

MINUTES
Legislative Finance Committee
Las Cruces, NM
June 27 - 29, 2023

Tuesday, June 27

The following members and designees were present on Tuesday, June 27, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Sia Correa Hemphill, Crystal R. Diamond, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Senators William F. Burt, Joseph Cervantes, William P. Soules, Jeff Steinborn, and Bill Tallman; and Representatives Art De La Cruz, Joanne J. Ferrary, Jenifer Jones, Ryan T. Lane, Raymundo Lara, Tara L. Lujan, Javier Martinez, and Randall T. Pettigrew.

Welcoming Remarks. Susana Chaparro, chairwoman of the Doña Ana County Commission, welcomed LFC to Las Cruces and said \$31 million is needed to complete Flood Commission projects in the county. Reporting on other activity, Ms. Chaparro said Doña Ana County has made great strides in bolstering fire and rescue personnel. Federal dollars were recently appropriated to build a major overpass, which Ms. Chaparro said will improve the safety and mobility of people and goods in Santa Teresa.

Mayor Ken Miyagishima said Las Cruces was again recognized among best-run cities in the country.

Las Cruces City Manager Ifo Pili played a short video highlighting the city. Mr. Pili thanked legislators for their support, noting growth of the Las Cruces International Airport supported by the rural air service enhancement grant and other investments. Reporting on other activity, Mr. Pili said construction of 304 new affordable housing units will begin this fall. Electronic Caregiver, a privately held digital health technology and services company, is expanding, which Mr. Pili said will add 800 new jobs. After relocating to New Mexico, 828 Productions invested \$75 million to build a 300 thousand-square-foot studio and 20-acre backlot in Las Cruces.

In response to Senator Gonzales, Mr. Pili said the inaugural flight enabled by the rural air service program in Las Cruces took place about six months ago.

Local Perspectives on *Texas v. New Mexico* and the Future of the Lower Rio Grande. State Engineer Mike Hamman said New Mexico, Colorado, and Texas signed the Rio Grande Compact in 1938. Colorado delivers its index supply to the Lobatos gauge near the New Mexico state line. New Mexico delivers its Otowi Gauge index requirements to Elephant Butte Reservoir. The San Juan Chama Project water can be used to offset new depletions above and below the Otowi Gauge.

Under the proposed *Texas v. New Mexico* consent decree, New Mexico will have another compact delivery point at the Texas state line.

State Engineer Hamman said the Middle Rio Grande Conservancy District consolidated all 77 original diversions into four serving 60 thousand acres, including the six middle Rio Grande pueblos. State and federal dollars are currently being used to reconnect the low flow conveyance channel to salvage and deliver water to Elephant Butte more efficiently and improve habitat for endangered species.

At the Lower Rio Grande, the Elephant Butte Irrigation District (EBID) has three dams delivering water to 88 thousand acres below Caballo Dam. State Engineer Hamman said a Lower Rio Grande task force is being formed to develop a workplan for administration of the new compact delivery.

Reporting on challenges of the compact, EBID Manager Gary Esslinger said persistent drought is making it difficult to meet water obligations. Mr. Esslinger recommended the state

- Increase surface water supply by harnessing storm water more effectively,
- Create dedicated recharge to ensure a resilient aquifer system,
- Restore and improve flood plain connections to river and district facilities, and
- Create and enhance existing flood control measures and structures.

Mr. Esslinger said the federal Inflation Reduction Act and other available federal funding mechanisms could provide resources needed to make a real impact on the water supply problems. A Rio Grande Project Area Drought Resiliency Team was formed to organize acquiring funding for projects that address current issues.

Adrienne Widmer, director of Las Cruces Utilities, provided an overview of the nonprofit organization's water operations and maintenance line of business, which serves over 114 thousand people. Other consumers include 26 public education schools, three hospitals, and numerous commercial users. Las Cruces Utilities water also serves as a backup for the town of Mesilla and Doña Ana mutual Domestic Water Consumers Association. Ms. Widmer said Las Cruces Utilities uses annual water-level monitoring data to plan future water use and water quality regulations.

Sam Fernald, director of the Water Resources Research Institute (WRRI) at New Mexico State University, said WRRI was created to develop innovative approaches to deal with drought. Mr. Fernald said increased evaporative demand is resulting in less surface runoff, noting significant water decline in the Mesilla Aquifer.

Mr. Fernald said the objective is to increase groundwater storage while maintaining agriculture, ecosystems, and communities by using a suite of management techniques. To increase water supply, WRRI recommends groundwater recharge, surface water inflows, and less groundwater pumping. To reduce water demand, WRRI recommends conservation, efficient use technology, and fallowing and land use management.

Settlement Implementation and Opportunities for Innovation. John Longworth, senior projects manager of the State Engineer's Office, provided a brief overview of agency depletion and storm water management, including the groundwater leasing and acquisition programs and healthy soils and regional dam initiatives.

Jennifer Faler, area manager of the U.S. Bureau of Reclamation, talked about development of the environmental leasing program in the Middle Rio Grande Conservancy District, which aims to improve deliveries to the river, decrease diversions, and reallocate leased water from agriculture to the river. Program projects include improvements to the lower San Acacia reach and river mile 60 infrastructure.

Phil King, engineering consultant to the Elephant Butte Irrigation District, said the Rio Grande Project Area Drought Resilience Team is working to develop infrastructure and policy to cope with an increasingly arid climate. Mr. King provided an overview of the district's storage and flood control infrastructure.

Hannah Riseley-White, interim director of the Interstate Stream Commission, said the work ahead in the Lower Rio Grande is significant, but the agency is ready to engage to get the work done. State Engineer Hamman requested the state's help with the long-term effort.

LegisStat: New Mexico Environment Department. Highlighting key information in the staff brief, LFC Analyst Scott Sanchez said the number of New Mexicans with access to drinking water that meets health standards continues to decline, despite record investments in water and wastewater infrastructure. Implementation of standards, which set limits on the amount of per- and polyfluoroalkyl substances (PFAS) in drinking water by the U.S. Environmental Protection Agency (EPA), are likely to exacerbate this trend. Many public water systems throughout New Mexico struggle to comply with current drinking water requirements due to a significant lack of operational capacity, requiring Environment Department (NMED) staff to provide significant technical and compliance assistance. Despite the dire state of many water and wastewater systems in the state, uptake of drinking water and clean water state revolving loan funds remain low.

John Rhoderick, director of the NMED Water Protection Division, said the agency administers drinking water and clean water state revolving loan funds in conjunction with the New Mexico Finance Authority, offering zero to low percent interest rates. To encourage local entities to apply for the funds, NMED and NMFA made the application process easier, which Mr. Rhoderick said resulted in a 76 percent increase in drinking water loan applications and 61 percent increase in clean water loan applications submitted this past year.

In response to Representative Garcia, Mr. Rhoderick said many smaller communities lack the basic requirements to qualify for a loan. Some, for example, do not have an audit filed with the Office of the State Auditor. Mr. Rhoderick more public outreach is needed to educate and guide governing bodies in communities of their obligations.

In response to Senator Hemphill regarding spilled asphalt emulsion down Jaybird Canyon, Mr. Rhoderick said NMED issued fines and an administrative compliance order to the company of the truck that overturned last September on Highway 15. The U.S. Forest Service and NMED assessed the area in May and determined additional cleanup is needed; soil samples were clean, however. Mr. Rhoderick said he is working with the Department of Homeland Security and Emergency Management and New Mexico State Police to ensure such incidents are reported to NMED timely in the future.

In response to Representative Dixon, Mr. Rhoderick said NMED currently uses 27 percent (about \$5.4 million) of federal drinking water funds for personnel and operation expenses. If those expenses were covered by the state instead, the agency could dedicate more funds toward providing communities with resources like contractors to determine their water system needs. Mr. Rhoderick also recommended cooperatives to help communities receive the resources they need to evaluate and manage their water systems.

Economic Development in the Border Region. Jerry Pacheco, president and chief executive officer of the Border Industrial Association, said Santa Teresa has four industrial parks: West, Gateway, Airport, and Binational. South of the parks is Pacifica, a cross-border industrial campus. Since 2010, New Mexico has had the highest growth of exports to the world of all 50 states. Exports to Mexico grew 637 percent over the same period. Santa Teresa is now the sixth largest port-of-entry. Northbound commercial crossings at the Santa Teresa port-of-entry increased from 2,949 in 1994 to 159,570 in 2022. Santa Teresa Union Ganadera is the largest cattle crossing on U.S.-Mexico border. Mr. Pacheco highlighted recently completed industrial park projects, including spec buildings. New projects include construction of a Diamond Onion processing plant and Franklin Mountain Packaging facility. Another industrial park is anticipated in Santa Teresa, invested by Franklin Mountain Management. Mr. Pacheco requested legislative support in developing Santa Teresa's water system and wastewater management.

Kathy Hansen, director of the Arrowhead Center, the mission of Arrowhead Center is to create economic opportunity in the region through innovation and entrepreneurship. To achieve its mission, the center is focused on business incubation and acceleration, regional strengths and assets, economic research, and partnerships. Ms. Hansen provided an overview of current activity.

Joseph De La Rosa, senior advisor for global trade and infrastructure investments for the Transportation and Economic Development departments and chair of the Border Authority Board, highlighted the border highway connector and jetport projects in Santa Teresa. State collaboration with Chihuahua on electric vehicle manufacturing is in progress. Mr. De La Rosa pointed out New Mexico does not have the resources on its own to attract the investment, but with Chihuahua as a partner, it does.

Mr. De La Rosa said the development of water and wastewater management capacity will be key in continuing the momentum of economic development at the border.

Eric Montgomery, regional director of El Paso Electric, said the company is in a unique position to service two states. Reporting on industrial development opportunities, Mr. Montgomery said El Paso Electric doubled its number of responses to projects in 2022. In 2023, every project asked the company how it can assist with renewable goals. This year, El Paso Electric invested in grid modernization and deployed smart meters. Mr. Montgomery played a video on company efforts to become carbon free by 2025.

In response to Senator Gonzales, Mr. Pacheco said there are currently six housing developments underway between Santa Teresa and Sunland Park, including multi-family units.

Cultural Affairs Update. Debra Garcia y Griego, secretary of the Department of Cultural Affairs (DCA), said year-to-date capital expenditures across all DCA facilities total \$11.7 million. Highlighting recent projects, Secretary Garcia y Griego said the heating, ventilation, and air conditioning system was replaced at Bosque Redondo Memorial and a new water system was installed at the Museum of Space History. Several facilities received Americans with Disabilities Act (ADA) improvements. Other projects included roof repairs and electrical upgrades.

Secretary Garcia y Griego noted DCA recently received a \$5 million federal grant for accessibility improvement projects at facilities outside Santa Fe County.

Secretary Garcia y Griego said 35 new exhibitions opened in FY23. The lifespan of changing exhibitions is between two weeks and two years and permanent exhibitions between five and 10 years. Forty-one new exhibitions are on the horizon, with over 60 percent outside Santa Fe. The majority of exhibitions are public-private funded. This year, the Legislature appropriated \$6 million for exhibit development, which the secretary said will be specifically used for designs, gallery upgrades, changing exhibition expenses, and in-house exhibit development capacity.

Reporting on staffing, Secretary Garcia y Griego said DCA rapid hire events resulted in a record 190 new hires in FY23. The vacancy rate is currently 16 percent. Almost all DCA leadership positions are filled. Thanks to increased funding, 16 janitorial positions were created and are in active recruitment.

In response to Representative Ferrari, Secretary Garcia y Griego said the El Camino Real Museum closed because of low attendance. Potential options for the space include higher education or public use through procurement.

In response to Representative Dixon, Secretary Garcia y Griego said DCA is currently operating three of four bookmobiles. The agency is looking to replace the current bookmobiles with smaller profile vehicles that are fuel efficient and safe to operate during windy weather.

New Mexico Farm and Ranch Heritage Museum Tour. Executive Director Heather Reed said the New Mexico Farm and Ranch Heritage Museum was founded on the mission of agricultural education 25 years ago. Museum staff provided LFC a tour of the 40-acre property, including the dairy barn exhibit.

Wednesday, June 28

The following members and designees were present on Wednesday, June 28, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Sia Correa Hemphill, Crystal R. Diamond, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Senators William F. Burt, Joseph Cervantes, Michael Padilla, and Jeff Steinborn; and Representatives Art De La Cruz, Joanne J. Ferrary, Jenifer Jones, Raymundo Lara, Tara L. Lujan, and Randall T. Pettigrew.

Research Agenda. New Mexico State University Interim Chancellor Jay Gogue said research centuries ago occurred when people had discussion and determined facts based on logic. Then in the 16th century, research became a scientific method developed by Sir Francis Bacon: a problem is identified, information is collected, a hypothesis is formed, an experiment is conducted, and a conclusion is reached. In 1876, Johns Hopkins University became America's first research university.

Thomas Turner, interim associate vice president for research at the University of New Mexico (UNM), said research excellence needs an ecosystem of broad pursuit of topics for discovery, in-depth analysis for thought leadership, and funding that enables research and increases productivity. Mr. Turner highlighted key multi-institution coordination activities in New Mexico.

Reporting on current research areas and priorities, Michael Doyle, vice president for research at the New Mexico Institute of Mining and Technology, said the institution is primarily focused on

- Geologic mapping,
- Water resources science, technology, and education,
- Energy management and security, and
- New manufacturing technologies.

NM Tech is currently working to reach Carnegie R1 status by 2027, achieve positions of national leadership, and expand translational research and tech commercialization.

Alisha Giron, associate vice president for research at New Mexico State University (NMSU), said NMSU research is vast and active, with a current portfolio of about \$120 million. The institution regularly accesses existing and emerging areas of research strengths to emphasis alignment of key focal areas with the New Mexico economic development plan, which currently focuses on

- Aerospace,
- Cybersecurity,
- Biosciences,
- Film and television,
- Global trade,
- Intelligent manufacturing,
- Outdoor recreation,
- Sustainable and green energy, and
- Sustainable and value-added agriculture.

Ms. Giron said priorities driving NMSU research investments include the land grant mission, workforce development, external funding sources diversification, and technology commercialization and transfer potential.

Mr. Turner provided a brief overview of current research projects at UNM. Hengameh Raissy, interim vice president for UNM research, said Health Sciences Center research focuses on

- Environmental health sciences,
- Brain and behavioral illness,
- Cardiovascular and metabolic disease,

- Infectious disease and immunity,
- Child health, and
- Cancer.

Gerald Hoehne, interim finance director for the Higher Education Department (HED), said allocations from the technology enhancement fund (TEF) to research institutions are determined by a committee through an application process in coordination with HED. The funding is targeted toward innovative applied research that advances knowledge and creates new products and production processes in key fields. Mr. Doyle said TEF increases New Mexico's research institutions' competitiveness at the national level. It also increases collaboration among research institutions in the state.

In response to Senator Gonzales, Mr. Gogue and Mr. Turner remarked on how research among the institutions is helping New Mexico build its workforce.

In response to Representative Armstrong, Mr. Doyle said NMT research expenditures this year will exceed \$100 million.

In response to Representative Dixon, Mr. Hoehne said the TEF committee does not currently have a member from the Economic Development Department; however, each research institution has an economic development representative who serves on the committee.

In response to Representative Lujan, LFC Analyst Connor Jorgenson said the TEF balance is currently \$61 million. Mr. Hoehne said the TEF committee meets quarterly to review applications.

Research Spotlight: Desalination. Pei Xu, professor at New Mexico State University and research director of the New Mexico Produced Water Consortium, said development of alternative water supplies is crucial for water security. However, the use of alternative water supplies is challenging because of water quality concerns, intense energy use, costs, and concentrate and waste management.

Professor Xu said desalination technology produces higher quality water. Desalination technology varies by type of water treated, including brackish and brine water, and eventual use. To improve on current technology, NMSU is researching ways to modify and optimize current technologies and developing next generation technologies. Professor Xu highlighted key projects.

Professor Xu talked about NMSU water research and desalination program partners and said the research is developing a strong workforce of water professionals. The consortium's work is also in collaboration with key partners, including federal and state agencies.

Professor Xu said NMSU's research is producing benefits and opportunities, but the program faces limited resources and aging instrumentation and infrastructure.

In response to Chairman Munoz, Professor Xu said \$1 million is needed annually to maintain NMSU's current level of desalination research.

LFC toured NMSU laboratories, led by Professor Xu and colleagues.

Kay Bailey Hutchison Desalination Plant Tour. LFC toured the Kay Bailey Hutchison Desalination Plant in El Paso, Texas, led by Art Ruiz and Hector Sepulveda. The facility, which began operations in 2007, is the world's largest inland desalination plant, capable of producing 27.5 million gallons of fresh water daily (MGD). The desalination plant uses reverse osmosis to transform brackish water into fresh drinking water. Through a pressurized process, raw water passes through fine membranes that separate salts and other contaminants from the water. Approximately 83 percent of the water is recovered while the remainder is produced as a concentrate. The permeate, or desalted water, is piped to a storage tank for distribution and the concentrate is disposed through deep-well injection.

Former U.S. Senator Hutchison sought to have the plant built to support Fort Bliss, where the wells are located, to avoid downsizing or closure of the army post.

In response to Representative Chatfield, Mr. Sepulveda said El Paso Water is a public utility.

In response to Senator Tallman, Mr. Sepulveda said the hydro pressures, which push the water, make the process expensive.

To meet future water needs, El Paso Water plans to expand the plant in coming years to produce as much as 42 MGD. NMSU Professor Pei Xu and colleague Juliano Almeida showed NMSU's prototype to treat more water.

Thursday, June 29

The following members and designees were present on Thursday, June 29, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto "Bobby" J. Gonzales, Steven P. Neville, Sia Correa Hemphill, Crystal R. Diamond, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Senators William F. Burt and Jeff Steinborn; and Representatives Art De La Cruz, Joanne J. Ferrary, Ryan T. Lane, Raymundo Lara, Tara L. Lujan, and Randall T. Pettigrew.

Behavioral Health. Kari Armijo acting secretary of the Human Services Department (HSD), said New Mexico has the highest level of social vulnerability in the United States. In FY23, HSD served 51 percent of New Mexicans: 510.6 million meals were provided, 964,828 thousand individuals were Medicaid-enrolled, 21,712 thousand homes were heated and cooled, 8,180 families were provided shelter and necessities, 216,488 individuals were provided behavioral health services, and an average of \$125.19 in child support obligation per child was collected.

The increased federal share of Medicaid costs throughout the pandemic provided greater benefits and reached more people, providing continuous coverage for Medicaid enrollees throughout the pandemic. However, the enhanced federal Medicaid matching funds ended when the public health emergency was lifted earlier this year. Ms. Armijo said the state is now in its third month of restarting eligibility redeterminations for all Medicaid enrollees and transitioning those no longer eligible. Customers should update their contact information with HSD and look out for the

turquoise envelope to renew. Ms. Armijo said progress of the Medicaid's continuous coverage unwinding, which states have 12 months to complete, will be reported on HSD's website.

The General Appropriation Act of 2023 increased Medicaid behavioral health reimbursement rates to nearly 120 percent of Medicare. Ms. Armijo said the rates will be organized into three subcategories across dollar distributions and total percentage increases. Managed care organization are directed to treat the fee-for-service (FFS) schedule as the floor, requiring they pay providers no less than the FFS rates published.

Meanwhile, HSD is using non-Medicaid dollars to align behavioral health service delivery with services covered by Medicaid, providing care to New Mexicans who do not qualify for Medicaid or are under- or uninsured. HSD Deputy Secretary Alex Castillo explained the agency increased non-Medicaid behavioral health reimbursement rates from 85 percent of Medicaid to 90 percent, reducing the discrepancy between payments for services ineligible for Medicaid and/or other forms of insurance. The increased rates will ensure providers are appropriately reimbursed for services ineligible for Medicaid, strengthening the provider network, and improving overall health and well-being of New Mexicans. About 216 thousand adults were served through behavioral health programs in 2022, of which 29 thousand were served through non-Medicaid funds, an 8.7 percent increase from 2021.

Ms. Castillo said the mission of the Behavioral Health Collaborative (BHC) is to work collectively to improve the lives of New Mexicans by ensuring behavioral healthcare is accessible, of high quality, collaborative, fiscally responsible, and meets the needs of New Mexico's diverse population. For FY24, the Legislature appropriated \$1.4 million for BHC initiatives, a 46.2 percent increase over FY23.

HSD provided a spreadsheet detailing how \$20 million in federal dollars, appropriated last year for children's behavioral health, will be spent. Building family resource centers and piloting Foster Care Plus are among the planned expenditures, which Ms. Castillo said will start to occur in FY24.

This year, the Legislature appropriated \$80 million for the rural healthcare delivery fund, which will provide start-up grant funding for new or expanded services in rural counties. Ms. Armijo said providers encouraged to respond to a non-binding interest survey the end of July to outline funding need and service areas. HSD will release a request for application in September and notify funding recipients in December, with funds released early 2024.

Ms. Castillo noted issues concerning private equity-owned hospitals, which New Mexico has the highest number of.

HSD identified two new metrics by which to measure the hospital value-based purchasing program, specifically the quality to assess facility payment. Ms. Armijo said these additional quality metrics are designed not only to guarantee that members are being appropriately referred for treatment but also to incentivize the development of relationships between hospitals and behavioral health providers.

Ms. Armijo said rates were enhanced to implement evidence-based practices and crisis services. The secretary also gave a brief update on high fidelity wraparound services. In July, HSD will launch a community health worker and representative reimbursement program. Ms. Castillo reported on other activity, including supportive housing initiatives.

Margaret McCowen, director of the Behavioral Health Providers Association of New Mexico, said New Mexico's vacancy and turnover rates of its behavioral health workforce are high, increasing from a 20 percent turnover rate in 2021 to 35 percent in 2023 and a 30 percent turnover rate in 2021 to 51 percent in 2023.

To address the current crisis, Ms. McCowen recommended the state focus on retention and infrastructure. This includes

- Defining and validating the partner role of providers in system management,
- Reducing administrative burden,
- Providing annual salary increases, and
- Investing in training supervisors for a healthy workplace.

To expand access to behavioral health, Ms. McCowen recommended the state appropriate \$5 million for a state grant program that builds behavioral health organization infrastructure, implement a 100 percent loan forgiveness program for providers to stay in New Mexico for five years and practice in rural areas, and provide \$3 million in reimbursement to behavioral health organizations for clinical supervision.

Al Galves, Ph.D., talked about the development of a Soteria House program in New Mexico. A Soteria House is a home-like residence of six to eight beds that provides patients with safety, support, and affirmation as they go through a psychotic episode.

In response to Senator Hemphill, Ms. Armijo said HSD received federal approval to expand Medicaid school-based behavioral health services to students without an individualized educational plan. Ms. Castillo said school personnel will be included in the trauma responsive training.

Representative Chatfield remarked on the importance of having doctor residencies in New Mexico.

Senator Steinborn suggested LFC analyze the potential for having a school-based health center at every school in the state.

Progress Report: Juvenile Justice Facilities. LFC Program Evaluator John Campbell said the Children, Youth and Families Department (CYFD) is making progress on a number of recommendations from a 2016 LFC program evaluation and improving the outcomes of youth released into the community, including lowering rates of recidivism. However, reintegration centers and secure facilities appear to remain overstaffed, and reintegration centers remain underutilized.

Mr. Campbell said the youth population in New Mexico and the proportion of that population who interact with juvenile justice facilities are both declining. CYFD has been implementing the

Cambiar model since FY08, shifting away from punitive modes of justice toward more rehabilitative, evidence-based practices to reduce recidivism and otherwise improve outcomes. These and other factors have contributed to a long-term decrease in the number of youth coming into contact with the juvenile justice system and the number housed in secure facilities. However, despite CYFD's closure of two secure facilities and two reintegration centers, facility-staffing levels are not keeping pace with decreasing workloads. Per-client costs continue to rise even as the number of juveniles in the system declines. Between FY19 and FY22, the per-client per-year cost of secure facilities rose from \$266.5 thousand to \$383.3 thousand, a 44 percent increase, and the per-referral per-year cost of field supervision rose from \$1,600 to \$2,900, an 81 percent increase.

Reflecting recommendations in the original report, LFC staff recommend CYFD continue to evaluate the Juvenile Justice Services (JJS) budget and identify opportunities to achieve staffing efficiencies when closing facilities. Considering projections of continued declines in incarcerated youth, CYFD should replace its facilities master plan with one that is consistent with the principles and goals of the Cambiar model and is also practically realizable. The plan could redistribute funds and staff away from facilities towards upstream services.

CYFD Acting Secretary Teresa Casados said the agency is currently evaluating its Juvenile Justice Facilities program to ensure the services it provides are making a difference. Specifically, the agency is looking into why the number of referrals is declining and analyzing funding streams. Secretary Casados remarked on the difficulty of downsizing, pointing out the various facilities serve different needs.

With a focus on building front-end services, Ms. Casados said CYFD is working alongside the Human Services and Early Childhood Education and Care departments to increase the number of family resource centers across the state.

In response to Senator Diamond regarding a CYFD employee charged with child abuse, Secretary Casados said CYFD is taking appropriate steps to handle the matter and although the individual is still employed with the agency, they are not working with children.

Representative Armstrong asked CYFD to examine funding for the Juvenile Justice Advisory Committee (JJAC) to ensure its entities are funded to the fullest extent. Ms. Casados said the agency recently met with JJAC to discuss current issues.

In response to Senator Steinborn, Ms. Casados said Reach NM is a direct line (505-591-9444) to a trained CYFD advocate who can direct youth and teens to resources, open a case to start an investigation, or refer them to other agencies that can help. The text line is anonymous unless the youth decides to offer his or her name.

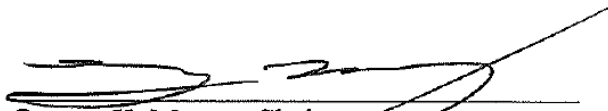
Miscellaneous Business.

Action Items. Senator Campos moved to adopt the LFC May 2023 meeting minutes, seconded by Senator Sharer. The motion carried.

Senator Gonzales moved to adopt the LFC contracts, seconded by Vice Chairman Small. The motion carried.

Review of Monthly Financial Reports and Information Items. Charles Sallee, interim director of LFC, briefed the committee on information items.

With no further business, the meeting adjourned at 11:19 a.m.



George K. Muñoz, Chairman



Nathan P. Small, Vice Chairman