

# LFC Newsletter

A publication of the

Legislative Finance Committee

Representative Patricia Lundstrom, Chairwoman

Senator John Arthur Smith, Vice Chairman

David Abbey, Director

Volume 18 Issue 4

October 2017

## From the Chairwoman The More Things Change

New Mexico was a different place when the Legislative Finance Committee was created 60 years ago, and the Legislature a different body.

As noted in the 1957 session report of the temporary panel that was to become LFC, the state was changing from a rural, agricultural economy to an urban, industrial one. Indeed, in its arguments for an alternating 30-day session focused on the budget – the Legislature met biennially until 1964 – the committee noted the \$194 million in state revenues in the 1956-1957 fiscal year made New Mexico state government “big business” and no longer capable of forecasting revenues two years in advance.

The Legislature looked a little different in 1957, as well, with just one woman among the then 98 members, compared with nearly three dozen today, and with a smaller share of Hispanic legislators than now. Not surprisingly, the first LFC chairman, Anderson Carter, was a white, non-Hispanic man, although the first LFC director was a woman.

But, in many ways, the Legislative Finance Committee is much the same on this 60th anniversary. Within six months of its creation, it was holding aggressive hearings on falsified financial records at the National Guard, and it followed up with successful legislation. The press quickly perceived the committee as strong and effective.

Its first reports raised concerns about using severance tax revenue for short-term projects, the lack of data and performance standards for state agencies, inequitable funding for public schools, the proliferation of colleges, tax policy that does not deter economic development, and the earmarking of 85 percent of state revenues.

We’ve made progress on many of those issues – severance tax is now deposited into a permanent fund, performance measures and data collection are mandated in state law, general fund has replaced local property taxes for public school funding, and far fewer state funds are committed to specific uses.

But some concerns, apparently, are timeless. We still discuss equity and access and how best to serve our communities and our state. We are, like all the committee members before us, committed to making government the most effective and efficient it can be.

*Representative Patricia Lundstrom  
Chairwoman*

*The committee will celebrate its 60th anniversary with presentations and refreshments starting at 2:30 p.m. October 24.*

## College Efficiency Important to Continued Affordability

New Mexico colleges and universities offer students broad access to higher education at some of the lowest tuition rates in the country, but slow growth in state support and revenue declines because of dropping enrollment could mean tuition increases that will put college out of reach for many New Mexicans, LFC evaluators conclude.

Staff is scheduled to present the program evaluation, *Higher Education Cost Drivers and Cost Savings*, to the committee at 8:30 a.m. on October 24.

The evaluation notes, because of falling enrollment, some of the state’s 24 colleges and universities have prepared programs and space for students who never materialized. It concludes that, while some schools are working on “right-sizing” their operations, others have become less efficient as enrollment has dropped.

When compared with other schools, those schools spend excessive amounts on executive management and overhead and underperform on student success.

New Mexico spends the greatest share

of taxpayer dollars on higher education in the nation, although the share of the general fund budget going to higher education has dropped recently. State support for higher education totaled \$848.5 million in FY16.

The governing boards of the University of New Mexico, New Mexico State University, Eastern New Mexico University, and Central New Mexico Community College oversee 78 percent of all state higher education spending, making those boards responsible for driving any efficiencies for most of the state’s college system.

Three of those boards oversee branch college systems, which do not coordinate services, the evaluation says.

The evaluation concludes differences in college efficiency are the result of a lack of structures and incentives for statewide change.

While the state Higher Education Department has provided leadership on academic progress, it has little authority over college governance or business operations, the report says.

## Judicial Spending Grows Faster than Cases

Despite financial constraints in most agencies, funding for the state judicial system – the state courts, district attorneys, and public defender – has steadily increased while only the caseload of the public defender has grown, LFC staff report.

The LFC hearing brief on judicial caseloads and funding, presented to the committee in August and [posted online](#), finds appropriations to the judicial agencies have increased an average of 2 percent a year, while the number of cases entering the system grew an average of 1 percent.

The number of cases assigned to the Public Defender grew almost 9 percent between FY14 and FY17, while cases referred to district attorneys statewide stayed mostly flat, and the total for the district courts declined.

The total number of civil and criminal cases in district courts dropped from 400,000 in FY14 to 350,000 in FY17, mostly because of a significant drop in the 2nd Judicial District in Bernalillo County. The number of new and

reopened cases in that district court has dropped by almost 25 percent over the last 10 years.

While the case management order in the 2nd Judicial District, which sets deadlines for certain felony cases to go to trial, has been blamed for putting more criminals on the street, LFC reports the 2nd Judicial District has dismissed a smaller share of cases due to time rules than the 8th and 13th judicial districts, which do not have the order.

The district attorney reports just 1.1 percent of cases were dismissed in FY17 due to time rules, compared with 30 percent of cases dismissed overall.

While the case order has been credited with eliminating a 2,600 case backlog of cases at least 18 months old, the district attorney also saw a 253 percent increase in trials in 2015 and 2016.

In addition, the district attorney argues the potential for a time-limit dismissal discourages defense attorneys from working with the state and 10-day time limits on indictments are reducing prosecutions.

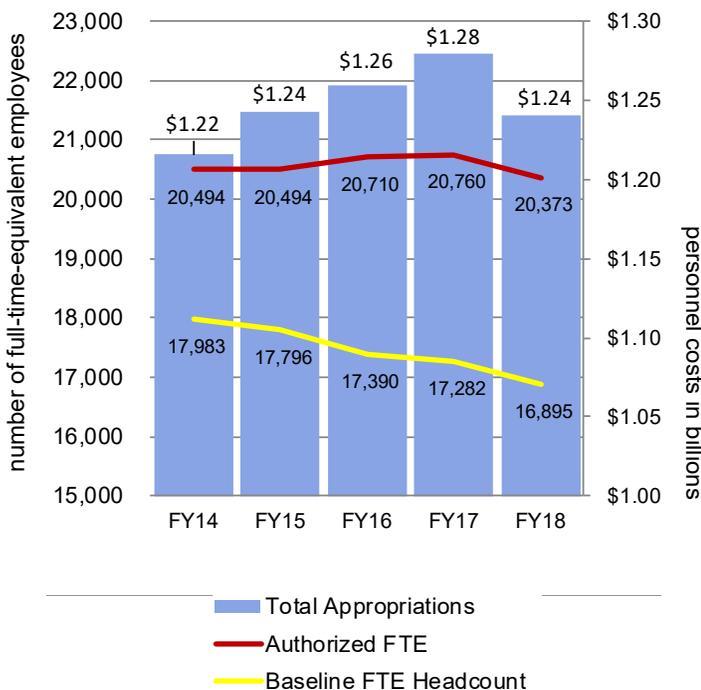
# Employee Rolls Drop

The number of state employees has declined over the past decade, down more than 2,000 since FY11, while personnel funding, for both salaries and benefits, has bounced up and down and the number of positions authorized in the budget has been relatively flat.

Some state agencies, including the Corrections and Health departments, report high vacancy rates, despite efforts to boost pay to attract and keep employees.

During the fiscal crisis of the last several years, some agencies used vacancy savings to cover costs in other areas. However, agencies were generating vacancy savings at unusually high rates before budgets were cut.

**State Personnel Costs and Employee Headcount**



## On the Table

### BLM Lease Nets About \$65M for State

A \$131 million oil lease sale by the U.S. Bureau of Land Management will mean about \$64 million for the state. The August revenue forecast assumed about \$40 million in lease sale proceeds. However, the sale is currently being challenged by the Wilderness Society and WildEarth Guardians. A similar protest resulted in an eight-month delay in the receipt of revenues from the September 2016 BLM lease sale.

### Jackson Lawsuit Relief Ruling Expected

State Health Department officials expect a decision in the next six months on a request for an end to federal oversight of services for the disabled. The federal district court in New Mexico a year ago rejected the state's request to end the federal court supervision required under the 30-year-old Jackson class action lawsuit, but the state appealed. The state argued before the 10th Circuit Court of Appeals in Denver in September it will never be able to meet all the hundreds of conditions in the suit and is no longer in violation of the U.S. Constitution or the federal Americans with Disabilities Act. Even if the federal court ends the suit, the state might continue to have civil obligations to the disabled plaintiffs under agreements related to the suit.

### CNM Sees Big Jump in Awards

The number of certificates and degrees awarded by Central New Mexico Community College jumped 60 percent in the last school year. The increase is almost entirely attributable to a new certificate program that grants a "general studies" or "health, wellness, and public safety" certificate after a student earns more than 30 core curriculum hours. Because some funding is tied to the number of degrees and certificates awarded, the increase could result in a funding increase for the school.

### Meat-Packing Plant Gets State Funds

The Economic Development Department awarded USA Beef \$400,000 in Local Economic Development Act funds for what will be the state's only meat-packing plant. The Roswell plant will employ approximately 57 people.

### Capital Outlay Requests Exceed Funds

State agencies have submitted \$829 million in requests for construction projects and equipment. In August, capital outlay severance tax bond capacity was estimated at \$116 million, and the capacity of general obligation bonds, which must be approved by voters, was estimated at \$164.2 million.

### Transitions

Elisa Walker-Moran has resigned as chief economist at the Taxation and Revenue Department.

## LFC Newsletter

Volume 18 Issue 4

Published monthly in the interim by the Legislative Finance Committee.  
Staff Editor - Travis Dulany    Writer, Editor - Helen Gaussoin

Questions, comments: 505-986-4550  
[www.nmlegis.gov/lfc](http://www.nmlegis.gov/lfc)

Please contact Adreana Lujan at [adreana.lujan@nmlegis.gov](mailto:adreana.lujan@nmlegis.gov) if you would prefer to receive this newsletter electronically.

Legislative Finance Committee  
325 Don Gaspar Street Ste101  
Santa Fe NM 87501