

MINUTES
Legislative Finance Committee
Portales, NM
June 19 - 21, 2019

Wednesday, June 19th

The following members and designees were present on Wednesday, June 19, 2019: Chairman John Arthur Smith; Senators Mary Kay Papen, Pat Woods, William F. Burt, Clemente Sanchez, Stuart Ingle, and Pete Campos; and Representatives Harry Garcia, Roberto “Bobby” J. Gonzales, Phelps Anderson, Javier Martinez, Gail Armstrong, Rodolpho “Rudy” Martinez, Candie Sweetser, and Randal S. Crowder. Guest legislators: Representatives Rachel A. Black, Dayan Hochman-Vigil, and Martin Zamora.

Welcoming Remarks. Jeff Elwell, chancellor and president of Eastern New Mexico University (ENMU), said the university’s Golden Library was transformed into the Golden Student Success Center, a facility now providing conveniences and cutting-edge resources to students. The transformation cost \$26 million, of which \$22 million was funded through general obligation bonds.

Portales Mayor Ronald Jackson said general fund expenditures slightly exceeded general fund revenues from FY14 to FY18; enterprise funds were used to cover the differences. Reporting on Portales’ FY20-FY24 infrastructure capital improvement plan (ICIP), Mayor Jackson said an additional \$12 million is needed to improve wellfields. Other top priorities include improving Kilgore Street and upgrading fire protection and water circulation. Forty-one million dollars is needed to fund all 51 projects in the ICIP.

Mayor Jackson said the Portales economy is primarily supported by the agriculture industry, specifically peanut and dairy farming, followed by the trucking industry and local businesses. Mayor Jackson said downtown Portales is active. The downtown area has a new hotel and the Roosevelt Brewing Company is doing well. The downtown hotel, brewery, and vineyard east of town were built with the help of Local Economic Development Act funds. New economic developments happening in Portales include a senior citizen facility at the hospital and a wind farm south of Portales.

City Manager Sammy Standefer said decreasing tax revenue from brick-and-mortar businesses due to online shopping is financially challenging and putting pressure on the city to increase tax rates.

Commissioner Shane Lee said Roosevelt County is doing well; dairy farming is increasing, wind farming is developing, and the Southwest Cheese Company is expanding. Commission Lee said Portales is the hub of Roosevelt County.

In response to Representative Anderson, William Hendrickson, executive director of the Roosevelt County Community Development Corporation, said Invenergy is seeking contractors to build the Sagamore wind farm. The new wind farm is expected to be operating by 2020 and will employ about 250 people.

Representative Garcia asked what programs and services are offered by ENMU to the military community. President Elwell said the university has a scholarship program for active military. Also, a Reserve Officers' Training Corps (ROTC) program is being reestablished on campus. ENMU recently hired a liaison to work with the various military entities throughout the state.

Performance Management in Higher Education. LFC Analyst Mark Valenzuela said colleges and universities collect a tremendous amount of student data but only a fraction is delivered to the Legislature, limiting its use to effectively manage for results at institutions. Mr. Valenzuela said much of the data is failing to reach and serve appropriators for various reasons. First, not all the data is translating into measures pursuant to the Accountability in Government Act (AGA). Student retention and graduation rates are the only two measures consistently reported, not enough to provide a full picture of performance. Second, institutions are collecting data in real-time but federal and state regulations require the data be cleaned, verified, and validated before it is released. As a result, it can take two years before the data is available for legislators. Higher education associations, which represent the colleges and universities, provide annual reports to the Legislature; however, the reports are delivered near the start of a session, when legislators and staff are flooded with information. The timing of reports does not allow adequate time to analyze information and assess performance prior to releasing a budget recommendation. Third, the inconsistency of reported data creates confusion. Two-year and four-year institutions report the same measures but at different times. Also, the annual reports vary in format. Lastly, the Higher Education Department's collection of data is used primarily for regulatory purposes; only a small portion is used for decision-making.

To build better intelligence for increasing student success, LFC staff recommend establishing new framework for the higher education system, shifting from a data-management-for-compliance model to a data-mining-for-business-intelligence model. Mr. Valenzuela said the business-intelligence model is producing positive results at Georgia State University.

Dan Arvizu, Ph.D., chancellor of New Mexico State University (NMSU), said higher education institutions nationwide share many of the same challenges, including diminishing state and federal resources and shifting demographics. NMSU's vision is to excel in promoting social mobility for the diverse student populations, achieve the highest Carnegie research status, and maintain Carnegie Community Engagement status. To achieve its vision, NMSU has four goals: enhance student success and social mobility, elevate research and creativity, amplify extension and outreach, and build a robust university system. Giving an overview of strategies, Chancellor Arvizu said NMSU is making higher education affordable across all income levels, offering degrees in fields of high demand, and providing placement opportunities. Today's average student is paying less to attend NMSU than the average student did 10 years ago. Chancellor Arvizu said NMSU is committed to meeting enrollment and retention targets. The university is using the social mobility index, developed by CollegeNET, to measure performance. The index is a data-driven ranking tool that evaluates four-year U.S. colleges and universities based on the levels at which they admit and support the academic and professional success of disadvantaged students. Chancellor Arvizu said NMSU is amplifying extension and outreach by establishing partnerships with the private sector and increasing collaborations with other institutions.

Becky Rowley, incoming president of Santa Fe Community College, said data was used extensively for decision-making when she was president of Clovis Community College (CCC). Data was used to make budget, program, and staffing decisions. President Rowley said it is important to ensure the right implications are drawn from data.

Reporting on CCC data, President Rowley said most minority students are enrolled in nontraditional programs, presenting an opportunity to increase participation by attracting other student populations to those programs. CCC surveys students on their media preferences annually to determine the best way to communicate with students. The information also provides insight on which resources students use most often. For example, many students seek information from instructors and financial aid advisors. Enrollment data helps CCC determine where program adjustments need to be made. For example, the computer information systems 120 class was removed from several degree plans as a general education requirement because data showed a declining enrollment pattern. The withdrawal rate of online students is the same for face-to-face students. The female student population is exceptionally high, almost 70 percent. CCC also has a high population of students who are parents. CCC provides special supports that serve these populations, including childcare services. The attrition rate for part-time students is significantly higher, which CCC is addressing with an early alert system. As described by the maker Starfish, the system collects information and manages concerns in a way that respects different groups' unique workflows, so they can engage more deeply with more students. The attrition rate for part-time students decreased 5 percent since implementation of the Starfish system. To reduce the number of students dropped for nonpayment, CCC recently hired a student resource coordinator to work with students on establishing payment plans.

President Rowley said improving retention rates is difficult without information on why students stop or drop out; however, while data is useful, it does not always provide the full picture.

Reporting on Eastern New Mexico University (ENMU) data, President Jeff Elwell said college prepared students score 22 or higher on the ACT exam; however, incoming ENMU freshman average an ACT score of 20.1. Changing demographics are impacting enrollment. To be more competitive, ENMU is hosting an annual spring event called "Super Greyhound Weekend." During the event, students and parents can tour the campus and interact with faculty, staff, and current ENMU students. Students are also able to register for classes. ENMU closely monitors enrollment trends. In the last 10 years, the number of enrolled freshman decreased by about 200; however, the number of high school students participating in the dual-credit program increased from 360 students in 2009 to 1,111 in 2018. Enrollment overall has grown but the number of credit hours generated has remained relatively the same because more students are part-time.

President Elwell said all classes and programs undergo review on a five-year cycle. In addition, departmental effectiveness plans are revisited each year within the cycle. Data infused into these processes may be used to guide decisions leading to course or program changes.

President Elwell said ENMU is implementing EAB Navigate, a student success management system, to identify opportunities and engage at-risk populations. The system links administrators, faculty, staff, and advisors in a coordinated care network to support students from enrollment to graduation and beyond. The system will be fully implemented by next spring.

Kate O’Neil, secretary of the Higher Education Department (HED), said higher education data includes enrollment numbers, credit hours delivered, graduation rates, tuition and fees, and education and related expenditures. The data is reported in several sources, including the *State Higher Education Finance Report* and HED’s Accountability Report. Also, data is reported in annual reports published by the higher education associations. Secretary O’Neil said getting enough data is important to having a clear understanding but too much data or the wrong data can cloud understanding.

Secretary O’Neil said New Mexico’s higher education priorities include making college affordable and meeting workforce demands.

Senator Sanchez said student debt discourages students from becoming teachers because the profession pays a lot less than other occupations. President Elwell said ENMU has a scholarship program that provides full in-state tuition and fees for students who want to become New Mexico teachers. Chancellor Arvizu said raising teacher salaries helps but raises are not enough to attract more students to the profession. Chancellor Arvizu said the state needs an innovative approach to building the pipeline of teachers.

New Mexico State University Cooperative Extension and Agricultural Experiment Station.

Associate Dean and Director Jon Boren said the Cooperative Extension Service (CES) in New Mexico is the community education arm of New Mexico State University (NMSU). Its mission is to provide the people of New Mexico with practical, research-based knowledge and programs to improve their quality of life. Giving an overview of the program, Director Boren said CES is part of the U.S. system responsible for technological advancements in agriculture. CES evolves and adjusts to the changing needs of stakeholders, balancing the continuing need for updated information on traditional agricultural subjects as well as addressing innovation in new subject areas.

CES in New Mexico operates on a budget composed of federal, state, county, grant, and contract dollars, totaling \$27.6 million in FY20. Almost 50 percent of the budget is state appropriations. The state has 54 CES offices, served by 300 staff members and over a thousand volunteers who connect with many entities and reach about 570 thousand New Mexicans annually through informal educational programs that extend the knowledge of the land grant university system. CES initiatives support 4-H youth development, agriculture and natural resources, family and consumer sciences, and community economic development.

Director Boren talked about the success of 4-H in New Mexico. The program, currently serving about 40 thousand youth, prepares participants for the workforce by teaching critical life skills, including leadership, management, and communication skills. Compared with nonparticipants, 4-H youth are 2.5 times more likely to engage in civic involvement, half as likely to use drugs, and 4.9 times more likely to graduate from college. In 2016, Albuquerque Public Schools implemented the program in eight schools. Since implementation, behavioral health issues have decreased, school attendance has increased, and subject proficiencies have improved.

Director Boren said NMSU contracted an independent company to evaluate the impact of academics, research, and extension services of NMSU’s College of Agriculture, Consumer, and

Environmental Sciences. In FY17, the college's academic programs, extension, and experiment station together spent \$70.6 million, generating an economic impact of \$132.3 million. Also, 1,204 jobs, with a labor income of \$65.4 million, were supported.

Interim Associate Dean and Director Natalie Goldberg, Ph.D., said the Agricultural Experimentation Station (AES) is the principal research unit of the college. State appropriations for AES total \$15.1 million in FY20, which is matched with federal, grant, and contract dollars and revenue from sales and services. AES supports fundamental and applied science and technology research to benefit citizens in economic, social, and cultural aspects of agriculture, natural resource management, and family issues.

Director Goldberg said New Mexico is the fifth largest state in the country by area. The land varies greatly in geography, climate, water resources, vegetation, soils, pests, land ownership, and land use. The challenges presented by this diversity are met through NMSU's research facilities strategically located throughout the state. The university ensures AES research remains current and relevant to New Mexico through the use of advisory groups.

Director Goldberg said AES faculty train the next generation of agricultural professionals, providing hands-on learning and research opportunities for high school students, undergraduates, and graduate students. The state has almost 10 thousand acres of AES research sites. Research is also conducted in laboratories on NMSU's campus. Direct and indirect impact of AES initiatives to the state's agricultural economy exceeds \$266 million annually.

Director Goldberg said the Legislature in 2019 appropriated \$3.2 million in capital outlay for AES facilities. An additional \$707 thousand in nonrecurring funds was appropriated for critical repairs. The Legislature also established the Center of Excellence in Sustainable Food and Agricultural Systems. The new program, administered by NMSU, will build a sustainable, vibrant food and agriculture economy in New Mexico through value-added research and education.

Robert Hagevoort, Ph.D., associate professor and extension dairy specialist of the agriculture college, said dairy farming in New Mexico is primarily in the east, with Chaves, Curry, and Roosevelt counties producing the most milk. Mr. Hagevoort said the state has over 140 dairies, each averaging 2,400 cows. An average-sized dairy produces 60 million pounds of milk a year, delivering a direct economic impact of \$8.9 million. New Mexico ranks fifth in the nation for cheese production and ninth for milk production. Reporting on the impact of recent tariffs, Mr. Hagevoort said exports are declining. Also, the price of milk is down. Revenue loss in the industry is estimated at \$3 billion.

Mr. Hagevoort said the dairy industry is evolving. Automation, robotics, and precision technology are expanding. Although most dairies are still family-owned and -operated, outside workforce is becoming more important. The agriculture college is working to develop the workforce to fill the specialized jobs. Mr. Hagevoort gave an overview of the training taking place.

In response to Representative Anderson, Beverly Idsinga, executive director of Dairy Producers of New Mexico, said the starting wage of a dairy employee averages between \$10 and \$15 an hour. The industry has a shortage of dairy workers. Representative Anderson said the state may want to

consider developing a partnership between dairy farmers and the Corrections Department to train inmates and employ them on dairy farms. The inmates would learn a skill they could use when they leave prison.

A member of the audience shared with the committee his experience as a dairy worker. The gentleman said the work provided him and his family a comfortable living.

In response to Chairman Smith, Ms. Idsinga said there is great opportunity to develop the biomass industry in New Mexico.

New Mexico Department of Agriculture: Agriculture Economy in Region and Environmental Impact of Water Contamination. Tiffany Rivera, government relations specialist for the Department of Agriculture (NMDA), said New Mexico agriculture production generated \$3.4 billion in sales in 2017, a 5 percent increase over 2016; \$2.3 billion was from livestock production, \$720 million was from crop production, and \$329 million was from farm income. New Mexico's top commodities are dairy, livestock, pecans, onions, hay, cotton, chile, poultry eggs, corn, and wheat.

Ms. Rivera said the agricultural economy is robust in eastern New Mexico, hosting one-third of the state's farms. Eighty percent of total cash receipts are in eastern New Mexico. Highlighting peanut production, Ms. Rivera said the Portales peanut grading station serves Hampton Farms, Ready Roast Nut Company, and Algrano Peanuts. In 2017, 26.6 million pounds of peanuts were harvested in the state, ranking New Mexico 11th in the nation for peanut production.

Reporting on the dairy industry, Dustin Cox, division director of Agricultural Production Services of NMDA, said 108 of 131 permitted dairy farms in the state are in eastern New Mexico. The state has 13 milk processing facilities; six are in eastern New Mexico. NMDA's Dairy Division is charged with inspecting the state's dairy farms, processing facilities, bulk milk haulers, and transport tankers. Inspections are conducted jointly with the U.S. Food and Drug Administration (FDA) to ensure products are safe for human consumption.

A chemical used by Cannon Air Force Base (CAFB) contaminated groundwater in the area, impacting some dairy farms. Mr. Cox explained CAFB used an aqueous firefighting foam that contained per- and polyfluoroalkyl substances (PFAS) for many years as a flame retardant for aircraft trainings. NMDA is working with the U.S. Department of Agriculture and FDA to establish regulatory guidelines for PFAS in food products. Milk production at one dairy farm is shut down because high levels of PFAS were found in the milk. The closed dairy is receiving aid through the USDA Dairy Indemnity Payment Program. Low levels of PFAS were found in milk at another dairy farm and a cheese plant.

Jennifer Pruett, deputy secretary of the New Mexico Environment Department (NMED), said PFAS are man-made chemicals that are mobile and persistent in groundwater. PFAS are known as "emerging contaminants" because their risks to human health and the environment are not fully understood. Federal and state standards and regulations for PFAS use are evolving and no standards have been set by the U.S. Environmental Protection Agency (EPA). PFAS have many

uses in many industries, including aerospace, electronics, construction, apparel, and pharmaceuticals.

Ms. Pruettt said the U.S. Air Force (USAF) began studying the potential for PFAS releases at CAFB in 2015. After receiving the study's findings in August 2018, NMED issued a notice of violation under authority of the Water Quality Act to the USAF for failing to contain and remove the damage caused by its discharge of PFAS into groundwater. NMED required USAF to conduct corrective actions pursuant to its hazardous waste permit, which USAF challenged in January. In March, NMED and the Office of the Attorney General filed a lawsuit seeking action on the imminent and substantial endangerment caused by the PFAS pollution.

Ms. Pruettt said NMED continues to test water within four miles of the CAFB boundary. PFAS were detected in one house served by a public water cooperative and in two private domestic wells. No PFAS were detected at entry points of CAFB and Clovis' drinking water system. NMED has primacy in enforcing hazardous waste regulations under the Resource Conservation and Recovery Act. The agency also has authority to protect groundwater under the Water Quality Act. NMED does not have the authority to clean up sites but does have authority to compel and approve clean-up plans.

Heidi Krapfl, bureau chief of Environmental Health Epidemiology of the Department of Health (DOH), said PFAS are dangerous because they bioaccumulate, meaning they build up in the body at a faster rate than the body can get rid of them. PFAS are persistent in the environment and body. According to Agency for Toxic Substances and Disease Registry findings, PFAS affects growth, learning, and behavior of infants and older children, lowers a woman's chance of getting pregnant, interferes with the body's natural hormones, increases cholesterol levels, affects the immune system, and increases the risk of cancer. The chemicals can enter the body in several ways, including drinking PFAS contaminated water, eating fish caught from water contaminated by PFAS, and eating food packaged in material containing PFAS. Also, some consumer products such as non-stick cookware, stain resistant carpeting, and water repellent clothing contain PFAS.

Ms. Krapfl said DOH tested 96 private wells within a four-mile radius of CAFB and found the presence of PFAS in two wells. PFAS was also detected in one water system. Potential PFAS contamination of six dairies in the area poses a unique challenge because the chemicals are excreted through the milk, feces, and urine of dairy cows, creating a cycle of PFAS re-entering groundwater. However, PFAS was not detected at the four dairies tested, indicating their recently installed water treatment systems are working.

Ms. Krapfl said there are no treatments to reduce the amount of PFAS in the body. To reduce exposure, DOH recommends drinking treated or bottled water if private well water is contaminated. DOH also recommends dairies ensure cows have uncontaminated drinking water and test milk for PFAS until below screening level.

Art Schaap, owner of Highland Dairy southwest of Clovis, talked about the impact of PFAS contamination at his dairy. The dairy was forced to shut down because seven of the 13 water wells on the farm are contaminated with PFAS. Over 40 employees were laid off. Mr. Schaap was informed of the possible contamination last summer. Mr. Schaap expressed his frustration with the

delayed reporting of the possible contamination despite CAFB having knowledge of it since 2015. Mr. Schaap said CAFB's only remedy so far is supplying bottling water. The impacted dairies are installing filters and water treatment systems at their own expense.

In response to Representative Crowder, Christopher Atencio, general counsel for NMED, said USAF filed a lawsuit against NMED in January, challenging NMED's authority to require corrective action. Ms. Pruett said it is unclear how long the litigation will last or how much it will cost.

Chairman Smith requested LFC staff research options the state can initiate to remediate the PFAS contamination issues.

Eastern New Mexico Rural Water System Project Update. David Lansford, chairman of the Eastern New Mexico Water Utility, said the interim groundwater project is part of a larger project, known as the Ute pipeline project, that began 60 years ago to mitigate depleting water in eastern New Mexico's rural water system. Total cost of the Ute pipeline project is \$500 million. Chairman Lansford requested the Legislature appropriate \$30 million to the interim groundwater project. The project would extend the pipeline north of Cannon Air Force Base, providing access to additional water needed for Clovis and Portales. Total cost of the interim groundwater project is \$90 million. If the \$30 million is appropriated, it will be matched with federal and local dollars, funding the entire interim groundwater project.

Orlando Ortega, administrator of the Eastern New Mexico Water Utility Authority, said the interim groundwater project will greatly benefit communities in Roosevelt and Curry Counties.

In response to Representative Armstrong, Mr. Lansford said the new pipeline will not be impacted by the PFAS contamination occurring in the area.

Thursday, June 20th

The following members and designees were present on Thursday, June 20, 2019: Chairman John Arthur Smith; Senators Carlos R. Cisneros, Stuart Ingle, William F. Burt, Mary Kay Papen, Clemente Sanchez, James P. White, and Pete Campos; and Representatives Roberto "Bobby" J. Gonzales, Phelps Anderson, Javier Martinez, Gail Armstrong, Rodolpho "Rudy" Martinez, Candie Sweetser, and Randal S. Crowder. Guest legislators: Senator Daniel A. Ivey-Soto and Representatives Cathrynn N. Brown and Martin Zamora.

Teacher Supply and Quality. Gwen Warniment, deputy secretary of the Public Education Department (PED), said the Legislature in 2018 appropriated \$404 thousand for educator preparation programs at New Mexico State University, Eastern New Mexico University, and San Juan College. Further investment in teacher supply and quality initiatives was made this past session, providing significant funding for PED programs focused on increasing the number and quality of teachers in New Mexico. Giving an overview of programs, Ms. Warniment said PED is piloting a teacher residency program. Applications are currently being accepted for Teacher Recruitment, a competitive grant program that drives innovation in thinking and practice of developing and implementing teacher recruitment of recent college graduates and professionals to the teaching profession in New Mexico. In partnership with Colorado, PED implemented the

Troops to Teachers program to assist transitioning service members and veterans with meeting the requirements necessary to become teachers. Participants are also assisted with finding employment as a teacher when eligible. PED continues to conduct culturally and linguistically responsive training throughout the state. Over 600 students are participating in Educators Rising, a program cultivating highly skilled educators by guiding young people on a path to becoming accomplished teachers, beginning in high school and extending through college and into the profession. New educator pathway programs are being added, including the Fort Lewis Teaching English to Speakers of Other Languages (TESOL) and Cooperative Educational Service Administration programs.

Ms. Warniment talked about PED's vision for building teacher supply and quality.

Penny Garcia, Ph.D., dean of Eastern New Mexico University College of Education, and co-chair of the New Mexico Association of Colleges of Teacher Education, said the teacher shortage is a problem nationwide. According to the *2018 New Mexico Educator Vacancy Report*, over 50 percent of teacher vacancies in New Mexico are in the central region, followed by 17 percent in the northwest and 16 percent in the southeast regions. Reporting national statistics, Ms. Garcia said less than one in 10 college graduates majored in education in 2015. In 2016, only 4.6 percent of college freshman were pursuing degrees in education. Expanded opportunities for women in other fields have reduced the number of women obtaining degrees in education. In 1970, 36 percent of all bachelor's degrees awarded to women were in education, compared with 7 percent in 2015. Ms. Garcia said teaching is now perceived as a poor investment for a college education due to low pay, job insecurity, and low status of the profession.

Ms. Garcia said state dollars appropriated for teacher supply and quality initiatives through the Higher Education Department are being put to work. Ms. Garcia highlighted current programs and initiatives, including the Educators Rising program.

Dawn Wink, director of Santa Fe Community College Department of Teacher Education, said many teachers left the profession in recent years because of the tough climate; however, optimism is now being felt in the teaching community.

Hope Morales, director of Teach Plus New Mexico, said the organization's mission is to empower excellent, experienced, and diverse teachers to take leadership over key policy and practice issues that advance equity, opportunity, and student success. Teach Plus selects highly effective teacher leaders from around the state to serve in a 10-month fellowship that works on key education issues and engage in high-quality professional development. Ms. Morales said the Teach Plus gives teachers an opportunity to expand their influence without leaving the classroom.

Teacher turnover is high in New Mexico, especially among new teachers. Ms. Morales said Teach Plus attributes much of the turnover to lack of training and support. According to the organization's research, level 1 teachers, who are the newest teachers and are serving the neediest students, are some of the lowest performing teachers. Teach Plus finds research-based recommendations should inform and improve the foundation of New Mexico teacher preparation programs. Teach Plus recommends the state

- Implement clinical preparation programs as a continuous practice;

- Ensure there is timely and comprehensive data sharing between educator preparation programs, local education agencies, and PED to inform teacher and school placement process;
- Specify the duration and timing of clinical experiences for preservice teachers for different educator preparation program models; and
- Provide more in-the-field experience at high-need schools.

Ms. Morales said Teach Plus supports PED's desire to build a large-scale marketing and communication program for teacher recruitment.

Jessica Sanders, 2019 New Mexico teacher of the year, briefly shared with the committee her experience as a teacher and educational leader. Ms. Sanders said teachers need to be supported and connected. Ms. Sanders talked about the importance of mentorship programs.

LFC Analyst Sunny Liu presented a brief on teacher supply and quality. According to the brief, the total number of teachers annually in New Mexico fluctuated between 20 thousand and 21 thousand in the last decade. Between FY15 and FY19, however, the total number of teachers decreased by 3.4 percent, with stronger declines in urban areas. Although the total number of students increased from 323 thousand in FY09 to 332 thousand in FY15, overall enrollment declined to 326 thousand students in FY19, which resulted in a flat statewide student-to-teacher ratio of 16 to 1 over the 10-year period. This ratio is similar to national averages, and in many smaller school districts, the ratio can be as low as 8 to 1. Looking ahead, the state should consider ways to right-size educational programs, given many schools will continue to experience declining student enrollment in FY20.

Fewer teachers are entering the workforce through traditional educator preparation programs at higher education institutions, and high teacher turnover rates will require New Mexico public schools to begin seeking other ways of meeting teacher staffing needs (e.g. out-of-state teachers, alternative certifications, long-term substitutes, etc.). Additionally, the U.S. Department of Education reports New Mexico consistently lacks teachers with specific subject endorsements in math, science, and bilingual education.

Findings in the consolidated *Yazzie* and *Martinez* education sufficiency lawsuit pointed to challenges of finding and retaining experienced and skilled teachers at high-poverty schools. This is also challenging for schools on the state border, because other states have also increased teacher wages in response to protests and similar recruitment and retention issues. Unless New Mexico develops a strategic plan (other than raising pay) to retain quality teachers in specific areas of need, the state will continue participating in a compensation race with neighboring states and recruiting teachers that leave within the first few years of entering the classroom.

In response to Representative Gonzales, Ms. Garcia said the University of New Mexico administers a residency program in partnership with Albuquerque Public Schools.

Representative Gonzales commented on the importance of school boards.

In response to Representative Javier Martinez, Ms. Warniment said the starting salary of a teacher in New Mexico is \$41 thousand. Representative Martinez said the pay does not sufficiently compensate teachers for the work they do while facing incredible challenges.

In response to Representative Javier Martinez, Ms. Warniment said more investment and connectedness should be made in the early childhood system.

Local School Districts Performance and Finance Report. Superintendent Johnnie Cain said Portales Municipal Schools is having trouble recruiting and retaining teachers for its bilingual program. Regular teaching positions, however, are all filled. Superintendent Cain said the teacher salary increases, approved by the Legislature in 2019, will make New Mexico more competitive with neighboring states and help address recruitment and retention issues in school districts.

Reporting on other issues, Superintendent Cain said the school district is financially stable. Student enrollment declined in the last six years, reducing the number of teachers by 10; however, kindergarten and first grade enrollment increased in the 2018-2019 school year. Federal dollars appropriated to the school district for special education have decreased despite the growth of students in the program. In 2018, the U.S. Department of Education granted the school district \$276 thousand to administer the Striving Readers Comprehensive Literacy program. The purpose of the comprehensive literacy program is to advance literacy skills, including preliteracy skills, reading, and writing for students from birth through grade 12, including limited-English-proficient students and students with disabilities. The school district would like to implement prekindergarten and K-3 Plus but does not qualify to do so. A similar program called “Jump Start” is being implemented, however. The high school has a robust dual-credit program in partnership with Eastern New Mexico University, Clovis Community College, and Mesalands Community College. The school district would like to expand its vocational and trade program.

Superintendent Renee Russ said Clovis Municipal Schools is also having trouble recruiting and retaining teachers for its bilingual program. Several vacancies have been filled with teachers who have an alternative teacher license and foreign teachers who have a J-1 visa, which Superintendent Russ said has caused a burden on experienced teachers because they are having to support the novice teachers.

Superintendent Russ said funding for the Attendance for Success program is ending. The program worked to eliminate chronic absenteeism in schools. Increased state funding, however, has boosted behavioral health services for students.

Mitzi Estes, deputy superintendent of Academic Services and Leadership, said Clovis Municipal Schools is administering various programs to meet the needs of at-risk students, including the i-Academy and Choices Alternative program. Prekindergarten is currently serving 300 students. The school district is also administering programs that provide students a well-rounded education. The programs include Makerspace and the Arts Academy.

Superintendent Russ said the school district relies on federal dollars to provide the additional support it needs for programs serving at-risk students. Also, the school district is leveraging federal Title II funding for professional development.

Reporting on new initiatives, Ms. Estes said the middle schools partnered with the University of Virginia to analyze the school district's instructional infrastructure and determine specific areas of focus. Capturing Kids Hearts is being implemented in classrooms, a relationship-building approach to discipline that creates self-managing groups.

Chief Financial Officer Shawna Russell said the staff turnover rate, which averages between 20 percent and 25 percent, is impacted by the large number of staff members who have a family member stationed at Cannon Air Force Base. The high number of teachers retiring and being lost to other school districts is also impacting the turnover rate. Salaries will increase 9.5 percent for most teachers in the 2019-2020 school year.

Superintendent T. J. Parks said student enrollment growth is significant at Hobbs Municipal Schools, increasing over 2,000 students in the last nine years. Reporting on current activity, Superintendent Parks said the school district is hiring a safety security officer. Salaries will increase 11.1 percent for most teachers in the 2019-2020 school year; however, the pay still lags behind teacher salaries in Midland and Odessa. Public/private partnerships are being developed to meet capital needs. For example, the school district partnered with the JF Maddox Foundation, city of Hobbs, New Mexico Junior College, Lea County, and Permian Strategic Partnership to build a career technical education center. When complete, the center will also be accessible to students of Lea County Schools.

In response to Representative Anderson, Superintendent Parks said hiring a retired teacher is preferred over hiring a J-1 teacher because retired teachers are familiar with the processes and culture. Superintendent Parks and the other superintendents said many retirees in their districts would like to return to teaching.

Miscellaneous Business.

Action Items. Senator Sanchez moved to adopt the May 2019 meeting minutes, seconded by Representative Javier Martinez. The motion carried.

Representative Phelps moved to adopt LFC contracts, seconded by Senator Burt. The motion carried.

Chairman Smith moved to create a subcommittee to approve FY20 compensation for LFC staff. Chairman Smith appointed himself, Vice Chairwoman Lundstrom, Senator Cisneros, Senator Neville, Representative Gonzales, and Representative Armstrong. The motion was seconded by Representative Rudy Martinez. The motion carried.

Review of Monthly Financial Reports and Information Items. David Abbey, director of LFC, briefed the committee on information items.

Economic Development Plan for Strategic Use of Local Economic Development Act, Jobs Training Incentive Program, Film Credit Oversight and Activity, and Other Incentives.

Secretary Alicia Keyes said only measuring the number of jobs created and the growth of wages is not enough to provide a full picture of performance by the Economic Development Department

(EDD). New Mexico's unemployment rate is only 5 percent but wages are low, which Secretary Keyes said indicates a wealth problem, not a jobs problem. New Mexico's average wage has long lagged behind the national average; however, the gap has especially widened since 2008. Secretary Keyes said wealth levels impact key quality life rankings. In 2018, New Mexico ranked 50th in overall child well-being, 49th in economic well-being, 50th in education, and 48th in health.

Secretary Keyes said EDD is focusing its work on creating wealth, increasing economic opportunities, supporting rural communities, and diversifying the economy. To achieve its objectives, EDD is collaborating with local, state, and federal entities, investing in start-ups, and targeting industries, among other strategies. The targeted industries include the aerospace, global trade, and intelligent manufacturing industries. EDD is no longer targeting call centers because they typically don't pay well.

Reporting on Local Economic Development Act (LEDA) projects, Secretary Keyes said private investments in rural areas are difficult to recruit. In the past, rural economic development supported by LEDA, produced jobs with low wages, indicating LEDA and private investments were focused on creating jobs, not wealth. EDD's new objective is recruiting businesses that pay well to rural areas, which Secretary Keyes said is difficult to do because LEDA's priority is to focus investments on projects that create a lot of jobs. New LEDA projects include C4 Enterprises in Tierra Amarilla and Ganymede Games in Las Cruces.

EDD is working to change Job Training Incentive Program (JTIP) policy for future projects. Deputy Secretary Jon Clark explained EDD wants JTIP funding to be invested in projects that diversify the economy, increase wages, align with targeted industries, and support Workforce Solutions and Higher Education departments' endeavors.

Secretary Keyes said policy is also evolving for state investments in the film industry. This past session, the Legislature increased the annual cap on film incentive spending. Other changes taking place in the new fiscal year include elimination of the tiered payout system and additional credit for filming in rural locations. Secretary Keyes talked about how EDD is implementing the changes, mentioning system updates and staff training.

Deputy Secretary Clark said EDD is working with Legislative Finance Committee and Department of Finance and Administration staff on developing new performance measures that more accurately report the progress of economic development in New Mexico. New measures may include the average wages being produced by LEDA and JTIP projects.

Giving an overview of budget and staffing, Deputy Secretary Clark said EDD has 50 full time employees. EDD requests funding for two grant writers to compete for millions of federal dollars. The agency also needs a second economist to track data and assist with economic analyses of potential projects. Additional funding is requested for the technology research collaborative to invest in startups.

In response to Senator Sanchez, Secretary Keyes said third-party call centers pay very little; however, direct business call centers, like Fidelity's call center in Albuquerque, deliver jobs with competitive pay and benefits.

Senator White talked about the need for better infrastructure in rural areas to support economic development opportunities, including improving roads and extending broadband. Senator White said everyone enjoys having the film industry in New Mexico, but it is expensive for the state to fund.

Southwest Cheese Factory Tour. Management of the Southwest Cheese Facility in Clovis, provided a high level overview of products manufactured at the facility. The facility can process over 3.8 billion pounds of milk, produce in excess of 388 million pounds of superior block cheese, and 29.1 million pounds of high value-added whey proteins powder each year. The cheeses include American, Cheddar, Monterey Jack, Pepper Jack and Colby Jack cheeses. The cheeses are made from local milk and shipped out to a number of nationally known and international food processing companies for packaging and resale. Southwest Cheese also produces whey protein concentrates and whey protein isolates. The whey proteins powders are derived from fresh dairy whey and are used for ice cream, processed cheese sauces and slices, and various fresh dairy and specialized areas of nutrition. The whey protein isolates are ideal for sports nutrition products, energy bars, and a host of low-carbohydrate, high-protein applications.

After the presentation, the committee toured the manufacturing facilities.

Friday, June 21st

The following members and designees were present on Friday, June 21, 2019: Chairman John Arthur Smith; Senators Carlos R. Cisneros, William F. Burt, Mary Kay Papen, Clemente Sanchez, James P. White, and Pete Campos; and Representatives Roberto “Bobby” J. Gonzales, Phelps Anderson, Gail Armstrong, Rodolpho “Rudy” Martinez, Candie Sweetser, and Randal S. Crowder. Guest legislators: Representatives Cathrynn N. Brown and Martin Zamora.

FY19 Third-Quarter Report Cards. LFC Deputy Director Charles Sallee presented the FY19 third-quarter report cards. Mr. Sallee said pursuant to the Accountability in Government Act (AGA), quarterly reports are required of key state agencies, including performance measures and targets approved for each fiscal year by the Department of Finance and Administration (DFA) in consultation with LFC, as well as other measures agencies considered important to operations.

This past spring, LFC analysts conducted a detailed review and evaluation of key agency performance reports and performance measures to identify where improvement is needed in reporting and measuring for results. The review found most agency performance measures are generally good to very good. Some agencies need more work than others, which LFC and DFA staff will work on with agencies.

On the other hand, LFC found the quality of agency reporting could stand significant improvement. LFC staff proposes to work together with DFA staff and agencies to help advance agency reporting and place more focus on the ways agencies make use of their data to manage for performance.

Mr. Sallee highlighted a few key measures before stopping to allow Cannon Air Force Base Commander Colonel Stewart Hammons to address the committee. Mr. Sallee will resume his presentation at the July hearing.

Overview and Future of Cannon Air Force Base. Colonel Greg Myers, director of the Office of Military Base Planning, welcomed the committee to Cannon Air Force Base.

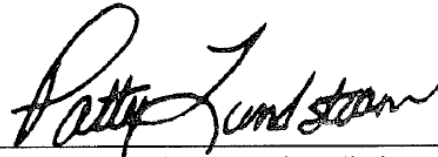
Colonel Stewart Hammons, commander of the 27th Special Operations Wing at Cannon Air Force Base, provided an overview of current operations at the base, including capital projects, resources needed, and plans for the future. Colonel Hammons said the local education quality of Clovis is negatively impacting service men and woman wanting to relocate their families to the base. Many families are enrolling their children in local private schools or homeschooling, instead of enrolling them in the local public schools due to low school grades and scores. He also raised concerns over the state's treatment of impact aid credit against school state funding amounts. LFC Deputy Director Charles Sallee was asked about Clovis funding levels by Chairman Smith. Mr. Sallee reported impact aid only accounts for about \$226 thousand out \$59 million in formula funding from the state. The district also receives additional state and federal grants.

Colonel Hammons said the Clovis school district superintendent is actively engaged with the base to try to improve educational programs, including before and after school and various outreach with the community. After Colonel Hammons' presentation, the committee took a tour of the Air Force Base.

With no further business, the meeting adjourned at 11:00 a.m.



John Arthur Smith, Chairman



Patricia A. Lundstrom, Vice Chairwoman