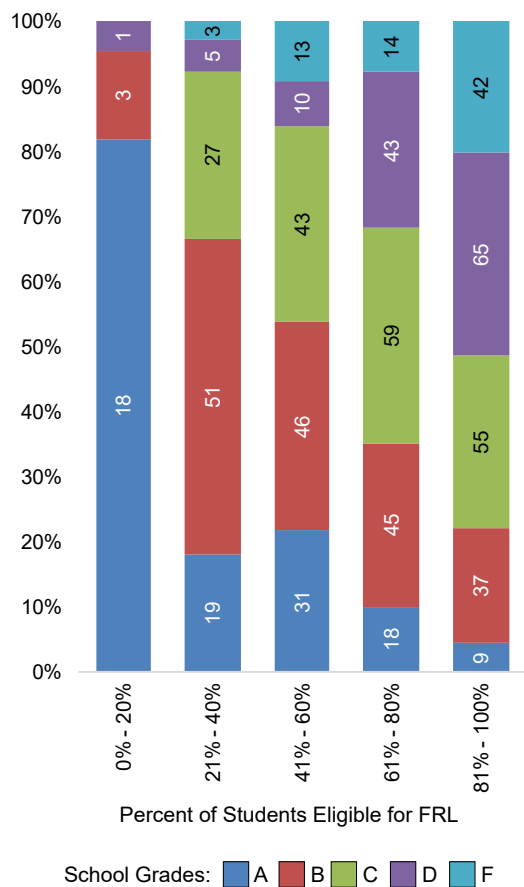
The LFC report says New Mexico provides more state funding for aging services than other states.

School Grades Aligned with Student Income Levels

School performance grades are closely aligned with how many students in the school qualify for the federal free and reduce-price lunch program, or FRL, according to data that will be included in volume one of the LFC’s FY19 budget recommendation, known formally as the *Report of the Legislative Finance Committee to the Fifty-Third Legislature: Policy and Performance Analysis* and scheduled for release in January.

While about half of the schools with 81 percent to 100 percent of students eligible for FRL received D or F grades, no schools with 20 percent or less of students eligible for FRL received Fs and just one of 22 schools received a D.

School Grades by Percent of Low-Income Students



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On the Table

U.S. Supreme Court To Hear Water Fight

The U.S. Supreme Court is scheduled to hear oral arguments in the water dispute between Texas and New Mexico on January 8. Texas is asking the court to prohibit New Mexico farmers from pumping groundwater along the border, which Texas says reduces flows in the Rio Grande.

Job Growth Better

New Mexico had 13,000 more jobs in October than it did a year ago, a 1.6 percent growth rate that was an improvement from job growth at or below 1 percent for the last two years. The state’s unemployment rate is the second highest in the nation. Job gains occurred in multiple industry sectors, with more than 4 percent growth in leisure and hospitality, professional and business, and construction. Job growth in the mining and oil and gas industry has been flat the last few months, no longer dragging down the overall number.

Socorro Schools Consider 4-Day Week

The Socorro Consolidated School District is considering a four-day week to attract teachers. The board is surveying the community and intends to vote in early February.

Corrections Vacancies Stabilize

The vacancy rate among correctional officers was 22 percent during the first quarter of FY18 and the rate for probation and parole officers was 17 percent. The rates, while high, are more stable than last year. To help lower vacancies, the State Personnel Office has agreed to dedicate a staff member part-time to helping Corrections Department process new hires, and the department has begun an alternative certification program for experienced officers.

Agencies Request \$81.6 Million

Agencies requested a total of \$81.6 million in special, supplemental and deficiency appropriations, including \$22 million for the Job Training Incentive Program and Local Economic Development Act program. The district attorney in Bernalillo County asked for \$7.7 million for litigation, contract attorneys and other expansions, and the Corrections Department asked for \$8.8 million for radio bills.

Transitions

Stephanie Schardin Clarke has resigned as deputy secretary of the Department of Finance and Administration to take a job with Santa Fe County.
Leila Burrows Kleats has resigned as director of the Board of Finance and relocated to Denver.
Will Duran, former director of the Motor Vehicle Division, is the new director of operations for the Board of Nursing.

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